THIS FILE IS CLOSED AS OF Feb. 1967

FOR FURTHER CORRESPONDENCE PLEASE SEE Vol. X
DEVELOPMENT FINANCE COMPANIES DEPARTMENT

A. Definite Proposals under Consideration for New Investments and Loans

Ceylon
A Ceylonese delegation is expected in March to negotiate a Bank loan of $4 million and a small IFC investment.

Korea
A mission has just returned from Korea where it firmed up proposals for establishing the Korean Development Finance Corporation, which would involve an IFC investment and possibly a Bank loan.

Turkey
We propose to recommend to the Board that we exercise our rights to a new share issue (acquiring thereby shares for which we will invest about $340,000), and thereafter sell from our holdings to reduce them to no more than the present level.

Venezuela
A proposed IFC loan of $7.5 million to Cavendes is under study.

B. New Loans to Old Clients

Colombia
The Government and the financieras have requested a second Bank loan to the financieras. The second of a series of reappraisal missions is in Colombia.

China
The China Development Corporation is expected to need additional foreign exchange resources soon. A reappraisal mission is about to finish its report.

Finland
The Industrialization Fund is expected to need a third Bank loan in mid-1967. A mission recently reviewed its operations.

Greece
Negotiations are almost completed for a Bank loan of $12.5 million to NIBID.

India
ICICI is expected to need additional foreign exchange resources in mid-1967. A reappraisal mission is planned for March.

Israel
The reappraisal of IDBI, in connection with its application for a second Bank loan, has been completed.

Malaysia
Consideration of the proposed second loan to MIDFL is awaiting fuller commitment of the first loan.
Nigeria

The proposed $6 million Bank loan to NIDB is in abeyance pending clarification of the political situation and reappraisal of NIDB.

Pakistan

Consideration of a new loan awaits further commitments under the two past loans.

Tunisia

SNI has asked for a second loan. A mission has returned from reappraising the institution.

C. Other Proposals Being Explored

East Africa

A staff member participated in the Bank's recent general economic mission in order to study the prospects for industry, the need for industrial finance, and the effectiveness of present industrial financing institutions. The mission is preparing its report.

Ireland

IFC has asked the Government why it believes IFC to be needed to transform the Industrial Credit Company into a private institution.

Jamaica

We have commented on the latest proposals by the Steering Committee, and await news of the decision of the Committee and the Government.

Lebanon

The Government has asked IFC to help revive the proposal for a new private development finance company.

Malagasy

A mission which explored the country's needs for industrial finance is preparing its report.

Jordan

A mission to get acquainted with JIDB is planned for the spring.

IFC-DFC
13 February 1967
DEVELOPMENT FINANCE COMPANIES DEPARTMENT

Pending Loans and Investments, February 1967-June 1967
(tentative amounts shown in US$ million)

<table>
<thead>
<tr>
<th>Country</th>
<th>Bank Loan</th>
<th>IFC Investment</th>
<th>Status</th>
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<tbody>
<tr>
<td>Ceylon</td>
<td>1.0</td>
<td>0.2</td>
<td>Under study</td>
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<tr>
<td>China</td>
<td>15.0</td>
<td>-</td>
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<tr>
<td>Colombia</td>
<td>(?)</td>
<td>-</td>
<td>Under study</td>
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<tr>
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<td>12.5</td>
<td>-</td>
<td>Negotiated</td>
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<tr>
<td>Israel</td>
<td>15.0</td>
<td>-</td>
<td>Under study</td>
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<tr>
<td>Korea</td>
<td>3.0-5.0</td>
<td>0.7</td>
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<td>Malaysia</td>
<td>10.0</td>
<td>-</td>
<td>Under study</td>
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<tr>
<td>Tunisia</td>
<td>8.0-10.0</td>
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<td>Under study</td>
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<tr>
<td>Turkey</td>
<td>-</td>
<td>0.3</td>
<td>Negotiated</td>
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<tr>
<td>Venezuela</td>
<td>-</td>
<td>7.5 (loan)</td>
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</tr>
<tr>
<td>Country</td>
<td>Purpose</td>
<td>Date</td>
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<td>-----------</td>
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<td>----------------------------------------------</td>
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<tr>
<td>Morocco</td>
<td>Reappraise BNDE</td>
<td>Feb. 13 (3 wks)</td>
<td>Morton, Ewing, Blaxall</td>
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<tr>
<td>India</td>
<td>Reappraise ICICI</td>
<td>March 1967 (3 wks)</td>
<td>Pollan, Muramatsu, Budhoo, Dunn (IBRD)</td>
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<td>Colombia</td>
<td>Reappraise Nacional, Valle</td>
<td>March 20-April 17 (4 wks)</td>
<td>Fernandes, Meier</td>
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<td>Philippines</td>
<td>Reappraise PDCP</td>
<td>April 1967 (2 wks)</td>
<td>Powell, 1 other</td>
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<td>Colombia</td>
<td>Reappraise Colombiana</td>
<td>May 1967</td>
<td>Luzny, Blondel</td>
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<tr>
<td>Jordan</td>
<td>Appraise JIDB</td>
<td>May 1967</td>
<td>to be determined</td>
</tr>
<tr>
<td>Lebanon</td>
<td>Explore proposed new institution</td>
<td>April 1967</td>
<td>to be determined</td>
</tr>
<tr>
<td>Liberia</td>
<td>Appraise LBIDI</td>
<td>May 1967 (10 days)</td>
<td>Bose, Husain</td>
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<tr>
<td>Nigeria</td>
<td>Reappraise NIDB</td>
<td>June 1967 (?)</td>
<td>Pollan, Muramatsu</td>
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<td>Turkey</td>
<td>Reappraise TSKB</td>
<td>June 1967</td>
<td>Jeffries, Gustafson</td>
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<td>Thailand</td>
<td>Reappraise IFCT</td>
<td>July 1967</td>
<td>Powell, Hasan</td>
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<tr>
<td>Iran</td>
<td>Reappraise IMDBI</td>
<td>late summer</td>
<td>Ritchie, Stephansen</td>
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DEVELOPMENT FINANCE COMPANIES DEPARTMENT

Allocation of Responsibilities

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<thead>
<tr>
<th>Staff</th>
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<td>Jeffries</td>
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<td>Spain</td>
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<td>Trinidad &amp; Tobago</td>
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<td>Turkey</td>
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<td>Latin America</td>
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<td>Garcia-Rayneri</td>
<td>Pollan</td>
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<td>Blondel</td>
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<td>Meier (Y.P. until May 10)</td>
<td>Ghana</td>
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<td></td>
<td>India</td>
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<tr>
<td>Pollan</td>
<td>Iran</td>
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<td>Muramatsu</td>
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<td>Ritchie</td>
<td>Jordan</td>
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<td>Stephansen</td>
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<tr>
<td>Budhoo (Y.P. until approx. May)</td>
<td>Sudan</td>
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<td>Zambia</td>
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<td>Powell</td>
<td>Ceylon</td>
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<td>Bose</td>
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<td>Hedberg</td>
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<tr>
<td>Hussain (Y.P. until approx. June)</td>
<td>Philippines</td>
</tr>
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<td></td>
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</tbody>
</table>
**Staff**

Sekse
  Morton
  Nougaim
  Pesce (beginning August 20)
  Blaxall (Y.P. until approx. June)

Arango

Khosropur

Shin  }
Ettlinger  }

**Countries**

Afghanistan
Congo
Ivory Coast
Lebanon
Malagasy
Morocco
Pakistan
Tunisia
Other Africa

Consultant, part-time

Adviser

General Studies
OFFICE MEMORANDUM

TO: Mr. William Diamond                      DATE: February 24, 1967
FROM: Robert F. Skillings

SUBJECT: Investments by Development Finance Companies
         in Financial Intermediaries, Promotion Companies
         and Subsidiaries

1. You asked for (a) a review of investments in financial intermediaries
   by the development finance companies with which we are associated, (b)
   lists of the so-called "promotion companies" in which they have invested, and
   (c) information about their subsidiaries.

Investments in Financial Intermediaries

2. Four of the companies with which we are associated have made invest-
   ments in financial intermediaries, the China Development Corporation, the
   Development Bank of Ethiopia, the Industrial Development Bank of Israel, and
   the Nigerian Industrial Development Bank. A brief description of these
   follows, and additional detail is given in Annexes:

   (a) China Development Corporation (CDC)

       About a year ago, CDC joined in an initiative of Chinese
       official circles in helping to promote the China Securities
       Investment Corporation (CSIC). When CSIC was formed in March
       1966, CDC took an 8-1/3% participation in its NT$60 million
       share capital. The largest holding (20%) is by Bankers Trust
       Company and the remainder is distributed among more than 40
       Chinese private investors. A former executive of Dillon Read
       & Co., supplied as a consultant to CDC by the International
       Executive Service Corps, played a leading part in creating
       CSIC. It is intended to carry on a comprehensive investment
       banking business. CSIC is still in the process of organizing
       itself but has already undertaken several operations (includ-
       ing one small underwriting). Through mid-1966, CSIC bought
       NT$38 million worth of shares in dividend-paying companies
       (a large portion of it in cement producers). The balance of
       its capital is held in roughly equal parts in Government
       bonds and time deposits. The President of CDC declined the
       offer of a directorship on CSIC, but accepted the relatively
       inactive role of "supervisor". Annex I contains excerpts from
       a statement issued at the time of the Corporation's formation
       explaining its proposed activities.

   (b) Development Bank of Ethiopia (DBE)

       Soon after its formation in 1951, DBE created a wholly-
       owned subsidiary, Ceres Company Limited, with a paid-in share
       capital of Eth$300,000. The purpose of the company was to
utilize profitably DBE's surplus funds by making short-term seasonal agricultural loans, by trading in crops, and by operating warehouses in connection with those activities. DBE has from time to time made loans to Ceres. ETH$168,000 was outstanding on June 30, 1966. Ceres has been only moderately profitable and has paid no dividends, but DBE has received some interest income from its loans to Ceres. Ceres has separate management from that of DBE. Our latest information on the company is contained in the attached Annex II.

(c) Industrial Development Bank of Israel (IDBI)

IDBI holds 75% of the I£20 million share capital of the "Investment Company of the Industrial Development Bank of Israel Ltd." established jointly with the Government in December 1962. IDBI has also made a loan of I£1.6 million to the Investment Company. The Investment Company's resources are held in a variety of equities including shares in two subsidiary investment companies. IDBI originally created the Investment Company to carry on IDBI's own equity investment activity, following legal advice on the requirements of the U.S. Securities and Exchange Commission, and given that IDBI was marketing its securities in the United States. IDBI's policy for the Investment Company is not clear, and it is intended to take this up during forthcoming negotiations for a second Bank loan to IDBI. IDBI's General Manager is Chairman of the Investment Company, and the latter is managed full-time by an IDBI employee engaged for the purpose. Information on the Investment Company of IDBI and on the investment companies in which it holds shares is contained in Annex III.

(d) Nigerian Industrial Development Bank (NIDB)

NIDB holds the £N100 share capital of ICON Securities Limited (ICONSEC). ICONSEC was created in 1962 by the Investment Company of Nigeria (ICON), of which NIDB is the successor, to carry out the stock dealing and new issue work previously carried out by ICON, one of the four pioneer members of the Lagos Stock Exchange. ICONSEC works with a line of credit from NIDB of a maximum of £N300,000. NIDB also holds the £N2 share capital of ICON Nominees Limited, which was formed by ICON simultaneously with ICONSEC, to hold securities on behalf of ICONSEC clients. NIDB's Management, and particularly the Deputy General Manager, are directly responsible. Annex IV describes ICONSEC and ICON Nominees Limited in more detail.

Proposals for New Investments in Financial Intermediaries

3. In addition to these four cases where development finance companies already have a connection with another intermediary financial institution, five companies have had under more or less active consideration the establishment of, and participation in, new financial institutions:
(a) In Greece, the National Investment Bank for Industrial Development (NIBID) has been considering promoting the establishment of a unit trust as part of more general steps it would like to take to stimulate the capital market. Its thinking has been guided by a capital market survey carried out by Mr. Maurice Schlogel of the Credit Lyonnais. Mr. Sullivan also discussed the proposal with NIBID in Athens in September 1966. On December 2, we wrote to the General Manager calling attention to the potential dangers of such a scheme.

(b) The Industrial and Mining Development Bank of Iran (IMDBI) has been considering the establishment of an investment company to hold and turn over equity investments, partly purchased from IMDBI's own portfolio. IMDBI considered taking a substantial (but not a majority) shareholding and requested an IFC investment which together with IMDBI's holding would form a majority. Mr. Sullivan discussed this plan with IMDBI in Tehran in August 1966, and Mr. Kheradjou discussed it with us in Washington in September. We informed Mr. Kheradjou in November that IFC would not be prepared to invest in such a company and urged that IMDBI abandon the project.

(c) The Management of the Nigerian Industrial Development Bank (NIDB) has given preliminary consideration to the promotion of a unit trust. We have strongly discouraged them from pursuing the idea, in part because of possible conflicts of interest for NIDB and, in part, because of the danger of diluting the efforts of Management from NIDB's main work. NIDB is also actively considering a 40% participation in a small development finance company (which would operate very much like NIDB itself) in the Western Region of Nigeria. We have raised some questions about this proposal, but have on the whole encouraged the idea.

(d) In Venezuela, Cavendes has for some time considered seriously establishment of a fund (in which Cavendes, IFC and others would invest) to deal in, and stabilize the market for, bonds which Cavendes proposed to issue. We have informed Cavendes that IFC would not be prepared to invest in such a fund, and urged the company not to pursue the idea. Cavendes has also considered establishing a mutual fund. Again, we have discouraged the idea.

(e) In Colombia, the Corporacion Financiera de Caldas is considering a scheme for selling equities from its own portfolio, to be represented by participation certificates. The Financiera would apparently stand ready to redeem the certificates in cash on demand at par. We have been in correspondence with the Financiera to clarify the scheme and call its attention to the dangers. Earlier the Financiera had tried out, and then suspended, a simpler scheme for selling packets of shares from its portfolio to the public, on an installment basis.
Investments in Promotion Companies

4. The development finance companies in Morocco, Tunisia, Venezuela and Colombia have all made investments, alone or with other investors, in companies whose object was, not to carry out a specific industrial project, but rather to promote the creation of several industrial enterprises, either in a given sector of the economy, or in a particular geographical region. Such companies are often called "promotion companies."

(a) In Colombia, where this technique has been the most widely used, all five of the financieras have invested in the share capital of promotion companies designed to foster and set up projects in petrochemicals, minerals, sugar, livestock, fish, and freezing and exporting of meat. One of the financieras has made an equity investment in a publicly sponsored "Fund for development and diversification of coffee zones." Finally, the Corporacion Financiera Colombiana has taken 50% of the share capital of the "Sociedad Anonima Colombo-Venezolana de Estudios y Promociones." Cavendes, of Venezuela, has taken the other half. The company has as its objective the promotion of industrial projects that would serve both Colombia and Venezuela. A list of these promotion companies, showing their purpose, their capitalization, and the holding of each of the financieras is attached as Annex V.

(b) In Morocco, BNDE participated in 1960 with the Government in setting up the Societe Marocaine d'Equipement Touristique (SOMADET) whose purpose was to promote and carry out tourist enterprises. It has successfully established, in partnership with European touring organizations, several holiday villages in Morocco. BNDE subscribed DH885,000 (51.2%) of the Company's DH1,730,000 share capital and has lent funds to it. In 1961 BNDE also set up a company known as the Societe du Thermalisme Marocain (SOTHERMA), to study the feasibility of developing the country's hot springs, and contributed 99% of the DH50,000 share capital. In October 1966, BNDE's Board sanctioned its participation in a capital increase by SOTHERMA to permit the establishment of a mineral water bottling factory at Sidi Harazeur. BNDE will hold 26% of the DH1,430,000 capital of the expanded company.

(c) In Tunisia, SNI put up D3,500 of the D100,000 share capital of the Societe Tunisienne de Constructions et de Reparations Mecaniques et Navales (SOCOMENA), a company established in 1963 at Government initiative to promote and establish small industries in the former French arsenal at Menzel Bourguiba near Bizerte. Several such projects have been started, with SOCOMENA's financial and technical assistance. SNI has also invested in three companies to promote industrialization or tourist projects in three small regions in Tunisia. They are: (i) the Societe de Mise en Valeur des Iles de Kerkennah (SOMVIK); a joint venture with the Trade Union Federation, started in 1961 to develop
tourism to some islands of the east coast. SNI subscribed 65% of the D5,000 equity and lent it D52,000. The Company operated a ferryboat to the islands and planned some hotels or holiday villages. The ferryboat sank in 1965. The Company increased its share capital in 1966 without SNI participating; as a result, SNI's investment fell to 10% of the capital. The Company will be reorganized or wound up. (ii) The Societe Regionale de Developpement du Kef, a company set up in 1965 to promote and invest in productive projects in the western interior of the country. SNI subscribed 5% of the D200,000 share capital and the Government took a participation (size unknown) as part of its active support of such ventures, another of which was (iii) the Societe d'Investissement Regionale de Bizerte, centered on the northern coastal town of that name. SNI acquired these shares (D23,420 or 46.8% of the capital) in exchange for its investment in a bicycle assembly shop in the area.

All of these investments by SNI are covered by the Government's guarantee of the portfolio in connection with the reorganization in which IFC entered the Company.

(d) In Venezuela, Cavendes' investment in the joint Colombia/Venezuela promotion company has already been mentioned.

Subsidiaries

5. Nine of the development finance companies with which we are associated have subsidiaries, that is, companies in which they hold 50% or more of the shares:

(a) Three of these cases involve financial intermediaries described in paragraph 2 above (NIDB's 100% ownership of ICONSEC and ICON Nominees Limited, DEI's 100% investment in Ceres, and IDBI's 75% holding in the Investment Company of IDBI).

(b) BNDE holds 51.2% of SOMADET (mentioned in paragraph 4) and SOTHERMA was also a subsidiary until the current capital increase.

(c) SNI holds 86% and 72% respectively in two companies set up to establish textile factories, Societe Generale des Industries Lainieres (SOGIL) and Societe Generale de l'Industrie de Confection (SOGIC). Both of these subsidiaries are being reorganized and they are not expected to emerge from reorganization as subsidiaries of SNI. The investments are covered by the Government guarantee. During its early years (before it was reorganized with our help), SNI actively promoted several new companies which were launched under the Management of Members of SNI's staff - a very considerable drain on SNI's staff at the time.
(d) The joint Colombia/Venezuela promotion company referred to in paragraph 4 falls into the category of a subsidiary of both Cavendes and the Financiera Colombiana, since each holds 50% of the stock.

(e) In addition Cavendes holds 50% of the stock of Hojalata de Venezuela, a company established with a small share capital (Bs400,000) to start a tin plate manufacturing business. If and when the business goes forward, Cavendes will take a minority position.

(f) As of December 31, 1966, the Corporacion Financiera de Caldas owned 50% or more of the stock of ten enterprises, one of them a promotion company for development of the mining industry (see Annex V), but chiefly industrial firms promoted by the Financiera. Following the affairs of these ten subsidiaries places an appreciable burden on Caldas' Management. The Corporacion Financiera del Norte has a 50.7% participation in the capital of a cattle raising concern. The financieras intend to distribute these shares more broadly as and when a market can be found.

(g) Malaysian Industrial Development Finance Limited (MIDFL) has a wholly-owned subsidiary, Malaysian Industrial Estates Limited (MIEL), which has financed the creation of an industrial estate and is working on the establishment of two others. In addition to the paid-in share capital of M$1 million, MIDFL has made a M$1 million interest-free advance to MIEL. In the year ending March 31, 1966, MIEL showed a loss of M$13,000, after the provision of M$16,000 for doubtful debts.
The purposes of the new China Securities Investment Corporation, which was incorporated in Taipei on March first, have been reported variously and conflictingly in both the Chinese language and the English language press. The Company's official statement of its business purposes, which is admittedly too concise to convey a well-rounded picture of its proposed operations, reads in translation as follows:

(1) to buy and sell securities, including the purchase of securities for investment,
(2) to act as an underwriter of securities,
(3) to serve as transfer agent and registrar for bond and stock issues,
(4) to act as a paying and collection agent for issuers and holders of securities, and
(5) to perform other services in connection with the securities business.

These operations will be subject, in each case, to regulation by the Securities and Exchange Commission of China.

Since its incorporation, the new company has been occupied in programming its activities and in staffing and equipping its office, which is located in the Tai-an Building at 59 Kuan Chen Road, Taipei. It is now ready to commence actual operations, and to reveal in more detail the scope of its proposed operations and what it hopes to accomplish.

Operations on Stock Exchange

In the first place, it is not the new company's intention to stabilize the level of stock market prices at the present level or at any given level. The company has been organized to make a profit by turning over its capital, and in so doing to serve the objective of broadening the capital market in Taiwan. A disservice to the economy would be created if the company were to tie up its capital in stabilizing operations, thus being forced to suspend its ordinary business operations until its capital can be freed by liquidation of the portfolio. A sound system of trading in securities depends upon the free interplay of supply and demand and, at the same time, the maintenance of an orderly market.

The operation of supply and demand insures that there will be fluctuations in prices, as dictated by the public's appraisal of the business outlook, changing economic and business conditions, and the varying vicissitudes of individual companies. On the other hand, the maintenance of an orderly market requires the restriction of those extreme price fluctuations which would otherwise occur due to a temporary imbalance between supply and demand. In this respect the new company, by purchasing shares when the price drops too far or selling shares when the price advances too far, is equipped to make a significant contribution toward an orderly market, while achieving a profit through the exercise of its business acumen.
Investment Banking

In broad terms, the new company plans to conduct a diversified investment banking business. As that phrase is generally understood, it embraces not only the buying and selling of securities for the firm's own account, but also the following functions: the underwriting of new issues of securities; the execution of customers' orders on the stock exchange; the transaction of business with customers as a dealer who sells securities to them from the firm's portfolio and buys securities from them for the firm's portfolio; the rendering to customers of investment advice and portfolio management services; and the rendering of financial advice to corporations. In some of these activities, the new company will have to await the amendment of the existing law and regulations, which do not presently permit the conduct of these diversified operations by a single organization; and it is understood that the Government is now considering some changes along that line. In any case, the new company would expect to build up its business gradually, and would not participate actively in all of these activities at the outset.

While the transfer and registration of securities, as mentioned in the company's official statement of business purposes, is not necessarily associated with investment banking, this activity fits in logically with the new company's other proposed activities and in no way conflicts with them.

The business of underwriting new issues of securities is the principal function of investment banking as practiced, for example, in the United States. Originally, the word "underwriting" was borrowed from the insurance business, in which the insurers assume the liability for specified risks (such as fire or accident). Similarly, an investment banking firm which "underwrites" an issue of securities assumes the risk that the issuing company would not be able to dispose of the securities, and thereby to raise the capital needed by it, if acting alone. Under an underwriting contract, the investment banking firm agrees to purchase from the issuing company the portion of the securities which is not disposed of by the company; or alternatively, the investment banking firm agrees to purchase the entire issue of securities from the company. In either case, the investment banking firm relies upon its ability to sell the securities at retail. This function of investment banking has contributed in large measure to the development of capital markets in the United States and other countries.

Mutual Fund

An important additional activity in which the new company proposes to engage, and which is often found in close association with the investment banking business, is the mutual fund business. The investments of the mutual fund to be organized for China will consist for the most part, but not necessarily altogether, of a diversified group of shares listed on the Taiwan Stock Exchange. The mutual fund will be separate entity from the China Securities Investment Corporation, so that the investors in the mutual fund will be insulated from the risks assumed by the securities company. It is expected that the mutual fund will be managed, and that its shares will be distributed, by the new securities company. The mutual fund should contribute to the mobilization of the capital of Chinese investors and to the process of educating the public as investors.
Not only in its own operations but also in its dealings with customers and in its management of the mutual fund, the new company will emphasize economic and investment research. If successful, it will no doubt draw substantial amounts of capital into Taiwan from overseas Chinese and possibly others.

Capital Funds

The fact that some highly responsible and sophisticated investors have subscribed a total of NT$60,000,000 of capital in the new company is in itself an indication of confidence in the future. The largest investor is the Bankers International Corporation, which is the "Edge Act" affiliate of the Bankers Trust Company of New York and which has subscribed 20% of the capital. Other large stockholders include China Development Corporation, Formosa Plastics, Shantung Syndicate, Taiwan Cement Corporation and Taiwan Paper Corporation. It is expected that the new company will also have recourse to borrowed money, so that the total funds available to carry on its business will be substantially in excess of the paid-in capital. Thus the funds available to the new company will constitute a significant sum for the accomplishment of the purposes for which it was formed, and the proper management of such a sum will certainly make itself felt in the financial community.

Management

C. F. Koo, Executive Director and General Manager of Taiwan Cement Corporation, has been designated as Chairman of the new company. T. K. Wang, Manager of the Trust Department of the Bank of Taiwan, has been named President, Felix S. Y. Chang, President of the China Development Corporation, has been selected as Resident Supervisor.

The Managing Directors, in addition to Mr. C. F. Koo, are:

- Y. Z. Hsu (Asia Cement Corporation)
- Sun Pin-Yen (Shantung Syndicate)
- T. P. Wu (Taiwan Paper Company)
- J. F. Fowler, Jr. (Management Advisor representing Bankers Trust Company)

The other Directors are:

- S. W. Chen (Hsinchu Window Glass Works)
- T. S. Lin (Lin Shan Hao Plywood Corporation)
- T. P. Tse (Pacific Electric Wire & Cable Company)
- Y. C. Wang (Formosa Plastics Corporation)
- T. H. Wu (Universal Cement Corporation)
- C. S. Yen (Tai Yang Mining Corporation)

In addition to Mr. Felix S. Y. Chang, the Supervisor are:

- C. Y. Hsieh (Taiwan Pineapple Corporation)
- F. J. Leu (China Man Made Fiber Corporation)

Since autumn 1966, replaced by M. Carson Loh, also representing Bankers Trust.

Source: Attachment to letter from Felix Chang (CDC) to William Diamond dated April 15, 1966.
1. The Ceres Company Limited, DBE's principal investment, was established in 1951 as a limited liability company, organized under the Ethiopian Company Law of 1933, with head office in Addis Ababa. The initial capital was Eth.$200,000. Since then it has been increased to Eth.$300,000, fully paid-in by DBE.

2. The Company was established "to carry on the business of merchants, traders, commission agents or in any other capacity to export, buy, sell, exchange, pledge, make advances upon, or otherwise deal with agricultural products. It can also establish or acquire trading stations, factories and stores".

3. Although Ceres could provide finance up to 6 months, it seldom does for more than three months. Ceres provides finance largely to clients of DBE who are engaged mostly in agricultural processing. Such financing is typically up to 80% of the total value of their purchase of agricultural products, excluding coffee or hides which are the monopoly of the State Bank of Ethiopia. The bulk of its business has been in oil seeds and grains.

4. The main sources of its borrowings are DBE and the Commercial Bank of Ethiopia. DBE lends funds to it at 7% and Ceres has a line of credit from the Commercial Bank of Ethiopia amounting to Eth.$1 million at 7% interest.

5. Ceres relends the money to its customers at 8% and collects from them a commission of Eth.$0.50 per quintal of produce. The security requirements usually include a promissory note in favor of Ceres and a loan agreement with pledge of goods financed as collateral.

6. Ceres' balance sheet as of June 30, 1966 is set forth in paragraph 12 below. Its total loans outstanding as of that date amounted to Eth.$1,671,000; most of the financial assistance had been provided for short-term working capital needs of its clients.

7. Ceres has invested a total of Eth.$18,614 in shares, of which Eth.$10,000 in the newly organized HVA-Ethiopia Share Company (Shoa Sugar Estate). Originally a Dutch undertaking, this company was transformed in 1958 into an Ethiopian Share Company with a capital of Eth.$28 million, of which 5.6 million is in the hands of 2,000 individual Ethiopian shareholders. The HVA was granted a concession of 6,500 hectares of land for the building of a sugar estate and a factory.

8. Ceres' net profit for the period January 1-June 30, 1966, stands at Eth.$16,200 corresponding to 11% on its capital on an annual basis. As of June 30, 1966, Ceres' capital is protected reserves and retained earnings totaling Eth.$39,300.
9. Ceres' Executive Director is Ato Biscat Jemaneh who succeeded, on July 1, 1966, Mr. Alfred Abel, former Managing Director of DBE.

10. In November 1962 Ceres reopened its branch in Nazareth which had been closed in 1961; the Nazareth branch acts as the representative of the Ethiopian Grain Corporation, for whose account considerable quantities of wheat were purchased last season. (The Ethiopian Grain Corporation was organized by the Ethiopian Government in 1962 to develop and finance modern grain storage facilities.)

11. The management of Ceres hopes to expand the scope and volume of its trading activities and become a source of short-term financing for exports, mainly oil seeds, on an FOB basis through the ports of Assab or Djibouti. The management of DBE has still to decide, as a question of general policy, whether or not Ceres should engage in the actual business of financing exports.

12. Ceres' balance sheet as of June 30, 1966 is shown in the attachment.

## CERES COMPANY LIMITED

### POSITION OF ACCOUNTS AS AT THE END OF JUNE 30, 1966

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Eth.$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>16,611.57</td>
</tr>
<tr>
<td>Trade Debtors (covered by merchandise)</td>
<td>1,670,984.78</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>34,733.31</td>
</tr>
<tr>
<td>Bills for Collection</td>
<td>22,544.67</td>
</tr>
<tr>
<td>Deposit Accounts</td>
<td>190. --</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>14,654.81</td>
</tr>
<tr>
<td>Loans to Staff</td>
<td>7,024.45</td>
</tr>
<tr>
<td>Stocks</td>
<td>10,389.88</td>
</tr>
<tr>
<td>Empty Bags</td>
<td>39,885.13</td>
</tr>
<tr>
<td>Investments</td>
<td>18,614.64</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>10,981.52</td>
</tr>
<tr>
<td>Suspense and Sundry Accounts</td>
<td>616.70</td>
</tr>
<tr>
<td>General Expenses</td>
<td>61,105.32</td>
</tr>
<tr>
<td>Interest Paid</td>
<td>51,911.40</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>1,847,251.46</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Account</td>
<td>300,000.--</td>
</tr>
<tr>
<td>Legal Reserve</td>
<td>16,692.67</td>
</tr>
<tr>
<td>Development Bank of Ethiopia</td>
<td>168,283.99</td>
</tr>
<tr>
<td>Commercial Bank of Ethiopia</td>
<td>20,272.13</td>
</tr>
<tr>
<td>Bills Payable (Discount facilities with the</td>
<td>850,000.--</td>
</tr>
<tr>
<td>Commercial Bank of Ethiopia)</td>
<td></td>
</tr>
<tr>
<td>Oil Seeds Development Corporation (deposit)</td>
<td>402,527.07</td>
</tr>
<tr>
<td>Insurance Account</td>
<td>775.53</td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td>30,717.02</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>35,327.08</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>1,824,595.49</strong></td>
</tr>
</tbody>
</table>

**Profit & Loss Account**: 6,453.19
**Interest Earned**: 72,270.36
**Commissions**: 34,901.45
**Miscellaneous Income**: 22,077.69

**Total**: 1,960,298.18
1. The Investment Company of IDBI, established in December 1962, is 75% owned by IDBI and 25% by Government, each of which initially obtained its shares in exchange for shares in other companies. According to IDBI, the subsidiary was set up on legal advice, to enable IDBI to comply with the requirements of the U.S. Securities and Exchange Commission (SEC), so that it would continue to be exempt from the SEC's classification "investment company". Such a classification would have implied an obligation on the part of a company registered with the SEC to comply with certain formal requirements difficult for a foreign-based company.

2. The present authorized, issued and paid-in capital of the Investment Company is £20 million consisting of equal amounts in ordinary (voting) shares and 4% preference shares. Of the voting capital, 75% is held by IDBI and about 25% by the Government; the ownership of the preference shares is in an almost similar ratio. The Investment Company's Board of Directors has five members, two of whom represent the Government and the other three are IDBI nominees, including the Chairman, Dr. Neaman.

3. The other resources presently consist of £2.5 million in loans, including £1.6 million from IDBI. The Investment Company has not made much progress since its establishment. It started functioning at a time when the stock market was entering into a prolonged depression. Most of the share investments put in by the Government when the Investment Company was formed were in companies that were unprofitable and had accumulated losses. Subsequently all but three of those investments were sold back to the Government at book value, by an agreement reached in 1964. It also sold small amounts from its remaining portfolio. As a result of these transactions, there was a small loss in 1964, and a profit of £581,000 in 1965. Since new investments have not been substantial (in 1966 there was only one investment, of less than £100,000), the Investment Company now has a smaller portfolio than it had initially. The book value portfolio as of October 31, 1966, consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Price paid (£ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in shares:</td>
<td></td>
</tr>
<tr>
<td>(i) Quoted</td>
<td>6.2</td>
</tr>
<tr>
<td>(ii) Unquoted</td>
<td>2.5</td>
</tr>
<tr>
<td>(iii) Unquoted - 2 subsidiary companies</td>
<td>10.5</td>
</tr>
<tr>
<td>Loans</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>24.0</td>
</tr>
</tbody>
</table>
The market value of the quoted shares was only £3.9 million (or 63% of price paid). About two-thirds by value of the share investment portfolio, other than the two subsidiary companies, was in manufacturing companies. Most of the remainder was in investment companies, in which IDBI also has participated. The loans were made in connection with share investments; the largest among them represents a debt incurred by a client when it bought back the Investment Company's participation in its share capital.

4. The Investment Company's two subsidiaries are both fully owned, and are both investment companies. One of them, Pituach Veneemanuth, was transferred to the Investment Company by the Government. The second, Deco Investment Co., is 100% owned by Pituach Veneemanuth. Neither of these two subsidiaries has any distinct existence, except for a legal corporate one. They are a part of the Investment Company set-up, and their boards are identical to that of the latter with the addition of two staff members. The Investment Company intends to wind up Pituach Veneemanuth, which has an investment portfolio of £0.7 million (excluding Deco). Deco has an investment portfolio of £4.6 million, including £1.2 million in loans, and is actively represented on the boards of four companies, in one of which it owns 90% of the share capital. The Investment Company does not at present plan to wind up Deco, as this would involve time-consuming legal processes.

5. The Investment Company has a 50% interest in, and manages, a finance company set up in 1965 to operate on the stock exchange, following the recommendations of the Government-appointed committee (paragraph 10 of the Report); this is inactive now. The Investment Company is active on the boards of two other manufacturing companies, in one of which it has a 50% interest.

6. The Investment Company's pre-tax earnings reached a high of £906,000 for 1965 (equivalent to 4.4% of net worth) after providing an amount of £581,000 for diminution in value of investments. The results in the first nine months of 1966 were comparable. No dividends have been declared. The net worth as of June 30, 1966, was 105% of paid-in share capital. The balance sheets and income statements are summarized below:

---

**Balance Sheets**

<table>
<thead>
<tr>
<th>Assets</th>
<th>December 31</th>
<th>June 30*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1964</td>
<td>1965</td>
</tr>
<tr>
<td>Cash</td>
<td>1,464</td>
<td>2,650</td>
</tr>
<tr>
<td>Investments in shares, less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>provisions</td>
<td>22,171</td>
<td>16,103</td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
<td>5,010</td>
</tr>
<tr>
<td>Property, etc.</td>
<td>166</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>23,801</td>
<td>23,864</td>
</tr>
</tbody>
</table>

*Latest available.*
### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th>June 30*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and provisions</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td></td>
<td>1964</td>
<td>1965</td>
</tr>
<tr>
<td>Loans</td>
<td>3,263</td>
<td>2,570</td>
</tr>
<tr>
<td>Share capital and surplus</td>
<td>20,227</td>
<td>20,786</td>
</tr>
<tr>
<td></td>
<td>23,801</td>
<td>23,864</td>
</tr>
</tbody>
</table>

### Income Statements

#### Income:

<table>
<thead>
<tr>
<th>Source</th>
<th>December 31</th>
<th>June 30*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Profit on sale of investments</td>
<td>(£'000)</td>
<td>£'000</td>
</tr>
<tr>
<td>Other</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td></td>
<td>811</td>
<td>1,245</td>
</tr>
<tr>
<td></td>
<td>(55)</td>
<td>581</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>765</td>
<td>1,896</td>
</tr>
</tbody>
</table>

#### Expenses:

<table>
<thead>
<tr>
<th>Source</th>
<th>December 31</th>
<th>June 30*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Administrative</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Other</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Provisions</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td></td>
<td>295</td>
<td>249</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>585</td>
</tr>
<tr>
<td></td>
<td>336</td>
<td>990</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>December 31</th>
<th>June 30*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before tax</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Tax</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Net income</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td></td>
<td>429</td>
<td>906</td>
</tr>
<tr>
<td></td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>229</td>
<td>506</td>
</tr>
</tbody>
</table>

*Latest available.*
ICON SECURITIES LIMITED &
ICON NOMINEES LIMITED

1. Icon Securities Limited (ICONSEC) was established in June 1962 with a share capital of £N 100 wholly paid in by the Investment Company of Nigeria Limited (ICON) for the purpose of taking over the securities market operations of ICON. ICONSEC is now wholly owned by NIDB. ICON had taken an active part in setting up the Lagos Stock Exchange which was established in 1960 and began operations in 1961. As one of the initial trading members of the Exchange, ICON was actively engaged in stockbroking, stock jobbing and arranging for new issues, and for this business it set up a separate department. Later, it was felt more convenient to form a separate company because these specialized operations required a different administrative set-up and also because ICON was not specifically empowered by its Memorandum of Association to carry out these functions.

2. In the course of the reconstruction of ICON there was a plan to sell ICONSEC, and an offer was received from the John Holt Group. However, after consultation with IFC, the final decision was deferred to the newly formed NIDB, which decided at its second Board meeting held in March 1964 to retain ICONSEC.

3. ICONSEC has no staff of its own. Its Board consists of the Chairman of NIDB and NIDB staff members. Its business is carried out by NIDB staff.

4. ICONSEC draws its working capital from NIDB, the current line of credit being £N 300,000 at 5% per annum. The average outstanding amount of this loan during 1965, calculated on the basis of interest paid, was about £N 256,000.

5. As of June 30, 1966, ICONSEC (and ICON before separation) had arranged, for nine companies, 11 issues of shares or bonds amounting to £N 8 million. Of these 11 issues, it underwrote seven issues for a total amount of £N 2.4 million with the result of taking up £N 155,000. (Besides, a sum of £N 400,000 was taken firm.) Its commission usually ranges from 1.5% to 2.5%. In case of underwriting it is customary for ICONSEC to arrange sub-underwriting in full with other institutions, to which a commission of 1% to 1-1/2% is paid over.

6. ICONSEC is one of the three firms currently in the broker-dealer business on the Lagos Stock Exchange. One of these three firms is designated each year as the Government broker to handle all transactions in the Federal government bonds. ICONSEC acted as such for 1965. Most of the business in industrial securities has been handled by ICONSEC. The turnover on the Stock Exchange in 1965 amounted to £N 7.6 million consisting of £N 7 million in governments and £N 0.6 million in industrials.
7. As of June 30, 1966, the balance sheet shows:

<table>
<thead>
<tr>
<th>Capital &amp; Liabilities</th>
<th>(in £N 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>3.6</td>
</tr>
<tr>
<td>Due to NIDB</td>
<td>237.2</td>
</tr>
<tr>
<td>Share Capital</td>
<td>0.1</td>
</tr>
<tr>
<td>Unappropriated income</td>
<td>43.7</td>
</tr>
<tr>
<td>Total</td>
<td>334.6</td>
</tr>
</tbody>
</table>

8. The profit and loss accounts are as follows:

<table>
<thead>
<tr>
<th>Income:</th>
<th>1965 (12 months)</th>
<th>1966 (first 6 mos.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock dealing commission</td>
<td>9.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Income from investments</td>
<td>26.5</td>
<td>12.1</td>
</tr>
<tr>
<td>Capital gains</td>
<td>6.0</td>
<td>--</td>
</tr>
<tr>
<td>New issue fees</td>
<td>23.3</td>
<td>11.2</td>
</tr>
<tr>
<td>Total Income</td>
<td>63.1</td>
<td>21.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>1965</th>
<th>1966</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management fee - NIDB</td>
<td>35.0</td>
<td>17.5</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>1.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Interest payable - NIDB</td>
<td>12.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>49.7</td>
<td>20.5</td>
</tr>
<tr>
<td>Profit</td>
<td>13.4</td>
<td>3.8</td>
</tr>
<tr>
<td>Provision for tax</td>
<td>0.3</td>
<td>---</td>
</tr>
<tr>
<td>Net Income</td>
<td>13.1</td>
<td>3.8</td>
</tr>
</tbody>
</table>

9. Although NIDB is exempt from taxes until its reserves reach £2 million, ICONSEC is liable to taxes. The net earnings have so far been retained in the company.

10. ICON NOMINEES LIMITED

ICON Nominees Limited was created by ICON in June 1962 at the time
of the creation of ICONSEC. Its share capital of £N 2 is owned by NIDB. Its objective is to complement the stockdealing business of ICONSEC by holding securities on behalf of the latter's clients.
<table>
<thead>
<tr>
<th>Name</th>
<th>Purpose</th>
<th>Share Capital (Col$ 000)</th>
<th>% of Total Share Capital Subscribed</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF Caldas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cia. Minera Atlas</td>
<td>Promotion of new mining companies</td>
<td>1,000</td>
<td>971.5</td>
</tr>
<tr>
<td>Consorcio de Corporaciones Financieras para el Desarrollo Petroquímico Ltda.</td>
<td>Promotion of new enterprises in the petrochemical field</td>
<td>500</td>
<td>100.0</td>
</tr>
<tr>
<td>Fondo de Desarrollo y Diversificación de Zonas Cafeteras</td>
<td>Promotion of industrial diversification of main coffee-growing regions</td>
<td>n.a.</td>
<td>200.0</td>
</tr>
<tr>
<td>Sociedad Promotora para el Desarrollo Azucarero Ltda.</td>
<td>Promotion of new sugar mills</td>
<td>500</td>
<td>70.0</td>
</tr>
<tr>
<td>CF Colombiana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consorcio de Corporaciones Financieras para el Desarrollo Petroquímico Ltda.</td>
<td>Promotion of new enterprises in the petrochemical field</td>
<td>500</td>
<td>100.0</td>
</tr>
<tr>
<td>Consorcio Pesquero Colombiano, S.A.</td>
<td>Promotion of fishing industry</td>
<td>1,000</td>
<td>119.0</td>
</tr>
<tr>
<td>Sociedad Promotora para el Desarrollo Azucarero Ltda.</td>
<td>Promotion of new sugar mills</td>
<td>500</td>
<td>220.0</td>
</tr>
<tr>
<td>Name</td>
<td>Purpose</td>
<td>Share Capital (Col$ 000)</td>
<td>% of Total Share Capital Subscribed</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td><strong>CF Nacional</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consorcio de Corporaciones Financieras para el Desarrollo Petroquímico Ltda.</td>
<td>Promotion of new enterprises in the petrochemical field</td>
<td>500</td>
<td>100.0</td>
</tr>
<tr>
<td>Sociedad Promotora para el Desarrollo Azucarero Ltda.</td>
<td>Promotion of new sugar mills</td>
<td>500</td>
<td>150.0</td>
</tr>
<tr>
<td><strong>CF Norte</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consorcio de Corporaciones Financieras para el Desarrollo Petroquímico Ltda.</td>
<td>Promotion of new enterprises in the petrochemical field</td>
<td>500</td>
<td>100.0</td>
</tr>
<tr>
<td>Consorcio Pesquero Colombiano, S.A.</td>
<td>Promotion of fishing industry</td>
<td>1,000</td>
<td>23.0</td>
</tr>
<tr>
<td>Promocion Industrial de Cartagena Ltda.</td>
<td>Promotion of new industries in the Cartagena region</td>
<td>50</td>
<td>20.0</td>
</tr>
<tr>
<td>Promotora de Siderurgicas &quot;Prosicol&quot;</td>
<td>Promotion of new mining and metalurgical industries</td>
<td>140</td>
<td>45.0</td>
</tr>
<tr>
<td><strong>CF Valle</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carnes de Occidente</td>
<td>Market studies for production and export of frozen meat</td>
<td>n.a.</td>
<td>150.0</td>
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<tr>
<td>Consorcio de Corporaciones Financieras para el Desarrollo Petroquímico Ltda.</td>
<td>Promotion of new enterprises in the petrochemical field</td>
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<tr>
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<tr>
<td>Sociedad Promotora para el Desarrollo Azucarero, Ltda.</td>
<td>Promotion of new sugar mills</td>
<td>500</td>
<td>60.0</td>
</tr>
</tbody>
</table>
### VENUEZUELA

**Name**  
**Cavendes**

**S.A. Colombo-Venezolana de Estudios y Promociones**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Share Capital (Col$ 000)</th>
<th>% of Total Share Capital Subscribed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of industrial projects to serve both the Colombian and Venezuelan economies</td>
<td>180</td>
<td>90.0</td>
</tr>
</tbody>
</table>
OFFICE MEMORANDUM

TO: All Professional DFC Staff DATE: February 13, 1967
FROM: B. H. Shin
SUBJECT: Auditing of Development Finance Companies

1. Attached is a table, updated by Mr. H. J. Williams, on auditors and audit report due of the development finance companies with which the World Bank group is associated. Please replace the older issue with this as Item 13 of your Data Book II.

2. Attached also is Table of Contents of your Data Book II to be substituted for the older issue.

Attachment (2)

BHS/ts
DATA BOOK II

GENERAL ISSUES AND STUDIES INVOLVING DEVELOPMENT FINANCE COMPANIES

Table of Contents

1. Policy Statements

2. Policies of Development Finance Companies Regarding Maximum Size of Loans, Equity Investments or other Commitments in any Single Enterprise 10/4/66

3. Status of Counterpart Fund Loans and U.S. AID Local Currency Loans to Development Finance Companies 8/31/64

4. Status of Equity, Quasi-Equity, Debt and Debt-Borrowing Base Ratio of Development Finance Companies 9/3/64

5. Long-Term Subordinated Loan Capital of Development Finance Companies 10/4/66

6. Most Frequently Used Lending Rates of Development Finance Companies 11/1/66

7. Development Finance Companies' Administrative Expenses (7 Tables) 8/1/65

8. Repayment Schedules of Long-Term Subordinated Loan Capital and IBRD/IDA Loans to DFCs 9/30/65

9. Net Profit after Tax and Dividend Rate 10/19/65

10. Taxation Affecting Development Finance Companies with which the World Bank Group is Associated 1/5/66

11. Profitability of Development Finance Companies 7/6/66

12. Agency Fees for Administered Funds 3/15/66


15. Projects Presented by DFCs and Financed by IFC and Projects Jointly Financed by IFC and DFCs 5/16/66

17. Resources of Development Finance Companies as of December 31, 1965 5/12/66


19. Foreign Shareholders and Their Shareholdings in Development Finance Companies 5/13/66

20. Development Finance Company Projects 11/14/66

21. Yield on IFC Investments in 17 Development Finance Companies 11/30/66

22. Basic Statistics on Selected Countries 12/28/66


<table>
<thead>
<tr>
<th>Project</th>
<th>IPC Equity</th>
<th>Bank Loan</th>
<th>IDA Credit</th>
<th>Financial Year-end</th>
<th>Audit Report</th>
<th>Quality 1/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria - IVK</td>
<td></td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China - CDC</td>
<td></td>
<td>X</td>
<td>X</td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
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<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colombia - CF Caldas - Manises</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colombia - OF Valle - Cali</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colombia - OF Norte - Barranquilla</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td>Ethiopia - DHE</td>
<td></td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland - IPP</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece - NIBD</td>
<td>X</td>
<td></td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India - ICGI</td>
<td></td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iran - INDA</td>
<td></td>
<td>X</td>
<td></td>
<td>Mar. 31</td>
<td>June 18</td>
<td></td>
</tr>
<tr>
<td>Israel - IHII</td>
<td></td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td>Ivory Coast - HIDI</td>
<td>X</td>
<td></td>
<td></td>
<td>Dec. 31</td>
<td>15 days before annual meeting</td>
<td></td>
</tr>
<tr>
<td>Liberia - LNDI</td>
<td></td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia - MIOPF</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Mar. 31</td>
<td>August 28</td>
<td></td>
</tr>
<tr>
<td>Morocco - MNDE</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>May 30</td>
<td></td>
</tr>
<tr>
<td>Nigeria - NIDB</td>
<td>X</td>
<td></td>
<td></td>
<td>Dec. 31</td>
<td>21 days before annual meeting</td>
<td></td>
</tr>
<tr>
<td>Pakistan - PICIC</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td>Philippines - PDCP</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td>Spain - BANDESO</td>
<td></td>
<td></td>
<td></td>
<td>Dec. 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand - IPOT</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td>Tunisia - SHI</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Dec. 31</td>
<td>May 31</td>
<td></td>
</tr>
<tr>
<td>Turkey - ISB</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Dec. 31</td>
<td>April 30</td>
<td></td>
</tr>
<tr>
<td>Venezuela - CAVENDES</td>
<td>X</td>
<td></td>
<td></td>
<td>June 30 &amp; Dec. 31</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1/ A - Satisfactory  
B - Unsatisfactory  
* - Report contains qualifications or exceptions

Office of Accounting Adviser, IFC
January 31, 1967
Mr. Robert F. Skillings

February 10, 1967

Edgar C. H. Su

Amortization Schedules for Bank Loans to Development Finance Companies

1. You asked me to review the amortization procedures for the Bank loans extended to the various development finance companies during the past and find out whether these procedures can be further simplified and standardized.

2. I have reviewed all the relevant amortization schedules for the Bank loans and IDA credits so far extended to DFC's (either directly or indirectly) and the procedures and practices relating to the repayments of the sub-loans extended by the DFC's using the proceeds of the Bank loans. I have had discussions with Mr. Metherate of the Treasurer's Department and with various members of our Department about these procedures. My findings and comments are summarized as follows:

I. Types of Amortization Schedules Used for Bank Loans to DFC's, 1950-1966

3. During the period from September 1950 when the first DFC loan agreement was signed up to the end of 1966, 35 agreements providing loans to DFC's have been executed. The amortization schedules for these loans can be classified into the following three general categories:

(1) Fixed Amortization Schedules

During the first period, the Bank loans to DFC's had amortization schedules fixed when the Loan Agreements were signed. Some of the fixed amortization schedules were linked with the repayments of sub-loans and others were not.

(a) Fixed amortization schedules not linked with repayments of sub-loans:

All the six Bank loans extended to DFC's during 1950-1958 and one loan made in 1962 had fixed amortization schedules which were not linked with the repayments of the individual sub-loans. Neither was provision made in the agreements for amending the amortization schedules. Typical wording of the

1/ In addition, five IDA credits were extended during the period.
2/ DBE (32-ET), TSKB (34-TU), TSKB (85-TU), ICICI (109-IN), PICIC (185-PAK), and IVK (192-AUA).
3/ IVK (315-AWA)
relevant clause is:

"The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement."

Up to the end of 1966, out of the seven fixed Amortization Schedules mentioned above, only one (109-IN) was amended, first to reschedule the loan since for several years the foreign exchange risk problem had precluded IICICI's making use of it, and later to provide for cancellation of the unused balance of the loan.

(b) Fixed amortization schedules linked with repayments of sub-loans:

The Loan Agreements signed during 1959-19611 also had fixed amortization schedules but the DFC's were required to "repay the principal amount of each part of the Loan withdrawn from the Loan Account in proportion to, and in accordance with the several maturities of the amortization schedule." In most cases, the amounts of the several maturities of such schedule may be amended from time to time by agreement between the Bank and the Borrower, and the Bank and the Borrower may agree to extend the amortization schedule for not more than four years in respect of an amount for a certain project credited to the Loan Account.

This type of amortization schedule is much more flexible than type (a) which was discontinued in 1958 but was used again in one case in 1962 (315-AUA).

The amortization schedules of four of the five loan agreements under this category were amended, to cancel part of the loan after the closing date of each agreement.

(2) Flexible Amortization Schedules

For the loan agreements signed during the period from mid-1961 to mid-1965, an entirely different system was adopted. Instead of adhering to one amortization schedule for the entire loan fixed before signing of the loan agreement, an amortization schedule for each part of the Loan is agreed upon when it is credited to the Loan Account. This system has resulted in a number of amortization schedules for each Bank loan to a DFC.

1/ IICICI (232-IN), PIGIC (236-PAK), MODHI (240-IRN), IICICI (269-IN), DBE (301-ET).
As of now, this system still operates for the balances of the following seven loans:

<table>
<thead>
<tr>
<th>DFC</th>
<th>Loan No.</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDC</td>
<td>397</td>
<td>$6,148,000</td>
</tr>
<tr>
<td>ICICI</td>
<td>312</td>
<td>103,000</td>
</tr>
<tr>
<td>IMDBI</td>
<td>422</td>
<td>818,000</td>
</tr>
<tr>
<td>MIFL</td>
<td>313</td>
<td>925,000</td>
</tr>
<tr>
<td>PICIC</td>
<td>382</td>
<td>2,233,000</td>
</tr>
<tr>
<td>IFCT</td>
<td>370</td>
<td>3,455,000</td>
</tr>
</tbody>
</table>

(3) Adjustable Composite Amortization Schedules

In mid-1965, the above-mentioned flexible amortization schedule was discontinued. Instead, adjustable composite amortization schedules have been used since then for loans to DFC's. Under this new system, a pro-forma amortization schedule is included in the loan agreement at the time of signing. It is specified in the loan agreement that the amortization schedule shall be amended from time to time to conform substantially to the aggregate of the amortization schedules applicable to the Investment Projects for which part of the Loan has been credited to the Loan Account. Unless the Bank and the Borrower shall otherwise agree, the amortization schedules applicable to the Investment Projects shall not extend beyond 15 years from the date when the corresponding amounts are credited to the Loan Account.

The following Loan Agreements have been signed since this new system was adopted:

<table>
<thead>
<tr>
<th>DFC</th>
<th>Loan No.</th>
<th>Date of Signing</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI</td>
<td>414</td>
<td>May 28, 1965</td>
</tr>
<tr>
<td>IFF</td>
<td>420</td>
<td>June 30, 1965</td>
</tr>
<tr>
<td>PICIC</td>
<td>421</td>
<td>July 9, 1965</td>
</tr>
<tr>
<td>IDBI</td>
<td>424</td>
<td>Sept. 16, 1965</td>
</tr>
<tr>
<td>ENDE</td>
<td>417</td>
<td>May 13, 1966</td>
</tr>
<tr>
<td>SNI</td>
<td>419</td>
<td>May 16, 1966</td>
</tr>
<tr>
<td>IMDBI</td>
<td>459</td>
<td>July 26, 1966</td>
</tr>
<tr>
<td>TSKB</td>
<td>461</td>
<td>Aug. 10, 1966</td>
</tr>
<tr>
<td>PDGC</td>
<td>467</td>
<td>Sept. 23, 1966</td>
</tr>
</tbody>
</table>

So far, only the amortization schedule for 420-FI has been amended, at the request of IFF, to take care of two repayments of IFF's sub-loans which fell due before the first scheduled maturity of the composite amortization schedule.
Several major amendments are expected for each composite amortization schedule. The first one would be before the first repayment date. Further amendments will be necessary before each of the repayment dates until the entire amount of the loan will have been credited to the loan account. The Treasurer's Department is prepared to contact the DFC several months before each repayment falls due so as to give ample time to amend the amortization schedule to conform to the amortization schedules applicable to individual investment projects. The first repayment date of the loan to IFF (h20-F1), June 1, 1967, will be the earliest.

(h) Other Amortization Schedules

The Loan Agreement signed between IEBD and Banco de la Republica, Colombia, on May 31, 1966 has a fixed amortization schedule covering 20 years including a 3 years' grace period. However, the Loan Agreements signed between Banco de la Republica and the five Financieras call for flexible amortization schedules applicable to the Investment Projects within a term of not more than 15 years. This arrangement is comparable with the IDA credits extended to TSEB through the Turkish Government and to China Development Corporation through the Chinese Government.

II. Amortization Schedules Applicable to Investment Projects

4. Under the Loan Agreements calling for flexible amortization schedules, an amortization schedule for each investment project has to be agreed upon when each part of the loan is credited to the Loan Account. It is an established procedure that the DFC's send us their proposed amortization schedules for sub-loans as part of the description of the project submitted together with the request for a credit to the Loan Account.

5. Under the new system for composite amortization schedules, the procedure for submitting individual amortization schedules differs from case to case. The attached table summarizes the requirements in the relevant Loan Agreements and actual practice. As shown in the table, no amortization schedules for individual sub-loans have been received from IDBI, SNI and FDGP.

Comments and Recommendations

6. The composite amortization schedule, recently adopted, is much simpler than the flexible amortization schedule which proved to be rather cumbersome. To make the new system work well, both the provisions in the loan agreements and the implementation procedures should be standardized.

7. The provisions on the amortization schedules applicable to the Investment Projects vary from agreement to agreement. In one agreement,
it is prescribed that the amortization schedules applicable to the Investment Projects shall be satisfactory to the Bank. In some other agreements, it is prescribed that the amortization schedules shall provide for appropriate periods of grace and approximately equal semi-annual payments of principal. In still others, the equal aggregate semi-annual payments should include both principal and interest. In the latest loan agreements, the provisions have been changed to read: "... provide for approximately equal aggregate semi-annual, or more frequent, payments of principal plus interest or approximately equal semi-annual, or more frequent, payments of principal." This clause should be made uniform for all loans to DFC's in the future.

8. The provisions regarding submission of information on projects also differ widely from case to case, as indicated in the attached table. Since we should see to it that the composite amortization schedule conforms substantially to the aggregate of the amortization schedules of loans by the borrower for investment projects, and the individual amortization schedules should take the form as specified in the loan agreements, we should require the DFC's to submit to us all the amortization schedules applicable to the sub-loans preferably before crediting to the Loan Account.

9. Moreover, all the loan agreements signed with DFC's since 1966 include a clause requiring them to repay to the Bank any amounts prepaid by their borrowers on the next following interest payment date. For example, in the Loan Agreement to NIBID, Section 2.09 provides that

"Unless the Bank and the Borrower shall otherwise agree:
(a)(i) If a sub-loan or any portion thereof shall be repaid to the Borrower in advance of maturity, or (ii) if the Borrower shall sell, transfer, assign or otherwise dispose of a sub-loan or investment or any portion thereof, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date an amount of the Loan equivalent to the amount credited to the Loan Account and at the time outstanding in respect of such sub-loan or investment, or to such portion thereof, as the case may be, together with the premium specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.08(a). The policy stated in Section 2.05(c) of the Loan Regulations with respect to premiums shall apply to any such repayment.

(b) Any amount so repaid by the Borrower shall be applied by the Bank to the maturity or maturities of the principal amount of the Loan corresponding to the maturity or maturities of the sub-loan or investment or portion thereof so repaid or disposed of."

A similar clause should continue to be inserted in the agreements to be signed in the future.
10. Similarly the Bank should agree to amend its amortization schedule to take into account any postponements of repayments which the development finance company has agreed to, within the overall repayment period allowed under the loan agreement. Such adjustments may have to be accepted on relatively short notice, anytime up to the payment date itself.

11. Regarding implementation procedures, it has been proposed that well before the first maturity under each Bank loan to a DFC (say 6 months), the Bank will write to the DFC requesting it to submit by 3 months before the payment date an amended figure for the first installment and apply the amount of increase or decrease to the final maturity of the composite amortization schedule. This procedure should be repeated for subsequent installments of the composite amortization schedule until the entire amount of the loan will have been credited to the Loan Account and a final amortization schedule agreed upon.

12. The first repayments of the recent loans fall on the following dates:

<table>
<thead>
<tr>
<th>LOAN</th>
<th>INSTALLMENT</th>
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</thead>
<tbody>
<tr>
<td>IFF</td>
<td>June 1, 1967</td>
</tr>
<tr>
<td>PDGP</td>
<td>Jan. 1, 1968</td>
</tr>
<tr>
<td>PICIC</td>
<td>Jan. 15, 1968</td>
</tr>
<tr>
<td>ICICI</td>
<td>Feb. 1, 1968</td>
</tr>
<tr>
<td>SNI</td>
<td>May 1, 1968</td>
</tr>
<tr>
<td>IDBI</td>
<td>June 1, 1968</td>
</tr>
<tr>
<td>TSKE</td>
<td>July 15, 1968</td>
</tr>
<tr>
<td>ENDE</td>
<td>Jan. 15, 1969</td>
</tr>
<tr>
<td>TMDBI</td>
<td>Jan. 15, 1969</td>
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</table>

Attachment

cc: Circ. (2)
<table>
<thead>
<tr>
<th>ICICI</th>
<th>h1h-IN</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-Projects</td>
<td>A description of the Project and such other information as the Bank shall reasonably request.</td>
</tr>
<tr>
<td>B-Projects</td>
<td>State the Project.</td>
</tr>
<tr>
<td>IFF</td>
<td>h20-FI</td>
</tr>
<tr>
<td>A-Projects</td>
<td>A description and appraisal of the Project and such other information as the Bank shall request.</td>
</tr>
<tr>
<td>B-Projects</td>
<td>A brief statement describing the Project and the terms and conditions upon which the Borrower has made a loan.</td>
</tr>
<tr>
<td>PICIC</td>
<td>h21-PAK</td>
</tr>
<tr>
<td>A-Projects</td>
<td>A description and appraisal of the Project and such other information as the Bank shall reasonably request.</td>
</tr>
<tr>
<td>B-Projects</td>
<td>State the Project.</td>
</tr>
<tr>
<td>IDBI</td>
<td>h2h-IS</td>
</tr>
<tr>
<td>A-Projects</td>
<td>A description and appraisal of the Project and such other information as the Bank shall reasonably request.</td>
</tr>
<tr>
<td>B-Projects</td>
<td>State the Project.</td>
</tr>
</tbody>
</table>

**Loan Agreement Provisions**

**Actual Practice**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No A-Projects submitted yet.</td>
<td></td>
</tr>
<tr>
<td>Heads of Agreements including amortization schedules submitted before crediting.</td>
<td></td>
</tr>
<tr>
<td>Detailed repayment terms included in appraisal report submitted for approval.</td>
<td></td>
</tr>
<tr>
<td>Detailed repayment terms included in brief statement submitted before crediting.</td>
<td></td>
</tr>
<tr>
<td>No A-Projects submitted yet.</td>
<td></td>
</tr>
<tr>
<td>Appraisal report and loan agreement submitted before crediting, including amortization schedule.</td>
<td></td>
</tr>
<tr>
<td>Only proposed duration of loans indicated in appraisal reports.</td>
<td></td>
</tr>
<tr>
<td>Only proposed duration of loans indicated in brief summaries.</td>
<td></td>
</tr>
<tr>
<td>BNDE</td>
<td>147-MOR</td>
</tr>
<tr>
<td>------------</td>
<td>---------</td>
</tr>
<tr>
<td>A-Projects</td>
<td>A description of Project, the terms and conditions of the Borrower's credit, the amortization schedule proposed thereof...</td>
</tr>
<tr>
<td>B-Projects</td>
<td>Description of the Project, including the schedule of amortization thereof.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SNI</th>
<th>149-TUN</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>A-Projects</td>
<td>A description of the Project, the proposed amortization schedule ...</td>
<td>Proposed aggregate annual installments indicated in appraisal reports.</td>
<td></td>
</tr>
<tr>
<td>B-Projects</td>
<td>State the Project.</td>
<td>Proposed aggregate annual installments indicated in appraisal reports.</td>
<td></td>
</tr>
</tbody>
</table>

| IMDBI      | 159-IRN |                                                                                           |                                                                                  |
|------------|---------|-------------------------------------------------------------------------------------------|                                                                                  |
| A-Projects | A description of the Project ... including the amortization schedule ...                   | ( Only proposed duration of loans indicated in appraisal reports, for the first two projects; the amortization schedules were submitted for projects Nos. 3 - 10. |
| B-Projects | Describe the Project ... including the schedule of amortization thereof.                   |                                                                                  |

| TSKB       | 161-TU  |                                                                                           |                                                                                  |
|------------|---------|-------------------------------------------------------------------------------------------|                                                                                  |
| A-Projects | A description of the Project ... including the amortization schedule ...                   | Amortization schedule attached to appraisal report.                               |
| B-Projects | Describe the Project ... including the schedule of amortization thereafter.                | Amortization schedule attached to summaries.                                     |

| PDCP       | 167-PH  |                                                                                           |                                                                                  |
|------------|---------|-------------------------------------------------------------------------------------------|                                                                                  |
| A-Projects | A description of the Project ... including the amortization schedule.                      | Only proposed duration of loans indicated in appraisal reports.                   |
| B-Projects | A brief description ... including the amortization schedule.                               | Only proposed duration of loans indicated in appraisal reports.                   |
John Adler

B.H. Shin

Aggregate Financial Assistance
by Development Finance Companies

Per our conversation, I am sending you a table showing the aggregate financial assistance extended during the period from commencement up to December 31, 1965 by the twentytwo development finance companies with which the World Bank group was associated as at December 31, 1965. On the basis of this it is estimated that the aggregate financial assistance by the same companies up to June 30, 1966 was $1.5 billion.

Attachment

B.H/Shin/ts B8
Date: Feb 10/67
Memos: Mr. St to Mr. Skillings
Amortization Schedule
In Bay Loans to DFC's

P/s. replace the p. 5 in the memo w/ the att'd.
Medellín, Febrero 6 de 1967

Señor
Robert F. Skillings
Deputy Director
International Finance Corporation
Washington, D.C.

Muy apreciado señor Skillings:

En ausencia del Dr. José Gutiérrez Gómez, damos respuesta a su atenta comunicación del 3 de los corrientes, en la cual propone usted el día 4 de abril como fecha de llegada de la misión de funcionarios de esa entidad que vienen con el propósito de revisar nuestras operaciones durante el año de 1966.

Nos complace manifestarle que esa fecha es adecuada dentro de nuestros planes, razón por la cual esperaremos gustosos a sus funcionarios ese día.

Sin otro particular, nos repetimos como sus atentos servidores y amigos,

Carlos Restrepo Dumit,
Vicepresidente

CRD/ead.
<table>
<thead>
<tr>
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<td><strong>Exception(s)</strong></td>
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<tr>
<td><strong>Additional Comments</strong></td>
</tr>
</tbody>
</table>

**Withdrawn by**
- April Miller

**Date**
- Aug 30, 2011

Archives 01 (March 2017)
Dear Mr. Silvestre:

Thank you for sending me a copy of the report on development finance companies which you prepared for the PDGP. Although, as you may know, I no longer have any responsibility for development finance company work, I was interested to see the report. I appreciate your sending it to me, and I am pleased that you found "Problems and Practices of Development Banks" useful.

Sincerely yours,

Shirley Boskey
Development Services Department

Mr. J. Flaridel Silvestre
Private Development Corporation of the Philippines
CBTC Building
Ayala Avenue
Makati, Rizal

SEB:tsb
OFFICE MEMORANDUM

TO:    Mr. Robert W. Cavanaugh
FROM:  Joseph D. Matherate
SUBJECT: Loans to Development Finance Companies - Effective Date of Amounts Credited under Free Limit

DATE: January 31, 1967

In accordance with your instruction I have made certain enquiries with the Loan Officers and the Working Party Members of the Treasurer's Department to find out the practices in the Bank concerning the determination of the effective date of the amounts credited under the free limit.

In the case of Loans to China, Malaysia, Morocco, Pakistan, Philippines, Thailand, Tunisia and Turkey, the amount is credited as of the date of the receipt of the request from the borrower. This appears to be in line with the strict interpretation of the Loan Agreement and Section 8.01 of the Loan Regulations.

In the case of Loans to Development Finance Companies in Colombia, Finland, Israel, Iran and India, the amount is credited as of the date on which our letter or cable is dispatched, advising the borrower of the credit. I understand that such cable or letter is invariably dispatched on the date of the receipt of the request from the borrower and hence, in these cases, there is no conflict with the provisions of the Loan Agreement. However, if for any reason the reply is delayed, the borrower is notified that the amount is credited as of the date of our communication to that effect. I could not trace any special reason for this practice, except for the fact that such treatment appeared more in line with the spirit of the Bank's relationship with such borrowers.

In one case (Loan No. 329 MOR) such amounts were credited as of the date of the letter from the borrower requesting for such credit. This was done to cover the borrower in respect of certain projects for which there was a time limit set between the date of incurring the expenditure and the date of crediting the related amount to the Loan Account. This loan is now fully committed.

Cancellations of any unused portions of any particular projects are always made effective as of the date of receipt of the request from the borrower. Amounts credited for projects which are subject to approval by the Bank are always credited as of the date on which the Bank notifies the borrower of such credit.
Mr. Robert W. Cavanaugh

January 31, 1967

During my conversation with the Loan Officers of the Bank and IFC, many have expressed the feeling that it would be more appropriate if we credited the Loan Account with the amounts for the project under the free limit as of the date of our notification to the borrowers. The notification is invariably given as soon as possible after the receipt of a request, in most cases on the same day. For the new loan to Greece it has been agreed to include provisions in the Loan Agreement to this effect. The present ambiguity will be cleared and uniformity of practice will be achieved if similar provisions are included in all the future similar Loan Agreements.

To achieve uniformity of practice in the existing loans there are two possibilities open:

(a) Strict interpretation of loan provisions and credit amounts under the free limit as of the date of the receipt of request from the borrower in all loans, or

(b) Credit amounts under the free limit in all loans as of the date of notification by the Bank similar to that of the project subject to approval by the Bank. Even though the Bank may have to forego a small amount of commitment charge, it will be in accordance with the current thinking on the subject (new new loan to Greece) and it will achieve uniformity in our treatment of all borrowers.

cc: Mr. Ratland
Mr. Matherate

J.Matherate/hb

I think we need uniformity on this and if you agree could you see that new loan agreements contain an appropriate clause as in X(1) and could you write instructions in your stick to follow the X(2) practice on all outstanding loans.
Mr. Robert W. Cavanaugh

Joseph D. Metherate

Loans to Development Finance Companies -
**Effective Date of Amounts Credited under Free Limit**

In accordance with your instruction I have made certain enquiries with the Loan Officers and the Working Party Members of the Treasurer's Department to find out the practices in the Bank concerning the determination of the effective date of the amounts credited under the free limit.

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In the case of Loans to Development Finance Companies in Colombia, Finland, Israel, Iran and India, the amount is credited as of the date on which our letter or cable is dispatched, advising the borrower of the credit. I understand that such cable or letter is invariably dispatched on the date of the receipt of the request from the borrower and hence, in these cases, there is no conflict with the provisions of the Loan Agreement. However, if for any reason the reply is delayed, the borrower is notified that the amount is credited as of the date of our communication to that effect. I could not trace any special reason for this practice, except for the fact that such treatment appeared more in line with the spirit of the Bank's relationship with such borrowers.

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Cancellations of any unused portions of any particular projects are always made effective as of the date of receipt of the request from the borrower. Amounts credited for projects which are subject to approval by the Bank are always credited as of the date on which the Bank notifies the borrower of such credit.
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To achieve uniformity of practice in the existing loans there are two possibilities open:

(a) Strict interpretation of loan provisions and credit amounts under the free limit as of the date of the receipt of request from the borrower in all loans, or

(b) Credit amounts under the free limit in all loans as of the date of notification by the Bank similar to that of the projects subject to approval by the Bank. Even though the Bank may have to forego a small amount of commitment charge, it will be in accordance with the current thinking on the subject (vide new Loan to Greece) and it will achieve uniformity in our treatment of all borrowers.

cc: Mr. Rutland
    Mr. Metherate

JMetherate/hb

FILE - Development Finance Companies - Policy and Procedures
TO: All Professional DFC Staff

FROM: B. H. Shin

SUBJECT: Study on Profitability for 1965 of the Development Finance Companies with which the World Bank Group is Associated

DATE: January 31, 1967

The attached paper on the above subject and the revised Table of Contents are to be inserted as Item 24 in your Data Book II.

Attachments

B. H. Shin: phm
Introduction

1. Profitability is one of the principal factors to consider in evaluating the operational performance of the development finance companies with which the World Bank group is associated. Unlike ordinary private companies however, most of the development finance companies have received varying financial assistance from the government and some did often follow voluntarily or involuntarily policies which did not necessarily maximize profits. In the circumstances profitability could not in itself be an accurate indication as to the operational efficiency of the companies. However, it could no doubt serve as a basis for the study of such problem.

2. There are a variety of factors which affect profitability. They fall into the following major categories: the average rate of income on earning assets, the spread between lending and borrowing rates, leverage (debt/equity ratio), administrative costs, the allocation of assets to earning and other assets, and other miscellaneous income and expenses.

3. This study attempts to analyze the profitability of the development finance companies associated with us with a view to (1) determining how much contribution the own equity and borrowed funds of the companies have made to profitability and (2) accounting for what extent the major factors have affected profitability.

4. Following a theoretical format, as explained in Annex 1, an analysis of the profitability for 1965 of 19 companies has been made and its results are presented in Table 1. The figures in the table are self-explanatory and appear to provide direct answers to the questions raised above. In the following let us summarize its findings: first, the contribution to profitability of equity and borrowed funds, and then the role of major factors.

---

1/ By profitability is meant the ratio of net profits before tax to average net worth of the company. Net profits include gains from sales of securities.

2/ What is really intended here is to impute profitability to two sources of funds, equity and borrowed funds, on the basis of the formula which is explained in Annex I.

3/ Of the 22 companies associated with us as of December 31, 1965, NIBID, BIDI and LBIDI are excluded. Being established only recently, these companies have not yet had operations reasonably comparable to those of other companies.
I. Contribution of Equity and Borrowed Funds

5. A summary of the table regarding the contribution of equity and borrowed funds is shown below. The companies are conveniently grouped into three categories: ¹/ (A) Profitability of more than 15%, (B) between 7% and 15% and (C) up to 7%.

**Group A. (Profitability of more than 15%).**

<table>
<thead>
<tr>
<th>I. Profitability (II + III)</th>
<th>II. Contributed by:</th>
<th>III. Statistical Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equity</td>
<td>Borrowed Funds</td>
</tr>
<tr>
<td>PICIC (Pakistan)</td>
<td>26.11</td>
<td>7.85</td>
</tr>
<tr>
<td>IVK (Austria)</td>
<td>24.32</td>
<td>6.79</td>
</tr>
<tr>
<td>INDBI (Iran)</td>
<td>22.39</td>
<td>6.70</td>
</tr>
<tr>
<td>TSKB (Turkey)</td>
<td>20.90</td>
<td>8.17</td>
</tr>
<tr>
<td>IDBI (Israel)</td>
<td>19.44/</td>
<td>7.77</td>
</tr>
<tr>
<td>ICICI (India)</td>
<td>19.11</td>
<td>6.66</td>
</tr>
<tr>
<td>FDGP (Philippines)</td>
<td>18.50</td>
<td>9.21</td>
</tr>
<tr>
<td>CDC (China)</td>
<td>18.30</td>
<td>8.00</td>
</tr>
<tr>
<td>CF COLOMBIANA (Colombia)</td>
<td>16.98</td>
<td>8.93</td>
</tr>
<tr>
<td>CF NACIONAL (Colombia)</td>
<td>16.72</td>
<td>9.45</td>
</tr>
<tr>
<td>IFF (Finland)</td>
<td>15.96/</td>
<td>6.03</td>
</tr>
</tbody>
</table>

Group A represents relatively old companies except FDGP and IFF. If a 15% rate is assumed as a minimum warranted annual rate of return on capital in

1/ The grouping is purely arbitrary for the sake of description.

²/ Including 2.85%, the contribution made by managed funds being entrusted to TDBI by the government. In computing profitability the managed funds were assumed as borrowed funds while fees for the funds were treated as interest spreads.

³/ Including 4.57%, the contribution made by administered funds being entrusted to TSKB by the Government. Like above, the administered funds were assumed as borrowed funds while fees for the funds were treated as interest spreads.

⁴/ In computing IDBI's profitability, Government-owned Ordinary B and Preference A shares were excluded from equity and were assumed as government loans to IDBI with fixed interest rates (3% and 3.5% respectively) equal to dividend rates payable on those shares.

⁵/ Including 5.73%, the contribution made by the two types of Government-owned shares, as above explained.

⁶/ In computing IFF's profitability, Series B shares owned by the Central Bank were excluded from equity and were treated as an interest-free Central Bank loan to IFF. No dividends were paid on the shares.

⁷/ Including 7.54%, the contribution made by the Central Bank-owned Series B shares.
developing countries, these companies meet the test criterion. In this group borrowed funds played a principal role in attaining the profitability. Except TSKB and the two Colombian finance companies, more than half the profitability was derived from borrowed funds.

6. Group B (Profitability between 7% and 15%)

<table>
<thead>
<tr>
<th>I. Profitability (II + III) (%)</th>
<th>II. Contributed by: Equity (%)</th>
<th>Borrowed Funds (%)</th>
<th>III. Statistical Difference (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF Caldas (Colombia)</td>
<td>14.24</td>
<td>10.76</td>
<td>3.83</td>
</tr>
<tr>
<td>MIDFL (Malaysia)</td>
<td>12.35</td>
<td>5.37</td>
<td>7.18</td>
</tr>
<tr>
<td>BANDESCO (Spain)</td>
<td>11.00</td>
<td>5.69</td>
<td>4.42</td>
</tr>
<tr>
<td>IFCT (Thailand)</td>
<td>9.67</td>
<td>4.33</td>
<td>5.17</td>
</tr>
<tr>
<td>CAVENDES (Venezuela)</td>
<td>8.07</td>
<td>7.36</td>
<td>0.71</td>
</tr>
<tr>
<td>BNDE (Morocco)</td>
<td>7.44</td>
<td>5.46</td>
<td>2.55</td>
</tr>
</tbody>
</table>

Group B represents generally younger institutions than those in Group A. It is characteristic of this group that the contribution of borrowed funds is markedly low. For two companies, MIDFL and IFCT, borrowed funds contributed to profitability more than equity did, while the rest showed the reverse. The large contribution experienced by MIDFL and IFCT is due to interest-free or low cost government loans granted to them. Although BANDESCO relied heavily on borrowed resources, because of a small interest spread the contribution of borrowed resources was smaller than that of equity. It is also true of BNDE, which was granted government loans with relatively high interest.

7. Group C. (Profitability of less than 7%)

<table>
<thead>
<tr>
<th>I. Profitability (II + III) (%)</th>
<th>II. Contributed by: Equity (%)</th>
<th>Borrowed Funds (%)</th>
<th>III. Statistical Difference (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIDB (Nigeria)</td>
<td>5.11</td>
<td>2.76</td>
<td>2.25</td>
</tr>
<tr>
<td>DBE (Ethiopia)</td>
<td>2.48</td>
<td>3.49</td>
<td>0.79</td>
</tr>
</tbody>
</table>

Group C represents the companies requiring sharp improvement in their profitability. A common feature is that the contribution of both equity and borrowed funds is low relative to Groups A and B. There are several reasons for this. NIDB enjoys an interest-free government loan but its leverage to equity is only 0.82. A greater portion of earning assets constitutes temporary investments whose rate of return was low. Further, NIDB's administrative cost was as high as 3.05% and absorbed a great deal of income. In the case of DBE no interest-free government loan was granted. While loans were extended to it by U.S. A.I.D., World Bank and the Central Bank, except the A.I.D. loan, obviously, Austria and Finland should be excluded from the classification of developing countries.

Interest on a first Government loan to BNDE had been 1%, but in 1966 it was reduced to 2%. 

1/ Obviously, Austria and Finland should be excluded from the classification of developing countries.
2/ Interest on a first Government loan to BNDE had been 1% but in 1966 it was reduced to 2%. 

---

1/ Obviously, Austria and Finland should be excluded from the classification of developing countries.
2/ Interest on a first Government loan to BNDE had been 1% but in 1966 it was reduced to 2%. 

---
interest spreads were not wide enough to cover DBE's unusually high administrative cost (3.32%).

II. Major Factors Affecting Profitability

Average Rate of Income on Earning Assets

8. Of a variety of factors that can contribute to the profitability, the most fundamental one is the average rate of income (a broader concept than that of interest rate) on earning assets. The rate depends on the level of interest rates on deposits, and short-, medium- and long-term loans, on rate of return on DFC's investments such as dividends and capital gains, and on the volume of assets employed at different levels of yield. If the company used no resources other than its own equity, the profitability of that company could be obtained by simply subtracting from that rate the average administrative cost. Further, if the average administrative cost were assumed negligible, the profitability of the company should be equal to the average rate of income on the earning assets. In this sense, the average rate of income on earning assets is a basic layer of the profitability. The importance of this rate cannot be emphasized too much.

9. Table II shows the average rate of income on earning assets and the way in which it was computed. It is pointed out first that the rate hinges on the level of lending rate. As seen in the table, the rate is very close to the average lending rate. However, it is generally lower than that, because part of earning assets is used for temporary investments, equity investments or both whose rates of return are usually much lower than the lending rate. TSKB was the only exception that its average rate of income is higher than its average lending rate due to higher return on equity investments.

10. Secondly, the companies with higher average rate of income on earning assets generally have higher proportion of earning assets in loan portfolio. This means that to reduce investments and increase loans instead make it possible in the short run to improve the profitability. An interesting example is that whereas PICIC's average lending rate is lower than that of ICICI, PICIC's average rate of income on earning assets is higher than that of ICICI, for PICIC holds 82.3% of earning assets in loan portfolio as compared with ICICI's 67.5%. The higher average rate of income on earning assets appear to account in the main for the high profitability of PICIC over that of ICICI. Of the 19 companies under analysis, 11 companies have more than 75% of earning assets in loan portfolio, while the rest have loan portfolio below this level. The latter represent CF Nacional, CDC, PDCP, IPCT, MIDFL, ICICI, NIDB and BANDESCO. Although liquidity should be an important consideration, most of these companies would be able to improve the profitability by reducing temporary investments and increasing the volume of loans.

1/ According to the formula given in Annex I, the rate should be on total resources rather than on earning assets. Practically, however, this would not make appreciable difference.
11. Contribution made by equity investments by way of dividends and capital gains to the profitability is generally meager. This is because partly the small volume of equity investments made and partly of relatively low rate of return on them. Out of the 19 institutions only three devoted more than 20% of total earning assets to equity investments, namely CF Nacional, TSKB and ICICI. Only TSKB enjoyed much higher rate of return on investments than that on loans. CF Nacional's rate of return on share investments were high relative to those of other institutions but the rate was still lower than average lending rate. Like TSKB, NIDB experienced higher rate of return on equity investments due largely to its subsidiary, ICON Securities, Inc., but its impact was too small to improve the average rate of income on earning assets.

Interest Spread and Leverage

12. It has been already mentioned how important borrowed funds are in improving profitability. Their contribution to profitability is through interest spread and leverage. The product of spread and leverage represents gross contribution of borrowed funds. The spread of course varies when the cost of borrowed funds differs and when different interest is charged on individual loans out of borrowed funds. Items F, G and H of Table I illustrate the spread, leverage and total and individual gross contribution of borrowed funds.

13. Of the contribution made by borrowed funds it is seen that the most common and substantial contribution was made by loans granted to the companies by the governments. These loans are mostly interest-free or at low interest. Therefore the spread is usually big. CDC and the three Colombian finance companies pay relatively high interest on government (or central bank) loans, but CDC is assured to have a 6% spread and also the Colombian companies are permitted to make a 4% or 6% spread according to Central Bank loans or Private Investment Fund loans. There are a small number of companies which have had no appreciable benefit of such loans, namely, DBE, BNDE, BANDESCO and CAVENDES.

14. The basis for interest spread is no doubt fundamentally laid down by economic forces. However factors other than economic ones may affect it. Apart from social pressures or a maximum legal interest rate, some companies have been operating under specific limitations regarding the spread. In CDC and the Colombian finance companies the spread is fixed regarding the government (Central Bank) loans. CDC is assured to have a spread of at least 4.2% on an IDA credit, a spread of at least 3.5% on an IBRD loan and a 1.25% spread on

1/ By gross contribution is meant contribution before the required adjustments of administrative cost and other cost or income.
2/ Interest on a first Government loan to BNDE had been 4% but in 1966 it was reduced to 2%.
3/ BANDESCO has recourse to the Central Bank for rediscount. Interest is 7%. 

US A.I.D. loans. \(^1\) BANDESCO is subject to a maximum interest spread of 2.5%. BNDE and PICIC are not permitted to go above a certain rate without government approval. The former however receives a compensation to maintain a 2% spread at present.

15. The following is a summary showing the average spread (a weighted average of individual spreads), leverage and gross contribution of borrowed funds. The companies are grouped according to the profitability level.

**Group A (More than 15% of Profitability)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Average Spread</th>
<th>Leverage</th>
<th>Gross Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>PICIC</td>
<td>2.80</td>
<td>6.60</td>
<td>18.51</td>
</tr>
<tr>
<td>IVK</td>
<td>2.04</td>
<td>11.07</td>
<td>22.66</td>
</tr>
<tr>
<td>TSDKI</td>
<td>3.31</td>
<td>5.61</td>
<td>21.85</td>
</tr>
<tr>
<td>IMDBI</td>
<td>4.19</td>
<td>2.93</td>
<td>12.28</td>
</tr>
<tr>
<td>MIGC</td>
<td>2.28</td>
<td>6.63</td>
<td>15.12</td>
</tr>
<tr>
<td>HDCF</td>
<td>6.92</td>
<td>1.13</td>
<td>9.90</td>
</tr>
<tr>
<td>CDC</td>
<td>4.65</td>
<td>4.86</td>
<td>22.59</td>
</tr>
<tr>
<td>CF COLOMBIANA</td>
<td>3.15</td>
<td>2.63</td>
<td>8.28</td>
</tr>
<tr>
<td>CF NACIONAL</td>
<td>4.23</td>
<td>2.03</td>
<td>8.59</td>
</tr>
<tr>
<td>IFF</td>
<td>3.65</td>
<td>5.89</td>
<td>21.48</td>
</tr>
</tbody>
</table>

**Group B (Profitability between 7-15%)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Average Spread</th>
<th>Leverage</th>
<th>Gross Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF CAIDAS</td>
<td>6.90</td>
<td>0.90</td>
<td>6.21</td>
</tr>
<tr>
<td>MIDPL</td>
<td>5.13</td>
<td>1.83</td>
<td>9.93</td>
</tr>
<tr>
<td>BANDESCO</td>
<td>1.23</td>
<td>5.14</td>
<td>6.32</td>
</tr>
<tr>
<td>IFCT</td>
<td>6.17</td>
<td>1.85</td>
<td>11.41</td>
</tr>
<tr>
<td>CAVENDES</td>
<td>5.00</td>
<td>0.17</td>
<td>0.85</td>
</tr>
<tr>
<td>BNDE</td>
<td>2.04</td>
<td>2.26</td>
<td>4.62</td>
</tr>
</tbody>
</table>

**Group C (Less than 7%)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Average Spread</th>
<th>Leverage</th>
<th>Gross Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIDB</td>
<td>6.11</td>
<td>0.82</td>
<td>5.01</td>
</tr>
<tr>
<td>DBE</td>
<td>2.19</td>
<td>0.61</td>
<td>1.52</td>
</tr>
</tbody>
</table>

---

\(^1\) Under ordinary circumstances a minimum spread of 3.5% is hardly a restriction. However, it could become a limitation where inflationary pressures push a going rate of interest higher.
16. The administrative cost is an important negative element in profitability. By the administrative cost is meant the ratio of administrative expenses to total resources. Items B and I of Table I show the administrative cost involving equity and borrowed funds. The sum of both represents total administrative cost. As explained in the annex, the administrative cost for equity is tantamount to the average administrative cost, our attention will be focused on this rather than the total cost.

17. The average administrative cost of the companies is grouped into four categories according to percentage.

<table>
<thead>
<tr>
<th>Category</th>
<th>A. Under 1%</th>
<th>B. 1%-2%</th>
<th>C. 2%-3%</th>
<th>D. Over 3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANDESCO</td>
<td>0.19</td>
<td>CF NACIONAL 1.13</td>
<td>MIDFL 2.19</td>
<td>NIDB 3.05</td>
</tr>
<tr>
<td>IDBI</td>
<td>0.32</td>
<td>CDC 1.11</td>
<td>CF CAIDAS 2.75</td>
<td>IFCT 3.21</td>
</tr>
<tr>
<td>ICICI</td>
<td>0.35</td>
<td>INDBI 1.16</td>
<td></td>
<td>DBE 3.32</td>
</tr>
<tr>
<td>PICIC</td>
<td>0.65</td>
<td>CF COLOMBIANA 1.36</td>
<td></td>
<td>CAVENDS 3.63</td>
</tr>
<tr>
<td>IVK</td>
<td>0.65</td>
<td>IFF 1.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>PDCP 1.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>BNDE 1.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TSKB 1.74</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18. About two thirds of the number of the companies have the average administrative cost of less than 2%, while the rest are above that level. Differences in the cost arose partly from administrative efficiency and partly from a deliberate policy to build up staff against projected growth of business volume. Many of the companies above the 2% level represent those whose resources are relatively small and whose operations have not grown sufficiently. This is in contrast to the 1% group, relatively old establishments (except BANDESCO) with large volume of operations. It is difficult to judge from the average administrative cost the efficiency of the companies against each other. However, one would think that the 1% or less indicates rather high efficiency.

19. The profitability and average administrative cost are shown below:

<table>
<thead>
<tr>
<th>Group A</th>
<th>Profitability (%)</th>
<th>Average Administrative Cost (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PICIC</td>
<td>26.11</td>
<td>0.65</td>
</tr>
<tr>
<td>IVK</td>
<td>21.32</td>
<td>0.65</td>
</tr>
<tr>
<td>IMDBI</td>
<td>22.39</td>
<td>1.14</td>
</tr>
<tr>
<td>TSKB</td>
<td>20.90</td>
<td>1.74</td>
</tr>
<tr>
<td>IDBI</td>
<td>19.61</td>
<td>0.32</td>
</tr>
<tr>
<td>ICICI</td>
<td>19.11</td>
<td>0.35</td>
</tr>
<tr>
<td>PDCP</td>
<td>18.50</td>
<td>1.60</td>
</tr>
<tr>
<td>CDC</td>
<td>18.30</td>
<td>1.41</td>
</tr>
<tr>
<td>CF COLOMBIANA</td>
<td>16.98</td>
<td>1.46</td>
</tr>
<tr>
<td>CF NACIONAL</td>
<td>16.72</td>
<td>1.33</td>
</tr>
<tr>
<td>IFF</td>
<td>15.96</td>
<td>1.51</td>
</tr>
</tbody>
</table>
It is interesting to note that all Group A companies maintained the average cost below the 2% level while all Group C companies operated above 3%. Group B companies show a wide variation ranging from less than 1% to more than 2%. The fact that the administrative cost of young institutions is generally in a 2 to 3% range leads us to conclude that such institutions should have at least a 3-4% spread on borrowed funds. Otherwise, borrowed resources could militate against profitability. For example, DBE suffered losses on the borrowed funds because average administrative cost was 3.32% while the average spread was 2.49%.

Cost of Non-Earning Assets

20. In the course of operations the development finance companies hold inevitably part of assets in the form of till money, building, equipment, furniture and fixture, accounts receivable and miscellaneous assets, etc., which normally do not directly produce income. Likewise the companies hold certain liabilities for which they do not pay. Items C and J of Table I illustrate the foregoing income resulting from such assets in excess of such liabilities.

21. Whereas the cost of net non-earning assets is insignificant for most of the companies, the following companies show relatively the high cost for such assets.

<table>
<thead>
<tr>
<th>DBE</th>
<th>Cost of Non-Earning Assets(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAVENDES</td>
<td>0.46</td>
</tr>
<tr>
<td>NIDB</td>
<td>0.30</td>
</tr>
</tbody>
</table>

DBE's case is due largely to a sizable amount of interest and principal in arrears included in accounts receivable, while the rest accounted for either large cash holding or office building.
Other Income and Expenses

22. Commissions and fees on guarantees, underwriting and various banking services and other miscellaneous income affect profitability as do miscellaneous expenses. Items D and K of Table I show net income or losses resulting from such operations. Indicated below are those companies with rate of positive or negative miscellaneous income.

<table>
<thead>
<tr>
<th>Company</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDCP</td>
<td>1.60</td>
</tr>
<tr>
<td>CAVERNDE</td>
<td>1.50</td>
</tr>
<tr>
<td>CF COLOMBIANA</td>
<td>1.26</td>
</tr>
<tr>
<td>BNDE</td>
<td>0.84</td>
</tr>
<tr>
<td>MIDFL</td>
<td>0.69</td>
</tr>
<tr>
<td>PICIC</td>
<td>0.66</td>
</tr>
<tr>
<td>CF NACIONAL</td>
<td>0.60</td>
</tr>
<tr>
<td>CF CAIDAS</td>
<td>0.23</td>
</tr>
<tr>
<td>DBE</td>
<td>0.39</td>
</tr>
<tr>
<td>TSKB</td>
<td>0.27</td>
</tr>
<tr>
<td>ICICI</td>
<td>0.24</td>
</tr>
<tr>
<td>IMIDBI</td>
<td>0.08</td>
</tr>
<tr>
<td>IVK</td>
<td>0.04</td>
</tr>
<tr>
<td>IFCT</td>
<td>0.04</td>
</tr>
<tr>
<td>CDC</td>
<td>-1.08</td>
</tr>
<tr>
<td>IFF</td>
<td>-0.37</td>
</tr>
<tr>
<td>BANDESCO</td>
<td>-0.12</td>
</tr>
<tr>
<td>IDBI</td>
<td>-0.03</td>
</tr>
</tbody>
</table>

While CDC, IFF, BANDESCO and IDBI show negative figures, the rest show positive. All the negative figures were due largely to provisions for doubtful and bad assets the four companies charged. With regard to the positive figures, fees and commissions from guarantees, underwriting and other services rendered account for substantial part. In the case of BNDE, interest received on rediscount account for the main part.

Attachments

TF/CDFC
January 26, 1967
ANNEX I

THEORETICAL MODEL FOR ANALYSIS OF PROFITABILITY

1. Table I is prepared by using a format whose theoretical aspect is explained below.

2. In order to help understand the format, let us consider a few models, from simple to more realistic ones. To begin with, suppose a very simple case where a development finance company holds all its resources consisting of its own funds (equity). In other words, this company has no borrowed funds from the outside sources. Further, it holds a certain portion of its assets in the form of non-earning assets such as till money, furniture and fixtures, and accounts receivable, to name a few. The following is an equation showing how net profits are derived under the given conditions.

\[
\text{Net profits} = rE - crE - aE \quad \ldots \quad (A).
\]

Where \( r \) is an average rate of income on total assets \( E \), \( c \) is a portion of total assets in the form of non-earning assets and \( a \) is a ratio of administrative expenses to total assets. Since by profitability is meant here the ratio of net profits to the equity of a company, in order to obtain it, we must divide each term of Equation (A) by the equity \( E \). As a result we obtain Equation (B) as follows:

\[
\text{Profitability} = \frac{\text{Net Profits}}{E} = \frac{rE - crE - aE}{E} \quad \ldots \quad (B)
\]

3. A more realistic model can be constructed by taking into account a situation where the company borrows money from the outside. In this case total resources consist of own funds \( E \) and borrowed funds \( D \). Now because of the outside money involved the company must incur financial cost. To reflect this changed situation, Equation (A) needs to be modified as follows:

\[
\text{Net Profits} = r(E+D) - (r'D + a(E+D)) - cr(E+D) \quad \ldots \quad (C)
\]

Where:

\( (E+D) \) is total resources,
\( r(E+D) \) means income,
\( r' \) is a rate of interest payable,
\( r'D \) is financial cost
\( a(E+D) \) means administrative expenses and
\( cr \ (E+D) \) means income foregone by maintaining non-earning assets.

Profitability is obtained by dividing each term of Equation (C) by \( E \), as is done above.

1/ An original model was set forth in Mr. Picciotto's memorandum to Mr. Diamond dated March 30, 1965. The following is an expansion from it.
Profitability = \( \frac{r+rD - r'D - a - aD - cr - crD}{E} \)  

Where \( d = D \) meaning debt/equity ratio, then  

\[ \text{Profitability} = \frac{r+rd - r'd - a - ad - cr - crd}{E} \]  
r-a-cr represents profitability contributed by own funds and  
d\((r-r')-ad - crd\) represents profitability contributed by 
borrowed funds.

\text{Profitability} = \frac{r+rd - r'd - a - ad - cr - crd}{E}  

Furthermore, to approximate the model as close to reality as possible, let us introduce more factors such as miscellaneous income, miscellaneous expenditures and borrowed funds at different rates of interest. Therefore, equation (E) below is to reflect the case.

\text{Net profits} = r \left( \frac{E+D_1 + D_2}{E} \right) + m \left( \frac{E+D_1 + D_2}{E} \right)  
- r'_{1} D_{1} - r'_{2} D_{2} - a \left( \frac{E+D_1 + D_2}{E} \right) 
- n \left( \frac{E+D_1 = D_{2}}{E} \right) - cr \left( \frac{E+D_1 + D_2}{E} \right) \ldots (E) \]

Where \( D_1 \) is borrowed money at a certain rate of interest payable \( (r'_{1}) \), \( D_2 \) is another borrowed money at different rate of interest payable \( (r'_{2}) \), \( m \) is a ratio of miscellaneous income to total resources and \( n \) is a ratio of miscellaneous expenses to total resources.\(^{1}\) As is done above, profitability is computed by dividing each term by \( E \). Divided and regrouped, the equation becomes as follows:

\text{Profitability} = \frac{r - a - cr + (m-n)}{E} \text{ Contribution of own funds} 
+ \frac{d_{1}(r-r'_{1}) - d_{1}a - d_{1}cr + d_{1}(m - n)}{E} \text{ Contribution of borrowed money} 
+ \frac{d_{2}(r-r'_{2}) - d_{2}a - d_{2}cr + d_{2}(m-n)}{E} \text{ Contribution of another borrowed money} \]

Where \( d_{1} = D_{1} \) meaning the debt/equity ratio of the first borrowed money and \( d_{2} = D_{2} \) meaning the debt/equity ratio of the second borrowed money.

\(^{1}\) It is assumed that miscellaneous income (expenses) is derived (incurred) from an entirety of the activities of own funds and borrowed funds and that such income (expenses) can be proportionately attributed to own funds and borrowed funds.
5. The terms used in Table I correspond to the following notations given in this brief.

Average rate of income on earning assets\(^1\) ... \(r\)
Administrative cost ........................................ \(a\)
Cost of non-earning assets......................... \(c\)
Rate of miscellaneous income over expenses... \(m-n\)
Contribution of equity \(r-a-c+(m-n)\)

Leverage ...................................................... \(d\)
Spread ......................................................... \(r-r'\)
Gross contribution....................................... \(d(r-r')\)
Administrative cost allocated ............... \(da\)
Cost of non-earning assets allocated........ \(dc\)
Rate of miscellaneous income over expenses allocated ................................ \(d(m-n)\)
Contribution of borrowed funds \(d(r-r')-da-dc+d(m-n)\)

\(^1\) Theoretically this should have been average rate of income on total assets rather than on earning assets. However, for the most companies associated with us the difference is practically negligible due to non-earning assets being proportionately small.
|---------|-------------------------------|------------------------|-------------------------------|--------------------------|---------------------|-------------------------------|------------------------|---------------------|---------------------|

**Table I. Analysis of Profitability of Development Funds**

<table>
<thead>
<tr>
<th>Foreign banks</th>
<th>Treasury</th>
<th>Domestic banks</th>
<th>Other banks</th>
<th>Other</th>
<th>AID</th>
<th>Borrowing</th>
<th>IDA</th>
<th>Other</th>
<th>AID</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table II. Distribution of Profitability of Development Funds**

<table>
<thead>
<tr>
<th>Equity</th>
<th>Common Stock</th>
<th>Preferred Stock</th>
<th>Debentures</th>
<th>Mortgage Notes</th>
<th>Loans</th>
<th>US AID</th>
<th>5th IBRD</th>
<th>1st IBRD</th>
<th>1st ERP</th>
<th>1st Gov't</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
</tr>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
</tr>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
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<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
</tr>
</tbody>
</table>

**Table III. Required Funds**

<table>
<thead>
<tr>
<th>Equity</th>
<th>Common Stock</th>
<th>Preferred Stock</th>
<th>Debentures</th>
<th>Mortgage Notes</th>
<th>Loans</th>
<th>US AID</th>
<th>5th IBRD</th>
<th>1st IBRD</th>
<th>1st ERP</th>
<th>1st Gov't</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
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<td>0.85</td>
</tr>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
</tr>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
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</tr>
<tr>
<td>6.03</td>
<td>1.00</td>
<td>0.95</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
</tr>
<tr>
<td>Classification</td>
<td>Net Worth</td>
<td>Non-Earnings</td>
<td>Contributions</td>
<td>Profits Before Distinction</td>
<td>Net Profit</td>
<td>Earnings of Business</td>
<td>Pensions</td>
<td>Depreciation</td>
<td>Dividends</td>
<td>Interest on Borrowings</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------</td>
<td>--------------</td>
<td>---------------</td>
<td>-----------------------------</td>
<td>------------</td>
<td>----------------------</td>
<td>----------</td>
<td>--------------</td>
<td>-----------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Total</td>
<td>-5.95</td>
<td>-6.06</td>
<td>0.19</td>
<td>5.69</td>
<td>1.26</td>
<td>0.76</td>
<td>0.02</td>
<td>0.70</td>
<td>0.71</td>
<td>0.17</td>
</tr>
<tr>
<td>Savings</td>
<td>9.53</td>
<td>9.21</td>
<td>0.17</td>
<td>9.97</td>
<td>0.05</td>
<td>0.30</td>
<td>0.10</td>
<td>0.60</td>
<td>0.60</td>
<td>0.02</td>
</tr>
<tr>
<td>Loans</td>
<td>2.86</td>
<td>2.72</td>
<td>0.14</td>
<td>2.50</td>
<td>0.08</td>
<td>0.27</td>
<td>0.25</td>
<td>0.70</td>
<td>0.70</td>
<td>0.01</td>
</tr>
<tr>
<td>Notes</td>
<td>3.48</td>
<td>3.52</td>
<td>0.04</td>
<td>3.05</td>
<td>0.05</td>
<td>0.30</td>
<td>0.17</td>
<td>0.60</td>
<td>0.60</td>
<td>0.01</td>
</tr>
<tr>
<td>Other Assets</td>
<td>7.29</td>
<td>7.36</td>
<td>0.07</td>
<td>6.11</td>
<td>0.17</td>
<td>0.38</td>
<td>0.13</td>
<td>0.70</td>
<td>0.70</td>
<td>0.02</td>
</tr>
<tr>
<td>Liabilities</td>
<td>11.41</td>
<td>11.41</td>
<td>0.31</td>
<td>11.90</td>
<td>0.09</td>
<td>0.93</td>
<td>0.30</td>
<td>0.90</td>
<td>0.90</td>
<td>0.30</td>
</tr>
<tr>
<td>Liabilities Reserve</td>
<td>5.43</td>
<td>5.43</td>
<td>0.30</td>
<td>5.37</td>
<td>0.05</td>
<td>0.30</td>
<td>0.10</td>
<td>0.60</td>
<td>0.60</td>
<td>0.02</td>
</tr>
<tr>
<td>Total</td>
<td>-5.95</td>
<td>-6.06</td>
<td>0.19</td>
<td>5.69</td>
<td>1.26</td>
<td>0.76</td>
<td>0.02</td>
<td>0.70</td>
<td>0.71</td>
<td>0.17</td>
</tr>
</tbody>
</table>

The table above illustrates the breakdown of financial statements, including net worth, non-earnings, contributions, profits, earnings of business, pensions, depreciation, dividends, and interest on borrowings. The figures are computed using the principles of accounting and reflect the financial performance of the entity. The data is presented to provide a clear understanding of the financial health and profitability of the entity.
### TABLE II. AVERAGE RATE OF INCOME ON EARNING ASSETS

**BREAKDOWN:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Av. Rate of Income on Earning Assets (A)</th>
<th>Loans As % of Total</th>
<th>Temporary Investments As % of Total</th>
<th>Share Investments As % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>D. Av. Rate B. Earning Assets F. Contribution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SF Caldas</td>
<td>13.40</td>
<td>15.42</td>
<td>81.0</td>
<td>12.49</td>
</tr>
<tr>
<td>SF</td>
<td>10.10</td>
<td>12.52</td>
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**Notes:**

1/ Representing all loans, short-term as well as long-term.
2/ Including bank deposits, government bonds and other bonds, and debentures, acquired for utilization of idle funds.
3/ Including investments in subsidiary companies. In a few cases debentures and bonds also are included. (See relevant footnotes)
4/ Including Government bonds (3.5% of total earning assets) purchased for TSIB's legal reserve in compliance with Turkish law.
5/ Including debentures bought for financing industrial concerns, separate from debentures for temporary investment.

n.a. Not available

IFS/DFC
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<td>1/27/67</td>
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</table>
Messrs. Garcia-Rayneri, Jeffries, Pollan, Powell
Einar Sekse

COMMITMENT CHARGES

January 27, 1967

I am attaching a revised draft paper on this subject, on which I shall be most grateful for your comments. Mr. Skillings might also want to discuss the subject with you before I return to Washington.

Attachment

cc: Mr. Skillings (with draft paper)

E Sekse: amm
January 21, 1929

[Handwritten text in German]

[Handwritten text in German]
Robert F. Skillings

Monthly Report - January

Would you please have in my office by the close of business on Friday, January 27, material for the January Monthly Report. All material on each development finance company should be typed on a separate sheet of paper, double spaced and submitted in duplicate.
INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

January 16, 1967

To: DFC Professional Staff
From: Robert F. Skillings
Subject: Correspondence with Governments or Government Agencies: Copies for IFC Directors

Please henceforth ensure that copies of all official correspondence we send to Governments or Government Agencies such as Central Banks, are invariably sent to the Board Director of IFC representing the country concerned.

cc Mr. Raj
Mr. Diamond

RFSkillings:us
January 16, 1967

To: DFC Professional Staff

From: Robert F. Skillings

Subject: Monthly Report

From now on, in the headings for items in the Monthly Report, the amount of an IFC equity investment should be expressed as the dollar equivalent at the time the original investment was approved or disbursed. The Monthly Report for January, 1967, will come out in the new form, and this form should be followed in the future.

cc Mr. Raj
Mr. Diamond
Commitment Charges on Bank Loans to Development Finance Companies

The Issue

1. It is the Bank's normal practice to charge a commitment fee related to the undisbursed portion of loans made. The fee, at present 3/8 of 1% per annum, is a compensation for having to hold funds at the borrower's disposal for what is normally a specified maximum period, during which no interest is received.

2. For loans made by the Bank to borrowers other than member governments, normal practice with respect to the commitment charge is set out in Section 2.02 in Loan Regulations No. 4:

"A commitment charge at the rate specified in the Loan Agreement shall be payable on the unwithdrawn amount of the loan. Such commitment charge shall accrue from a date 60 days after the date of the Loan Agreement to the respective dates on which amounts shall be withdrawn by the borrower from the Loan Account or shall be canceled."

3. For loans to development finance companies, the Bank also charges a commitment fee, but in a different way. Section 2.04 in Loan Agreement 421-PAK (sixth loan to PICIC), a typical Loan Agreement with a development finance company, reads:

"The borrower shall pay to the Bank a commitment charge at a rate of three-eighths of one percent (3/8 of 1%) per annum on amounts of the loan standing to the credit of the borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account, or on such other date or dates as shall have been agreed upon between the Bank and Borrower, to the respective dates on which (a) they are withdrawn from the Loan Account or are canceled pursuant to Article V of the Loan Regulations..."

In other words, the Bank has made a concession with regard to development finance companies. The commitment charge is not made for the entire undisbursed amount of loans, but only for the undisbursed portions of amounts actually credited to the Loan Account as and when the development finance company submits projects to the Bank for which a credit is made.

4. In its review of the PICIC reappraisal report on November 9, 1966, the IFC Staff Investment Committee suggested that "the method of applying the Bank's commitment charge to PICIC should be reviewed, having
regard to PICIC's good level of profit. The implications of adopting
the Bank's normal practice in such cases should be explored."

The following are some thoughts on this subject.

Rationale of Bank's Policy for Development Finance Companies

5. For new or young development finance companies, profitability is
   a problem. Business and interest spreads may be barely sufficient to
   cover operating costs, and earnings may leave little to be set aside for
   a rainy day or to be paid to the shareholders as a moderate return for
   the money they have invested. Subsidies in various forms are often required.
   Moreover, a brand new development finance company simply does not know
   what business it is going to have, and, consequently, when and to what
   extent it will be able to draw down contracted borrowings. In such circumstances,
   it could well become an intolerable burden for the development finance
   company if the Bank were to use its standard practice with respect to
   commitment charges.

6. Recognizing this, the Bank decided that a concession in this
   respect was justified, a concession which, in fact, amounts to a subsidy.
   This subsidy has helped development finance companies in their early
   stages in keeping financial expenses as low as possible and in making
   ends meet.

7. There is a different situation, however, when a development
   finance company has overcome its first few difficult years, has achieved
   a fair degree of profitability, has a steady stream of projects coming
   in, and can predict with reasonable certainty the rate and timing of new
   commitments. In such a situation, development finance companies may well
   be able to do easily without any special concession from the Bank on
   commitment charges.

Significance of the Commitment Charge

8. The magnitude of the Bank's subsidy or concession can perhaps
   best be illustrated by a theoretical example not too far from reality:

   A loan of $30 million is disbursed at approximately
   equal intervals over three years from the signing
   of the Loan Agreement; average time, weighted by the
   size and timing of each disbursement made, the full
   amount of individual projects remaining undisbursed
   from their time of crediting to the Loan Account, is
   9 months.

1/ Equivalent to a period of 1-1/2 years (18 months) during which the full
   amount of the Loan would have remained undisbursed.

2/ For each project:
   10% disbursed by 1 month (0.1 mos.)
   60% disbursed by 9 months (7.2 mos.)
   10% disbursed by 15 months (1.5 mos.)
   Sum (8.8 mos.)
   Rounded: 9 months
Case 1. The Bank charges 3/8% commitment fee on the entire undisbursed amount of the loan, starting 60 days after signing of the Loan Agreement:

Total Charge: $168,750

Case 2. The Bank charges the commitment fee only on the undisbursed amounts of portions credited to the loan account:

Total Charge: $84,375

The commitment charge in Case 2 is exactly one-half of that in Case 1. This is a function of the ratio between the computed period of 18 months for which the full amount of the loan would have remained undisbursed in Case 1, and the period of 9 months for which the composite total of all individual project amounts would remain undisbursed in Case 2; the ratio in this example is 2:1, and the savings for the development finance company in Case 2 are one-half as compared with Case 1. In other words: the longer the total disbursement period for the Bank's loan and the shorter the disbursement period for individual projects after crediting to the Loan Account, the more the Bank will forsake and the more the development finance company will gain.

9. In the above example, the development finance company will in Case 2 have saved $84,375 over 3 years. Assuming that there is an interest differential of 2% between the development finance company's borrowing and lending rate (this is PICIC's case), it will over the same three years have earned an interest spread of $900,000 on the $30 million. The savings in Case 2 above, of the order of 8% on total interest spread, are rather insignificant. The development finance company would only have to increase its lending rate (and spread) by 0.125% in order to produce the extra income necessary to offset the lack of these savings.

10. Another part of the picture is that development finance companies themselves will normally collect a commitment fee from their borrowers, in many cases a higher fee than the Bank's 3/8% per annum. Commitment charges made by some development banks are listed in the attached Annex. PICIC, for example, charges a 1% p.a. commitment fee, and is now considering a progressively increasing fee as time goes. Moreover, PICIC starts charging the fee only 30 days after its approval of a loan, a date which is normally long before the signing of a loan contract, and even longer before submission of projects to the Bank for credit to the loan account. In the example above, PICIC would have collected about $287,500 on the $30 million loan, compared with the Bank's charge of $168,750 in Case 1 or $84,375 in Case 2. PICIC would therefore come out, on the basis of commitment fees collected and paid alone, solidly in the black whichever method the Bank decided to

1/ In the following, average period between approval and loan contract is assumed to be 6 months, between loan contract and credit to Loan Account further two months.
This, I believe, will apply to any new Bank loan to PICIC in the circumstances roughly outlined. The reasons for this are:

(a) PICIC's rate of charge is 2-2/3 times that of the Bank (and may be increased); 
(b) there is a period of about 7 months before any disbursements during which PICIC collects its fee on the total approved amount of loans. It should be noted that PICIC is in this favorable position because it knows that Bank resources are available, and it cashes in on their availability without having to pay any comparable compensation to the Bank. Considering PICIC's very good profitability and predictable stable business outlook, I can see no reason why PICIC should gain, at the Bank's cost, on commitment charges.

Further Comments

11. It may be relevant to relate the suggestion regarding PICIC above, to the decision of the Executive Directors of the Bank, in the case of the recent Bank loan to IFC, not to charge IFC with any commitment fees. The President's Report on the proposed loan to IFC (P-513) states that "Bank loans to IFC should follow generally the pattern of the arrangements which the Bank makes with development finance companies for relending, with certain exceptions based on the structure and organization of IFC, the nature of its operations and its relationship with the Bank."

12. The rationale for the proposal not to charge IFC with a commitment fee is explained in the President's memorandum dated February 24, 1966, regarding Bank loans to IFC:

"11. In the Bank's loans to development finance companies generally, a commitment charge begins to accrue on the separate parts of the loan when, pursuant to request of the development finance company, the loan account is credited with particular amounts in order to cover commitments made on particular sub-projects. Since a substantial part of the initial Bank loan is likely to be used to reimburse IFC for disbursements already made under its loans, the approach used for development finance companies would not seem to be appropriate. In any case, the interval between commitment and disbursement is normally much shorter in IFC loans than Bank loans, so that the question of commitment charge is relatively unimportant. Hence, I propose that no commitment fee shall be charged by the Bank to IFC. This can of course be reconsidered at a future date in the light of experience."

2/ There would, however, probably be a time differential in PICIC's collection of, and payment of, commitment charges related to a Bank Loan: at the beginning of the Loan, PICIC would probably collect less than the Bank's charge, but gradually, PICIC's own collected charge would reach and exceed commitment charge to be paid.
13. The case made in the above statement is for the IFC to be exempted even from the concessionary commitment charge applied by the Bank towards development finance companies. It does not necessarily imply that practice with respect to development finance companies could not be changed. I believe that the last sentence of the statement - reconsideration in the light of experience - applies equally to development finance companies. Conceivably, this could mean either mollering or toughening of present practice. Of course, if the latter were the case - and this is what I have suggested with respect to PICIC - there would be an increasing disequilibrium in the treatment of IFC, on the one hand, and of development finance companies, on the other. In itself, however, this is no reason why changes should not be made, if there are good reasons for the changes.

Conclusions

14. (a) The Bank's commitment charge vis-a-vis development finance companies is lower than that of most development finance companies vis-a-vis their borrowers; however, some development finance companies do not or cannot charge a commitment fee;

(b) Through their higher commitment charge rates many development finance companies would be able to cover themselves completely against a full commitment charge in the usual manner made by the Bank;

(c) The savings made by development finance companies from the Bank's concessionary commitment charge practice are not essential to the profitability of most of the older ones, but may be so in the cases of young development finance companies;

(d) As far as PICIC is concerned, there is a clear case for the Bank to charge for any new loans, if it so wishes, its commitment fee on the whole undisbursed amount of the loan as from 60 days after the signing of the loan agreement;

(e) Practice with respect to other development finance companies will have to be reviewed in each case, taking into account their profitability, business outlook and own commitment charge practices. Many of them are likely to be eligible for the same treatment as here proposed for PICIC. In reviewing each case, the following points should, separately and jointly, be considered:

   (i) Has the Bank loan to which the commitment charge applies been granted on the basis of solidly established projections of new business?

   (ii) Is the development finance company in position to collect commitment fees from its borrowers matching those of the Bank for the same transactions?
(iii) If the answer to (ii) is negative, is the interest spread and over-all profitability of the development finance company sufficiently good to bear the Bank's standard commitment fee?

(iv) Even if the answer to (ii) is positive, is the profitability of the development finance company too low to justify taking away from it the extra income it could make from commitment fees?

(f) A review has been made by each division within the Development Finance Company Department of the development finance companies with which each deals. This review suggests that the Bank should consider charging its standard commitment fee for new loans to the following development finance companies, on the basis of the above-mentioned criteria:

- TSKB (Turkey)
- IDDBI (Iran)
- CDC (China)
- IDBI (Israel)
- and possibly ICICI (India), IFF (Finland), and PDCP (Philippines).

Attachment

Cleared with and
cc: Messrs. Martin, Fligler, Grosvenor.
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<th>DFU</th>
<th>P. a. charge</th>
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<td>DBE (Ethiopia)</td>
<td>1 1/2%</td>
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<td>PICIC (Pakistan)</td>
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<td>ICICI (India)</td>
<td>1%</td>
<td>On effectiveness of Loan Agreement</td>
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<td>TR (Finland)</td>
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<td>On approval of loan</td>
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<td>TSKB (Turkey)</td>
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<td>On notification of loan approval</td>
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<td>CAVENDES (Venezuela)</td>
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<td>Colombian Financieras</td>
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<tr>
<td>IDBI</td>
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1/ L.A. = from signing of Loan Agreement.
2/ Coinciding with IBRD's date of crediting to Loan Account.
3/ Not permitted by law.
January 12, 1967

Miss Shirley Boskey
c/o Technical & Liaison Staff
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C. 20433

Dear Miss Boskey:

For whatever it is worth, I am pleased to send you a copy of my report on development finance companies in connection with which the undersigned was sent by PDGP on an observation trip in 1965.

As an admirer of your book "Problems and Practices of Development Banks" which strongly influenced me in the preparation of my report, it will give me great pleasure to hear your comments on it. I close with all good wishes for the new year.

Yours sincerely,

J. PLARIDEL SILVESTRE

JPS:trp
Enclosure
TO: All Professional DFC Staff  
FROM: B. H. Shin  
SUBJECT: Material for Data Book II: Sources for Financing Development Finance Companies Associated with World Bank Group on and as of December 31, 1965

DATE: January 10, 1967

1. Attached are a table under the subject heading to be filed as Item 23 in your Data Book II and its revised Table of Contents.

2. The table shows from what sources and to what extent the development finance companies associated with us obtained financial resources outstanding as of December 31, 1965.

Private Sources

3. Of the 25 companies listed, only seven have been provided with more than half of their total resources by private sources. BANDESCO received the largest proportion from private investors - 95.2%. Next comes NIBID with 88.7%, followed by CF Colombiana with 70.9%, CF Caldas with 65%, IVK with 64%, CAVENDES with 58.9% and CF Nacional with 58.4%.

4. Taking private domestic sources alone, only two companies received from those sources more than half of their total resources, namely, BANDESCO (89.3%) and NIBID (55.5%), while four received between a quarter and a half: CF Caldas (43.7%), IVK (36.3%), BNDE (26.4%) and CF Nacional (25.7%).

5. Five companies derived more than a quarter of total resources from foreign private sources: CF Colombiana (46.5%), CAVENDES (40.7%), NIBID (33.2%), CF Nacional (32.7%) and IVK (27.7%).

Local Government

6. Local governments and their agencies provided financial assistance to all development finance companies but two (NIBID and PDPC). There are eight companies having more than half of total resources financed by the government or its agencies, namely IMDBI (75%), BIDI (71.5%), DBE (64%),...

1/ Including managed loans representing 40.7% of total resources.
TSKB (63.7%), LBIDI (62.5%), IFCT (61.9%), NIDB (56.6%) and MIDPL (52.4%). Eight other companies received from the government or its agencies between a quarter and a half of total resources: ICICI (46.7%), CF Nacional (37.4%), IFF (36.3%), IDBI (36.2%), BNDE (30.6%), CDC (29.9%), CF Caldas (29.1%) and CAVENDES (27%).

Foreign Governments

7. Of the 25 companies listed, fourteen development finance companies obtained financial assistance from foreign governments and their agencies. Generally the proportion of such assistance is small. There are only three companies with such assistance reaching more than a quarter of total resources, namely, PICIC (35.3%), HCP (32.7%) and CDC (31.4%). This does not include, however, loans granted by local governments to development finance companies from counterpart funds generated from U.S. aid.

The World Bank Group

8. No company received more than half its total resources from the World Bank Group, but six companies received, largely in the form of loans, between a quarter and a half: PICIC (40.4%), IFF (40.1%), ICICI (36.2%), BNDE (34.7%), PDCP (32.1%) and CDC (26.3%). (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, 1965, and the proportion of its equity investment to total resources was modest. In only three companies did IFC investments amount to more than 10% of total resources: CAVENDES (14.2%), LBIDI (12.5%) and NIDB (12.1%).

1/ Including managed loans representing 62.7% of total resources.
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<th>Company &amp; Resources Provided</th>
<th>By: Private</th>
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<th>Foreign Gov't(s)</th>
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<td>b. Foreign</td>
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<td>IVK (Austria)</td>
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<td>Borrowing</td>
<td>31.2</td>
<td>27.7</td>
<td>14.7</td>
<td>-</td>
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<td>Equity</td>
<td>5.1</td>
<td>-</td>
<td>2.6</td>
<td>-</td>
<td>-</td>
<td>7.7</td>
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<tr>
<td>Total</td>
<td>36.3</td>
<td>27.7</td>
<td>17.3</td>
<td>18.8</td>
<td>100.0*</td>
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<tr>
<td>CDC (China)</td>
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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/ Representing Inter-American Development Bank.
6/ Based on shareholders' list as of 2/28/66.
7/ Estimated from available data.
8/ Less than 0.05%.
9/ As of March 20, 1966.
10/ Including the managed funds representing 0.7% of total resources.
11/ Based on foreign shareholders' list as of 3/9/66.
12/ Including enterprises jointly owned by private domestic and foreign investors.
13/ May include small foreign shareholders.
14/ Including the Central Bank for the Ivory Coast and five other West African countries.
15/ Based on shareholders' list as of 2/7/66.
16/ As of March 31, 1966.
17/ Preference shareholders as of 6/30/65.
18/ Excluding managed loans.
19/ Of which 62.7% represent the managed funds, most part of which was transformed into a long-term subordinated loan to TSKB in February, while the remainder represent bonds held by the Central Bank and the State Pension Fund.

* Do not add up to total because of rounding.

IFC/DFC
January 10, 1967
# DATA BOOK II

**GENERAL ISSUES AND STUDIES INVOLVING DEVELOPMENT FINANCE COMPANIES**

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January 9, 1967

Mr. John J. Fowler, Jr.
Westover and Long Close Roads
Stamford, Connecticut 06902

Dear Mr. Fowler,

It was a pleasure to discuss with you on Thursday your impressions of a number of development finance companies with which we are associated. I hope that we can continue this dialogue as well as discuss the other more personal matters. I am looking forward to being in touch with you on my return from the Far East. I am sorry that I did not have more time in the afternoon but Mr. Pollan tells me that he had a very fruitful discussion with you concerning the China Development Corporation.

I have promised you Professor Loss' report on the securities market of Pakistan and you will find it enclosed. I am also enclosing a descriptive memorandum which was prepared in this department on IFCT and that institution's Annual Report for 1965.

With best personal regards,

Yours sincerely,

William Diamond
Director
Development Finance Companies

Enclosures
HPollan/dc
cc: Messrs. Sekse, Powell
Circ. (2) Pollan/file
Division Chiefs - Africa Department

January 6, 1967

Abdel C. El Emary

Loans to Development Finance Companies

Up to now all correspondence with the development finance companies about the administration of Bank loans has been prepared by the Development Finance Companies Department of IFC and submitted to me for signature, usually accompanied by an explanatory memorandum. While it is still true that commitments by the Bank require the signature of the Director or the Deputy Director of the Bank area department concerned, I have agreed that correspondence about sub-projects which does not engage the Bank should go out directly from IFC, with a copy to us. This should go some way to simplify present procedures.

Africa A
Africa B
Africa C
Africa D
Africa E
Africa F
January 5, 1967

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

Dear Mr. Diamond:

We were pleased to have the opportunity to meet you and we thank you for taking time out of your busy day to discuss the various activities of the Development Banks.

On your return we would like very much to have an opportunity to come down and discuss this subject further with you at your convenience.

We certainly hope that you have a successful and enjoyable trip to the Far East.

With best wishes and kindest personal regards, I am

Yours sincerely,

Wm. J. Hogan
Executive Vice President-Finance
Commitment Charges on Bank Loans to Development Finance Companies

I am attaching a draft paper on the above subject, in which I conclude that it would henceforth be entirely reasonable for the Bank, for new loans to PICIC, to charge its usual commitment fee, starting 60 days after signing of the loan agreement.

Mr. Diamond has asked me to find out if the same case can be made for future Bank loans to other development finance companies, whether or not they do now have a loan from the Bank. I shall appreciate it if you will give some thought to this and let me know within a week or so whether you would suggest similar treatment to any of the development finance companies you are dealing with.

Attachment

ESekse:nn
January 3, 1967

Mr. Paul E. Roberts, Jr.
Assistant Professor
Department of Business Administration
and Economics
U.S. Naval Postgraduate School
Monterey, California 93940

Dear Mr. Roberts:


I am also enclosing an IFC pamphlet entitled, Private Development Finance Companies dated June 1964, which describes the views of the World Bank Group on some important aspects of private development finance companies.

I hope that these will be of some help to you in undertaking the research project you mentioned in your letter.

Yours sincerely,

Robert F. Skillings
Deputy Director
Development Finance Companies

Enclosures

BHShm
Mr. Robert Skillings  
Deputy Director  
Development Finance Companies Department  
International Bank for Reconstruction and Development, Rm. 950  
1818 H Street, N. W.  
Washington, D. C. 20433

Dear Mr. Skillings:

I am engaged in a research project concerning development banking and the involvement of external sources of financial assistance for these types of financial institutions.

I would greatly appreciate receiving from your office the latest figures on World Bank Group (IFC, IBRD, IDA) involvement in the financing of development finance institutions.

I would also appreciate hearing of the exact criteria which the Group uses in providing financial assistance to these institutions, or what the official policy is for the Group as a whole.

Thank you very much.

Sincerely,

Paul E. Roberts, Jr.  
Assistant Professor  
Department of Business Administration and Economics
DEVELOPMENT FINANCE COMPANIES DEPARTMENT

Allocation of Responsibilities

Staff

Jeffries
Gupta
Gustafson
Su

Garcia
Blondel
Fernandes
Luzny
Meier (Y.P. until approx. April)

Pollan
Muramatsu
Ritchie
Budhoo (Y.P. until approx. May)

Powell
Bose
Ettlinger
Hasan
Hedberg
Husain (Y.P. beginning January 17)

Countries

Austria
Cyprus
Finland
Greece
Ireland
Jamaica
Malaysia
Portugal
Singapore
Spain
Trinidad & Tobago
Turkey

Argentina
Brazil
Central America
Chile
Colombia
Dominican Republic
Ecuador
Peru
Venezuela
Other Latin America

East Africa
Ethiopia
Ghana
India
Iran
Iraq
Nigeria
Sudan
Zambia

Ceylon
China
Israel
Jordan
Korea
Liberia
Philippines
Swaziland
Thailand
Sekse
  Morton
  Nougaim
  Blaxall (Y.P. beginning January 17)

Arango
Khosropur
Shin

Afghanistan
Congo
Ivory Coast
Lebanon
Malagasy
Morocco
Pakistan
Tunisia
Other Africa

Consultant, part-time
Adviser
General Studies

Development Finance Companies

December 14, 1966
Kabul,  
Afghanistan  
December 14, 1966

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

Dear Mr. Diamond:

Thank you very much for your letter of November 8th and the enclosures regarding the luncheon given by Mr. Rosen on September 28th. Again I want to express my thanks for the hospitality afforded on that occasion.

Sincerely yours,

Dr. Mohamed Aman
Dear Mr. [Name],

I am writing to express my thanks for the excellent service I have received from [Service Provider] on September 28th. After I met to express my thanks to the employees who assisted on that occasion,

Sincerely yours,

[Signature]
Dr. [Name]
December 6, 1966

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

Dear Bill,

I wish to acknowledge receipt of the list of names and addresses of all the persons who attended the luncheon given by Mr. Rosen, as well as the copy of the address made then by Dr. José Gutiérrez Gómez, both of which you kindly sent me and for which I thank you very much.

I want to take this opportunity to wish you, your wife and your family, in mine and Anita's name, a very merry Christmas and much happiness in the coming year.

Sincerely yours,

Luis Vallenilla  
President.

LV/ys.
December 6, 1966

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

Dear Bill,

I wish to acknowledge receipt of the list of names and addresses of all the persons who attended the luncheon given by Mr. Rozen, as well as the copy of the address made therein by Dr. Joss Curnells' Ganes, both of which you kindly sent me and for which I thank you very much.

I want to take this opportunity to wish you, your wife and your family, in mine and Anita's name, a very merry Christmas and much happiness in the coming year.

Sincerely yours,

Luis Valentinio
President
Mr. William Diamond,
Director
Development Finance Companies,
International Finance Corporation,
1818 H. Street N.W.,
WASHINGTON D.C. 20433.
U.S.A.

Dear Mr. Diamond,

This is to thank you for your kind letter of November 8, 1966, with the enclosed copy of the address made by Dr. Jose Gutierrez Gomez during the luncheon on September 28 last and the list of names and addresses of all those present.

I assure you that I found the meeting most interesting and that I really enjoyed to meet the I.F.C.-officials and so many colleagues of other financial institutions.

May I finally draw your attention to the fact that we moved some months ago from Willem Frederiklaan 5 to Carnegieplein 4, The Hague?

With kind regards,

Sincerely yours,

Baron Bentinck.
Dear Mr. Diamond,

This is to thank you for your kind letter of November 8th, 1945. Enclosed herewith is a copy of the schedule made by your Engineers and your description of the vessel and the list of names and addresses of all those present.

I assume you know that through the meeting most interesting and fruitful.

May I finally draw your attention to the fact that we have some complaints from William Meiklejohn & Co., Engineers at the Hague.

With kind regards,

Sincerely yours,

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

Dear Bill:

On my return from an absence due to illness, I am pleased to find your letter of November 8, with which you were kind enough to send a list of the names and addresses of your guests at your fine luncheon on September 28, as well as a copy of the speech by Dr. Jose Gutierrez Gomez.

I am glad to have these papers and I want to take the occasion to express again to Martin Rosen and yourself my warm appreciation of being included among your guests.

With kind regards.

Sincerely yours,

[Signature]

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

Dear Bill:  

On my return to Washington from a mission to South America a week ago, I found your letter of November 8th on my desk and would like to thank you for your kindness in sending me the documents related to the luncheon given by Mr. Rosen on September 28th.

I am most pleased to have a record of such an interesting event.

With kind personal regards, I remain  

Sincerely yours,  

Ignacio Copete-Lizarralde.
December 1, 1966

His Excellency
Marcelo J. Castro Corbat
Ministro de Hacienda, Economía e Industrias
Gobierno de Santa Fe
Santa Fe, Argentina

Excellency:

It is a pleasure for me to acknowledge receipt of your letter of November 17, 1966, to Mr. Woods, requesting from us bibliography published by the World Bank family on development banks.

We are sending you the following publications, under separate cover:


Rosen, Martin M. "Industrial Promotion" (address at the First International Meeting of Financial Institutions for Development) - Caracas, Venezuela, February 18, 1964.

We are also sending you some press releases which may be of interest to you.

Yours very truly,

William Diamond
Director
Development Finance Companies

Jo García/agr.
cc: Messrs. Woods, Alter, Paterson, García-Rayneri
TO: All DFC Professional Staff
FROM: B. H. Shin
SUBJECT: Yield on IFC Investments in 17 Development Finance Companies

1. Attached are two tables regarding the above subject for insertion in your Data Book II as Item 21. Attached also is a revised Table of Contents. Please destroy the previous issue.

2. The first of the two tables, prepared by Treasurer's Department, indicates annual and cumulative yield received on IFC investments in the companies while the second, prepared here, shows the dividend rate received on IFC investments in the same companies.

3. It is to be noted that though the tables are prepared from the same data, their presentation is different in the following respect: in the first table the yield was arrived at by dividing the dividend (dollars received) by the dollar cost of the IFC investment. In a few cases the cost of the IFC investment was more than the par value of the subscribed shares because of the premium and other charges paid. In the second table however, the rate is simply the dividend rate, i.e. the rate at which the dividend (in local currency) was paid on par value (also in local currency) of IFC-owned shares.

Attachments (3)

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Finance Division
September 30, 1966
Revised
DIVIDENDS RECEIVED AND TO BE RECEIVED BY IFC ON ITS INVESTMENTS IN DEVELOPMENT FINANCE COMPANIES (expressed in US dollars)

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<td>316,067</td>
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<td>387,515</td>
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1/ Assuming a first quarterly payment at an annual 10% rate.
2/ Including the 42,000 shares of par value Col$10 each which IFC elected to receive for dividend payment.
3/ Representing approximately 5 months' ownership in 1963.
4/ Consisting of two dividend payments at 5% and 6% rates for 1954 and 1955 respectively. The 1964 dividend represents 9 months' ownership.
5/ Consisting of two dividend payments at a 12% rate, for 1963 and 1964. The 1963 dividend represents less than a month's ownership.
6/ Excluding the stock dividend from CF Caldas.

IFC/DPC
November 23, 1966
DATA BOOK II
GENERAL ISSUES AND STUDIES INVOLVING DEVELOPMENT FINANCE COMPANIES

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5. Long-Term Subordinated Loan Capital of Development Finance Companies 10/4/66

6. Most Frequently Used Lending Rates of Development Finance Companies 11/1/66

7. Development Finance Companies' Administrative Expenses (7 Tables) 8/4/65

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9. Net Profit after Tax and Dividend Rate 10/19/65

10. Taxation Affecting Development Finance Companies with which the World Bank Group is Associated 1/5/66

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20. Development Finance Company Projects  11/14/66
21. Yield on IFC Investments in 17 Development Finance Companies  11/30/66
November 28, 1966

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

Dear Mr. Diamond:

I am pleased to acknowledge receipt of your letter of November 8th and its enclosures.

I wish to take this opportunity to reiterate my thanks to the International Finance Corporation and to you personally for the kind courtesies which were extended to me during my recent trip to Washington.

Sincerely,

Francisco Mendoza A.
President

FNJ/adea.
November 28, 1966

Mr. William Driscoll
Director Development Finance Corporation
International Finance Corporation
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

Dear Mr. Driscoll:

I am pleased to acknowledge receipt of your letter of November 6th. I enclose a

I wish to take this opportunity to register my
thanks to the International Finance Corporation and to you personally for the kind consideration which was extended to me during my recent
trip to Washington.

Sincerely,

Francisco Meneses A.
President
Dear Mr. Diamond:

Thanks very much for your letter of November 8th with the list of guests at your luncheon in Washington on September 28. I am also glad to have the full text of Mr. Gutierrez’s speech.

I had great pleasure in attending this interesting luncheon and I thank you very much for your hospitality.

With kind regards,

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

Dear Bill,

Thank you for your letter of November 8th, 1966, and the enclosed list of names and addresses of all guests attending Mr. Rosen's luncheon and the text of Dr. Gomez's speech.

With best regards,

Sincerely yours,

Bülent Yazıcı
Mr. William Diamond
Director, Development Finance Corporation
International Finance Corporation
14th Street, N.W.
Washington, D.C. 20431

Dear Bill:

Thank you for your letter of November 10th.

I am glad to see that you are still interested in the matter of the international conference on industry. If you have any other questions or ideas, please do not hesitate to ask.

With best regards,

Sincerely yours,

[Signature]

3July, 1945
Mr. Martin ROSEN,
Executive Vice President,
International Finance Corporation
1818 H Street, N.W.,
Washington, D.C. 20433

Dear Mr. Rosen:

Many thanks for having had Mr. Diamond transmit to me a list of your guests at the luncheon on the 28th September at the Shoreham Hotel as well as a copy of the extremely interesting speech given by Dr. Jose Gutierrez Gomez.

I very much appreciate your thoughtfulness and should like to take the opportunity to thank you for the excellent luncheon, which, as in previous years, again was one of the outstanding events of your meetings in Washington.

Please excuse me for not having written earlier, but upon my return to Frankfurt only shortly ago, I found myself committed to a great many business engagements, which kept me entirely occupied for quite a while.

With renewed thanks for your hospitality, I remain

Sincerely yours,
Messrs. Fernandes, Jeffries, Luzny, Pollan,
Powell, Sekse
Robert F. Skillings

Monthly Report - November

Would you please have in my office by the close of business on
Monday, November 28, material for the November Monthly Report. All
material on each development finance company should be typed on a
separate sheet of paper, double spaced and submitted in duplicate.
Mr. William Diamond  
Director  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Diamond,

Many thanks for your letter of the 8th inst. with its two enclosures.

I think the World Bank, you and Mr. Rosen can be proud of having established this lasting contact between the various development finance companies.

With warm personal regards,

Yours sincerely,

Dr. Y. Foerder
22nd November 1966

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

Dear Mr. Fleming,

Many thanks for your letter of the 8th last week with its two enclosures.

I think the World Bank, you and Mr. Rosen can be proud of having established this lasting contact between the various development finance companies.

With warm personal regards,

Yours sincerely,

Dr. Y. Tseaver
Bogotá, D.E., November 21st, 1966

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

Dear Mr. Diamond:

Thank you very much for your letter of November 8 and for the list of guests who attended the luncheon given by Mr. Rosen and copy of the address given by Dr. José Gutiérrez Gómez, which you enclosed with it. I am sure they will be most useful to our Corporación.

With best personal regards, I remain,

Cordially yours,

CORPORACION FINANCIERA COLOMBIANA

GUILLERMO HERRERA CARRIZOSA
President
Managing Director

19 November, 1966

Dear Bill:

Many thanks for your letter of November 8, 1966 and the enclosed list of names and addresses of the guests of Mr. Rosen's luncheon and copy of the address made by Dr. Jose Gutierrez Gomez.

The luncheon was for me once again a very enjoyable and profitable occasion for meeting kith and kin in our line of business and I am very grateful to you and Marty for including me among the participants.

With kindest regards.

Sincerely yours,

A. Gaseem Kheradjou

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

I thank you for sending me the list of names and addresses of the guests who attended the luncheon given by Mr. Rosen in honour of those present at the last Annual Meetings who are interested in development finance companies, and also for the copy of the address made on that occasion by Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin, Colombia.

With kind regards,

Sincerely yours,

Abdlatif Y. Al-Hamad  
Director-General
Mr. William Diamond, Director
Development Finance Companies
International Finance Corporation
1818 H Street, N.W.
Washington, D. C. 20433

Dear Mr. Diamond:

Thank you for your letter of November 8th addressed to Mr. Tristan E. Beplat, Senior Vice President, in which you enclosed a list of the names and addresses of all the guests who attended Mr. Rosen's luncheon on September 28th and a copy of the address given at that time by Dr. Jose Gutierrez Gomez.

At the present time Mr. Beplat is away from the bank on a business trip to the Far East and I shall be happy to hold these items for his attention when he returns on December 5th.

Sincerely yours,

(Mrs.) Helen Fie
Secretary to Mr. Beplat
November 18, 1966

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

Dear Mr. Diamond:

Thank you for your letter of November 8th enclosing list of the names of those who attended Mr. Rosen's luncheon on September 28th, and a copy of the address made by Dr. Jose Gutierrez Gomez.

The luncheon was a most interesting and delightful occasion and I appreciate having been included.

With kindest regards,

Sincerely yours,

[Signature]

Executive Vice President
November 18, 1966

Dear Mr. Diamond:

I have just received the list of names and addresses of the guests who attended the luncheon on September 28, and the copy of the address made then by Dr. Jose Gutierrez Gomez, President of the Corporation Financiera Nacional of Medellin, Colombia.

I thank you most sincerely for your kind assistance.

With my kindest regards,

Yours sincerely,

[Signature]

Cabir S. Selek

Mr. William Diamond
Director
Development Finance Companies
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.
Dear Mr. Diamond,

I thank you very much for sending me, together with a list of names and addresses of all the persons who attended the luncheon given by Mr. Martin Rosen, on September 28, the text of the address made then by Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin, Colombia.

Believe me, dear Mr. Diamond,

very sincerely yours,

Maurice Frère.
November 18, 1966

Mr. William Diamond  
Director  
Development Finance Companies Department  
International Finance Corporation

Dear Mr. Diamond,

Thank you very much for your sending a text and a list of the names and addresses of all the guests during the meeting. They are very interesting and useful.

With best my personal regards,

Very truly yours,

Naokado Nishihara  
IFC’s Special Representative in the Far East
November 18, 1966

Mr. William McMahon
Director
Development Finance Corporation
International Finance Corporation

Dear Mr. McMahon,

Thank you very much for your sending a text and a chart of the names and addresses of all the guests earlier this morning. They are very interesting and useful.

With best personal regards,

Very truly yours,

[Signature]

Josefa Meléndez
Executive Secretary to the President
Mr. William Diamond  
Director  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C.

Dear Mr. Diamond,

Many thanks for your letter of November 8 and for your kindness to send me a list of the names of the guests who attended Mr. Rosen’s luncheon on September 28 and a copy of the address made by Dr. Jose Gutierrez Gomez.

With kindest regards,

Yours sincerely,
18th November, 1966.

Dear Mr. Diamond,

Thank you for your letter of 8th November enclosing copies of the List of Guests and Text of Address by Dr. José Gutiérrez Gómez, at the Luncheon given by Mr. Martin M. Rosen in Washington on 28th September.

I take this opportunity of saying how much I enjoyed both the occasion and the hospitality so kindly extended to me by the International Finance Corporation.

With kind regards,

Yours sincerely,

Mr. William Diamond,
Director,
Development Finance Companies,
International Finance Corporation,
1818 H Street, N.W.,
Washington D.C. 20433.
November 18, 1966

Dear Mr. Diamond:

Thank you for your letter of November 8 with enclosed list of names of the guests who attended the luncheon given by Mr. Rosen on September 28, as well as a copy of the address made then by Dr. José Gutiérrez Gómez.

I sincerely appreciate your thoughtfulness in sending me these data.

With warmest regards,

Sincerely,

Vicente Uribe Rendón
President

Mr. William Diamond, Director
International Finance Corporation
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.
ROUTING SLIP

OFFICE OF THE PRESIDENT

Name: Mr. Rosen/Mr. Diamond
Room No.

Date: Nov. 22, 1966

To Handle | Note and File
--- | ---
Appropriate Disposition | Note and Return
Approval | Prepare Reply
Comment | Per Our Conversation
Full Report | Recommendation
Information | Signature
Initial | Send On

Remarks

Please handle with a copy of your acknowledgment to this office for our records.

G.D. Woods

From
SANTA FE, 17 NOV 1966

Al señor
Presidente del Banco Internacional
de Reconstrucción y Fomento
Dn. GEORGE D. WOODS
1818 H Street, NW.
Washington 25 D.C.
ESTADOS UNIDOS DE AMERICA

De mi mayor consideración:

Tengo el agrado de dirigirme al señor
Presidente, permiéndome solicitar de su gentileza, quiera tener
a bien hacer llegar a este Ministerio toda la bibliografía edita-
da por esa Institución y entidades asociadas que se relacione con
Bancos de Desarrollo, la cual resulta de sumo interés para este
Ministerio, en función de la labor específica que el mismo desarro-
lla.

Rúgole que en lo posible esa remisión
se efectúe de inmediato, haciendo conocer a la vez, el cargo que
corresponda.

Agradeciendo por anticipado su eficaz
intervención en el pedido que dejo formulado, me reitero a sus gra-
tas órdenes.

Atte.

[Signature]

[Stamp]

[Seal]
Bergen November 17, 1966

My dear Bill:

I have, for some time, not heard from you about the essays and I take it there is no change in your plans in this respect. Needless to say I would not dare to face you in January unless I have at least done a first draft for the chapter on relationship with management of client enterprises.

Please let me know if there is any change in the setup, if I donot hear from you I will start writing in December.

Best regards,
yours ever
São Paulo, November 17, 1966

Mr. William Diamond  
Director  
Development Finance Companies  
1818 H Street  
Washington D. C. 20433  
USA

Dear Mr. Diamond:

Thank you for your kind attention in sending me a list of names and addresses of all those present at the recent Annual Meetings and at the luncheon given by Mr. Martin M. Rosen.

With best regards,

Sincerely yours,

Theodoro Quartim Barbosa  
President
São Paulo, November 17, 1966

Mr. William Dismond
Director
Development Finance Companies
1818 H Street
Washington D.C. 20036
U.S.A.

Dear Mr. Dismond:

Thank you for your kind attention in sending me a list of names and addresses of all those present at the recent Annual Meetings and at the Luncheon given by Mr. Martin M. Rose.

With best regards,

Sincerely yours,

Theodore Curium Barros
President
November 17, 1966

Mr. William Diamond  
Director  
Development Finance Companies  
1818 H Street, N. W.  
Washington D. C. 20433  
U. S. A.

Dear Bill:

Thank you for furnishing me with the list of names and addresses of all the guests who attended the luncheon tendered by Mr. Rosen on September 28, and for the copy of the address delivered by Dr. Jose Gutierrez Gomez of Corporacion Financiera Nacional of Colombia.

Kindest regards

Sincerely,

M. J. MARQUEZ

/jnp
17th November, 1966

Mr. W. Diamond,
International Finance Corporation,
1818 H Street NW,
Washington, DC, 20433, USA

Dear Mr Diamond,

Many thanks for your letter of November 8th and for the record of the very pleasant lunch of 28th September.

With kind regards,
Yours sincerely,
17th November 1966

Mr. W. Dismong
International Finance Corporation
1818 H Street NW
Washington, DC 20433 USA

Dear Mr. Dismong,

Many thanks for your letter of November 8th and for the record of the very pleasant lunch of 28th September.

With kind regards,

Yours sincerely,

[Signature]

[Date: 1966-11-17]
Dear Mr. Diamond:

Thank you for your letter of November 8th. It was indeed thoughtful of you to send the copy of Dr. Gomez's address along with the list of those who attended the luncheon.

I appreciate having this list available for future reference and have brought the copy of Dr. Gomez's speech to the attention of some of my associates who I know will find it of particular interest.

Many thanks and best regards.

Sincerely,

[Signature]

Mr. William Diamond
Director
Development Finance Companies
International Finance Corporation
1818 H. Street, N. W.
Washington, D. C. 20433
November 17, 1966

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

Dear Bill:

Thank you for your letter of November 8 together with a list of those who attended the excellent luncheon of the IFC tendered by Mr. Rosen on September 28. I am also glad to have a copy of Dr. Gutierrez Gomez's speech.

Sincerely yours,

WLD:k
16th November 1966

Dear Bill,

Many thanks for sending me the list of people who attended the I. F. C. Annual Lunch and a copy of Dr. Jose Gutierrez Gomez' address. I am proposing to send a copy of it to the members of our Steering Committee here.

Our Steering Committee had a useful meeting recently in order to discuss the revised capital structure of our proposed Development Bank and you will receive a copy of the Minutes in a few days. I advised them strongly to do this before making a fresh approach to Government so that they can have not only the benefit of your advice but also the advantage of your tacit support in the event that their proposals should provoke no comment from you.

Best wishes.

Mr. William Diamond
Director
Development Finance Companies
International Finance Corporation,
1818 H Street, N. W.,
Washington, D. C. 20433,
U. S. A.
Noviembre 16 de 1.966

Apreciado Señor DIAMOND:

Al avisarle recibo de un ejemplar de la Conferencia dictada por el Doctor José Gutiérrez Gómez con motivo de la reunión anual de Corporaciones Financieras en Washington y de una lista de los participantes en dicha reunión, le expreso nuestro cordial agradecimiento por este valioso envío.-

Le deseo muchos éxitos en todas sus actividades y lo saludo con la mayor atención.-

ROBERTO OCAMPO MEJIA
Presidente

Señor
WILLIAM DIAMOND
INTERNATIONAL FINANCE CORPORATION
1818 H Street, N.W.
Washington, D.C. 20433.-
November 16, 1966

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

Dear Mr. Diamond:

Many thanks for your letter of November 8, 1966 enclosing a list of names and addresses of all guests who attended the luncheon given on September 28 by Mr. Martin M. Rosen and a copy of the address made then by Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin, Colombia.

The records of that occasion are certainly useful and convenient and I look back with pleasure the very interesting and delightful luncheon.

With warmest regards,

Sincerely yours,

[Signature]

November 16, 1966
Thank you for your letter of November 8th, enclosing a list of names and addresses of the guests and a copy of the address by Dr. Jose Gutierrez Gomez.

Needless to say I thoroughly enjoyed the lunch and the address, as well as the opportunity of meeting many old acquaintances and associates and also making new contacts.

The Meeting of the IFC was once again an interesting and rewarding experience. I was also very pleased that this afforded me the opportunity of meeting you again and I would like to take this opportunity of wishing you much success in the important work that you are doing as Director responsible for Development Finance Companies.

Under separate cover I have posted the latest Annual Report of the Industrial Development Corporation of South Africa Limited. I trust that you will find this of interest.

With kind regards,

Yours sincerely,

G.S.J. KUSCHKE

Mr. William Diamond,
Director,
Development Finance Companies,
International Finance Corporation,
1818 H Street, N.W.,
WASHINGTON D.C. 20433, U.S.A.
My dear Bill,

Many thanks for your letter of November 8, 1966 enclosing a list of guests and a copy of the address given by Dr. Jose Gutierrez Gomez, at the luncheon given by Mr. Rosen. This will be a useful addition to our records.

With kind regards,

Yours sincerely,

H.T. Parekh
General Manager

Mr. William Diamond
Director
Development Finance Companies
International Finance Corporation
1818 H Street, N.W.
Washington D.C. 20433
U.S.A.
My dear Mr. Rosen,

Many thanks for your letter of November 8, 1966, enclosing a list of receipts and a copy of the minutes given at Mr. Rosen's request. This will be a useful addition to our records.

With kind regards,

Yours sincerely,

H.T. Parker
General Manager

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

Dear Mr. Diamond,

I wish to acknowledge receipt of and thank you for sending me the list of names and addresses of all the guests who attended the luncheon given by Mr. Rosen on September 28, and also for the copy of the address made by Dr. Jose Gutierrez Gomez.

May I reiterate here how very much I enjoyed the luncheon and the opportunity thus afforded me to meet all the delegates from different countries.

Kind regards.

Yours sincerely,

(Boonchu Rojanastien)
Executive Vice President
Dear Mr. Diamond,

I wish to acknowledge receipt of and thank you for sending me the list of names and addresses of all the members who attended the function given by Mr. Rose on September 8th and also for the copy of the address made by Dr. Rose.

Gunter Graeme

May I, therefore, bear you very much I enjoyed the function and the opportunity you allowed me to meet all the delegates from different committees.

Kind regards.

Yours sincerely,

[Signature]

Executive Vice President

November 19, 1939

Dear Mr. Diamond,

Thank you for sending with your letter of the 8th November, 1966, a copy of the address delivered by Dr. Jose Gutierrez Gomez at the luncheon given by Mr. Martin Rosen on September 28 and the list of guests present on the occasion.

With kind regards,

Yours sincerely,

(SAID AHMED)
Managing Director.

Mr. William Diamond,
Director,
Development Finance Companies,
International Finance Corporation,
1818 H. Street, N.W.,
Washington D.C. 20433,
U.S.A.
12th November, 1966

Dear Mr. Diamond,

Thank you for sending with your letter of the 8th November, 1966, a copy of the address delivered by Dr. Jose C. Cuartero, Commissioner of the Immigration Division of the Department of Justice on September 28 and the list of guests present on the occasion.

With kind regards,

Yours sincerely,

(Signed Ahmed)
Managing Director

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

Dear Mr. Diamond:  

Thank you very much for your letter of November 8, 1966, forwarding me a list of names of the guests at the luncheon given by Mr. Rosen on September 28 together with a copy of the address by Dr. Gomez.  

With best regards,  

Sincerely yours,  

[Signature]  

Takeshi Watanabe
November 15, 1966

Mr. William Demond
International Finance Corporation
1818 H Street, N.W.
Washington, D.C. 20433

Dear Mr. Demond:

Thank you very much for your letter of November 8, 1966, forwarding me a list of names of the referees of the Kundsen proposal. I have received an additional copy of the referees' names. With best regards,

Sincerely yours,

[Signature]
Lima, November 15, 1966

Mr. William Diamond
Director
Development Finance Companies
International Finance Corporation
Washington, D. C.

Dear Mr. Diamond:

It is indeed a pleasure to acknowledge receipt of your letter of November 8, 1966, relative to my attending the luncheon given on September 28 by Mr. Rosen in honor of all those present at the Annual Meetings and who are interested in development finance companies.

I sincerely appreciate your courtesy in sending me a copy of the address made then by Dr. José Gutierrez Gómez, President of the Corporación Financiera Nacional of Medellín, Colombia, as well as the list of names and addresses of all the guests present on that occasion.

With kind regards, I remain

Yours sincerely
Dear Mr. Manager,

I am writing to express my sincere gratitude for the opportunity to be considered for the position of Administrative Assistant at Progressive Corporation. I was delighted to hear of the opening and have been very excited about the prospect of working for such a prestigious company.

With my background in administrative work and customer service, I am confident that I can contribute significantly to your team. I believe my skills and experience make me well-suited for this role, and I am eager to contribute my efforts to the success of the company.

Thank you for considering my application. I look forward to the possibility of discussing my qualifications further.

Yours sincerely,

[Your Name]
Mr. William Diamond  
Director  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433  
U. S. A.

Dear Mr. Diamond:

Thank you for your letter of November 8, 1966 and the enclosures.

It was indeed my pleasure to be able to attend the luncheon given on September 28, by Mr. Martin M. Rosen, Executive Vice President of the International Finance Corporation.

Thank you again for your thoughtfulness in sending me a list of persons who attended the luncheon and a copy of the address made then by Dr. Jose Gutierrez Gomez.

With kind regards,

Sincerely yours,

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

Dear Mr. Diamond:

I acknowledge with pleasure your letter of November 8 enclosing a list of names and addresses of all of the guests attended the luncheon Mr. M. Rosen kindly gave on September 28 as well as a copy of the address made on the occasion by Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin, Colombia.

They are not only helpful as a record but also as a nice reminder of the delightful occasion I heartily enjoyed, and your thoughtfulness in furnishing them to me is much appreciated.

Yours sincerely,
Mr. William D. Stewart
Director
Development Finance Corporation
International Finance Corporation
1818 H Street, N.W., Washington, D.C. 20433

Dear Mr. D. Stewart:

I am writing to express my pleasure and appreciation of all you have done to advance the interests of the Corporation over the years. I am confident that the Corporation will continue to be a great asset to the nation.

Yours sincerely,

[Signature]
Señor
William Diamond
International Finance Corporation
Washington D. C.

Apreciado señor y amigo:

Acuso recibo de su atenta carta del 8 de los corrientes y de los documentos que me anuncia en la misma, envío que le agradezco muy de veras.

Aprovecho la ocasión para manifestarle que fué especialmente grato para mí asistir a esa reunión que revistió gran interés.

Le ruego recibir mi más cordial y atento saludo.

Ignacio Betancur C.
Presidente
November 15, 1966

Dear Bill Bey:

This is in reference to your letter of November 8, 1966.

I wish to thank you for the list of names and addresses of the guests who attended the luncheon given by Mr. Rosen on September 28 during the Annual Meetings, and the copy of the address made by Dr. Jose Gutierrez Gomez you have kindly sent me.

With best personal regards,

Sincerely yours,

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

Dear Bill:

Ever so many thanks for yours of November 8th with list of those who attended Mr. Rosen's September 28, 1966, luncheon, together with a copy of the address made by Dr. Jose Gutierrez Gomez.

It certainly was nice to see you again at that meeting and with every good wish,

Sincerely yours,

[Signature]

Vice President

AJB/mc
Brussels, November 15, 1966.

Dear Mr. Diamond,

I have received your kind letter of November 8 together with attached list of names and address of all the guests who attended Mr. Rosen's luncheon as well as a copy of the address made by Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin.

That luncheon was indeed a very pleasant occasion of which I hold the best memory,

I am all the more appreciative of your kind gesture for which please accept my warmest thanks.

With best regards,

Yours sincerely,

Roger Alloo,
Directeur d'Administration Centrale.

Mr. William DIAMOND,
Director,
Development Finance Companies,
International Finance Corporation, 1818 H Street N.W.
WASHINGTON D. C.
Dear Mr. Diamond,

I have received your kind letter of November 8 together with attached list of names and addresses of all the guests who attended Mr. Rosencrans' luncheon as well as a copy of the speeches made by Dr. John Giffen Cooper, President of the Corporation.

Financial officials of the Agricultural Bank of the Philippines were included among the list of names and addresses.

I can assure you that the occasion was a very pleasant one, and which I shall always remember with the utmost pleasure.

With best regards,

Yours sincerely,

[Signature]

Roger Allio
Director of Administration
Centrale

Mr. William Diamond,
Director,
Development Finance Company,
International Finance Corporation,
1818 H Street, N.W.
Washington, D.C.
November 15, 1966

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

Dear Mr. Diamond:

This is to acknowledge receipt of your letter of November 8 directed to Mr. Keller with a list of names and addresses of all of the guests which attended the luncheon given on September 28 by Mr. Martin Rosen, as well as a copy of the speech made by Dr. José Gutiérrez Gómez.

Thank you for sending us this material.

With kind regards,

Sincerely yours,

Henneke Sieveking  
Assistant to the Managing Director
November 15, 1966

Mr. William Darnon
Director
Development Finance Corporation
International Finance Corporation
1818 H Street N.W.
Washington D.C. 20433
U.S.A.

Dear Mr. Darnon:

This is to acknowledge receipt of your letter of November 8, directed to Mr. Keller, with a list of names and addresses of all of the guests who attended the luncheon given on September 28 by Mr. Morris Rosen, as well as a copy of the speech made by Mr. Rosen.

Thank you for sending me this material.

With kind regards,

Sincerely yours,

[Signature]

Harvey Steinberg
Assistant to the Managing Director
Dear Mr. Diamond:

Thank you very much for your letter of November 8, 1966, enclosing a copy of the address made by Dr. Jose Gutierrez Gomez, and also a list of guests who attended the luncheon given by Mr. Rosen on September 28.

I enjoyed the occasion very much and appreciate your thoughtfulness in sending along the speech and the names of those present.

Yours sincerely,
Dear Mr. Diamond,

In the absence of Mr. Lund, who is presently away from the office on a business trip abroad, I thank you for your letter of November 8th and for the enclosed list of names and addresses of the guests who attended the luncheon on September 28th.

Yours very truly,

Annette Seckendorf
Secretary to Mr. Lund
William D. Drummond, Ed.
Director
International Finance Corporation
1717 H Street N.W.
Washington, D.C. 20433

Dear Mr. Drummond,

In the absence of Mr. Lamb, who is absent,

May I say to the office a personal note of thanks for the accuracy and expediency of your letter of November 11th from Mr. Lambert, and to the Director of the Division of the Security and Subject of the Case and to Mr. Lamb the important

Yours very truly,

A. S. Somers
Secretary to Mr. Lamb

November 17, 1947
Mr. William Diamond, Director
Development Finance Companies
International Finance Corporation
1818 H Street, N.W.
Washington, D.C. 20433

Dear Bill:

Thank you for sending me with your letter of November 8th the list of persons who attended the luncheon given in Washington on September 28th and also for sending me a copy of the address made by Dr. Jose Gutierrez Gomez. As always this luncheon was a high point during the week of the International Bank Meetings and I am grateful for the opportunity to have been there.

Sincerely yours,
November 15, 1966

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

Dear Mr. Diamond:

In Mr. Bliss' absence from the office on a business trip, I wish to acknowledge receipt and thank you for your letter of November 8 enclosing the names and addresses of all the guests at the Annual Meeting and copy of the address made by Dr. Jose Gutierrez Gomez. I am sure Mr. Bliss will find this material of interest.

Sincerely,

B. Baquero  
(Secretary to Mr. Bliss)
TO: All DFC Professional Staff  
FROM: B. H. Shin  
SUBJECT: Material for Data Book II: Development Finance Company Projects  

1. Attached is a table to be filed as Item 20 in your Data Book II showing free limit, projects approved by the development finance companies to which the World Bank/IDA made loans (credits), projects submitted by companies to Bank/IDA for financing and those requiring Bank/IDA approval.  

2. Also attached is a revised Table of Contents for Data Book II.

Attachments (2)  
BHShin:phm
# DATA BOOK XII

**GENERAL ISSUES AND STUDIES INVOLVING DEVELOPMENT FINANCE COMPANIES**

## Table of Contents

1. Policy Statements  
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2. Policies of Development Finance Companies Regarding Maximum Size of Loans, Equity Investments or other Commitments in any Single Enterprise  
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3. Status of Counterpart Fund Loans and U.S. AID Local Currency Loans to Development Finance Companies  
   8/31/64
4. Status of Equity, Quasi-Equity, Debt and Debt-Borrowing Base Ratio of Development Finance Companies  
   9/3/64
5. Long-Term Subordinated Loan Capital of Development Finance Companies  
   10/4/66
6. Most Frequently Used Lending Rates of Development Finance Companies  
   11/1/66
7. Development Finance Companies’ Administrative Expenses (7 Tables)  
   8/4/65
8. Repayment Schedules of Long-Term Subordinated Loan Capital and IBRD/IDA Loans to DFCs  
   9/30/65
9. Net Profit after Tax and Dividend Rate  
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11. Profitability of Development Finance Companies  
    7/6/66
12. Agency Fees for Administered Funds  
    3/15/66
13. Development Finance Companies - Auditing  
    4/11/66
    10/4/66
15. Projects Presented by DFCs and Financed by IFC and Projects Jointly Financed by IFC and DFCs  
    5/16/66
16. Holdings of Government and Government-owned Institutions in the Share Capital of DFCs  
    5/16/66
17. Resources of Development Finance Companies as of December 31, 1965 5/12/66


19. Foreign Shareholders and Their Shareholdings in Development Finance Companies 5/13/66

### Development Finance Company Projects

<table>
<thead>
<tr>
<th>Country</th>
<th>Latest Free Limit ($'000)</th>
<th>Number of Projects:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Latest Free Limit ($'000)</td>
<td>Number of Projects:</td>
</tr>
<tr>
<td></td>
<td>Latest Free Limit ($'000)</td>
<td>Number of Projects:</td>
</tr>
<tr>
<td>IVK (Austria)</td>
<td>500</td>
<td>39</td>
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<tr>
<td>1964</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>55</td>
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<tr>
<td>1966 (6 months)</td>
<td>n.a.</td>
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</tr>
</tbody>
</table>
| Bank loans have been fully disbursed.  
Last crediting to IVK's Loan Account was made in July 1963. |
| CDC (China) | 250               | 11                  |
| 1964       | 11                  |                      |
| 1965       | 11                  |                      |
| 1966 (6 months) | n.a.          |                      |
| Bank Loan (No. 151) became effective on October 13, 1966. |
| CF Caldas (Colombia) | 50                | 17                  |
| 1964       | 17                  |                      |
| 1965       |                      |                      |
| 1966 (6 months) | 9               |                      |
| CF Colombiana (" ) | 250             | 1                    |
| CF Nacional (" ) | 250             | 1                    |
| CF Norte (" ) | 50                 |                      |
| CF Valle (" ) | 50                 |                      |
| DBE (Ethiopia) |                    |                      |
| 1964       | 117                | 1                   |
| 1965       | n.a.               | 1                   |
| 1966 (6 months) | n.a.          |                      |
| Bank loans have been fully disbursed.  
Last approval of a project was made in January 1964. |
| IFF (Finland) | 250              | 103                 |
| 1964       | 105                | 17                  |
| 1965       | 103                |                      |
| 1966 (6 months) | 47               | 7                   |
| ICICI (India) | 2,000            | 88                  |
| 1964       | 88                 | -                   |
| 1965       | 69                 | -                   |
| 1966 (6 months) | n.a.          | 23                  |
| INDBI (Iran) | 750              | 13/1/               |
| 1964       | 13/1/              |                      |
| 1965       | 13/1/              |                      |
| 1966 (6 months) | 81/2/          | 7                   |
| IDBI (Israel) | 333              | 188                 |
| 1965       | 188                | 4                   |
| 1966 (6 months) | 54               | 5                   |

**Notes:**

- n.a. Not available.
- 1/ For financial year ending March 20.
- 2/ For the first 3 months of 1966/67.
<table>
<thead>
<tr>
<th>Number of Projects:</th>
<th>Latest Free-Limit ($'000)</th>
<th>Approved by Company</th>
<th>Submitted to Bank/IDA for financing</th>
<th>Of Which Those Requiring Bank/IDA Approval</th>
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<td>MIDFL (Malaysia)</td>
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<td>1964</td>
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<td>1966 (6 months)</td>
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<td>1/</td>
<td>10</td>
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<td>3</td>
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<td>EDE (Morocco)</td>
<td>150</td>
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<td>1964</td>
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<td>28</td>
<td>11</td>
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<td>9</td>
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<td>PICIC (Pakistan)</td>
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<td>1966 (6 months)</td>
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<td>27</td>
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<td>PDCP (Philippines)</td>
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<td>5</td>
<td>5</td>
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<td>3</td>
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<td>IFCT (Thailand)</td>
<td>Below 50</td>
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<td>13</td>
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<td>SMII (Tunisia)</td>
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<td>Bank Loan No. $49 became effective on July 11, 1966.</td>
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<td>TSKB (Turkey)</td>
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<td>1966 (6 months)</td>
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<td>122 2/</td>
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<td>155 2/</td>
<td>84</td>
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<td>82 2/</td>
<td>34</td>
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<td>1966 (6 months)</td>
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<td>357</td>
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<td>192</td>
<td>39</td>
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</tr>
</tbody>
</table>

1/ For financial year ending March 30.
2/ Projects committed.

IFC/DFC
November 14, 1966
OFFICE MEMORANDUM

TO: Mr. Martin M. Rosen
FROM: William Diamond
SUBJECT: Development Finance Companies Lunch

DATE: November 15, 1966

Last week I sent to each of your guests, at the September 28 lunch, a guest list and a copy of Dr. Gutierrez Gomez's address. Attached is a copy of each, and a copy of the letter with which I sent them to each guest.

Attachments
(Salutation):

We were very pleased that you attended the luncheon given on September 28, by Mr. Rosen, in honor of all those present at our recent Annual Meetings who are interested in development finance companies.

As a record of that occasion, I am enclosing a list of names and addresses of all of the guests, and a copy of the address made then by Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin, Colombia.

With kind regards,

Sincerely yours,

William Diamond
Director
Development Finance Companies

Enclosures (2)

(Inside Address)
Madrid, November 14, 1966

Mr. William Diamond  
International Finance Corp.  
1818 H. Street, N.W.  
Washington, D.C.

Dear William,

Thank you very much for your letter of November 8th, enclosing a list of names and addresses of the guests invited to the luncheon given by Mr. Rosen on September 28, and a copy of the address made by Dr. José Gutierrez Gómez.

I remember with pleasure my recent stay in Washington and in especial the reception offered by Mr. Rosen, to which I so much regretted that the Marqués de Deleitosa could not assist as in past years.

With best regards,

Sincerely yours,
Mr. William Diamond
International Finance Corp.
1401 K Street, N.W.
Washington, D.C.

Mr. Rosen,

I am writing to express my pleasure with the recent letter and enclosure. I appreciate the opportunity to attend the meeting with Mr. Rosen on September 28th and am grateful for the assistance you provided.

I remember with pleasure my recent visit to Washington and in particular the reception at the White House. I am so much honored that the members of your delegation could not assist as in past years.

With best regards,

Secretary Young

[Signature]
Mr. William Diamond  
Director  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433  

November 14, 1966

Dear Mr. Diamond,

It is true that I attended the luncheon, Mr. Martin M. Rosen gave in honour of the participants of the World Bank Meeting on September 28, 1966. Unfortunately, I did not see you, which can easily happen with such a large number of participants.

In closing I wish to express my sincere thanks for your sending me the guest list together with a copy of the address of Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin, Colombia.

With kind regards,
Mr. William Diamond  
Director  
Development Finance Companies  
1818 H Street N.W.  
Washington DC 20433  
USA

Dear Mr. Diamond,

It is with great pleasure that I acknowledge receipt of your letter of November 8, 1966, with which you were kind enough to send me the list of names and addresses of all the guests present at the luncheon on September 28, as well as the text of Dr. Jose Gutirrez Gomez's address.

It was a great honour for me to meet Mr. Rosen and his colleagues during this luncheon and I hope that the future will be beneficial to development finance companies.

Sincerely yours,

Zouheir Mardam  
Executive member of the board
Geneve, November 14th, 1966

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

Dear Mr. Diamond,

It is with great pleasure that I acknowledge receipt of your letter of November 8, 1966, with which you were kind enough to send me the list of names and addresses of all the guests present at the luncheon on September 28, as well as the text of Dr. Rose Guttman's speech.

I was a guest honoree for the luncheon, and I hope that the future will be beneficial to development finance companies.

Sincerely yours,

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

Dear Sir,

Your letter and the list of names and addresses of all the guests present at the Annual Meetings of the International Finance Corporation, were received in the absence of Baron Lambert, presently abroad.

I would like to thank you on behalf of Baron Lambert and I will not fail to place them upon his desk at the time of his return to this office.

Sincerely yours,

E. Vercaemst
Secretary.
Mr. William Diamond  
Director  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
WASHINGTON, D.C. 20433  
USA.

Dear Mr. Diamond,

It was most kind of you to have sent me the list of names and addresses of all of the guests who attended the luncheon given on September 28, by Mr. Rosen, and a copy of the speech made by Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin, Colombia.

May I thank you for the hospitality extended by the International Finance Corporation during the annual meeting in Washington.

I remain,

Yours sincerely,

Eric Franck
November 17, 1961

Dear Mr. Williamson,

I was most kind of you to have sent me the list of names and addresses of all of the delegates who attended the Plenum Session of September 28 by Mr. Kosser, and a copy of the speech made by Dr. Kose Gutierrez of MeGelli, Columbia.

May I thank you for the hospitality extended by the International Finance Corporation during the annual meeting in Washington.

I remind you again.

Sincerely,

Eric Frank

[Signature]
Cher Monsieur DIAMOND,

J'ai bien reçu votre aimable lettre du 8 novembre ainsi que les documents qui y étaient joints et vous en remercie.

Je sais que cette occasion pour vous redire le plaisir que j'ai eu à participer au déjeuner du 28 Septembre.

Croyez, je vous prie, Cher Monsieur DIAMOND, à mes dévoués souvenirs.

Henri DERROY

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

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

Dear Mr. Diamond:

Thank you so much for your kind letter of November 8, 1966 and the enclosed copy of the address made by Dr. Jose Gutierrez Gomez, as well as a list of the guests at the luncheon with their addresses.

With kindest regards,

Sincerely yours,

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

Dear Mr Diamond:

I wish to acknowledge your letter dated November 8, enclosing a list of names and addresses of all the persons present at the luncheon given by Mr Rosen in Washington on September 28, as well as a copy of the address then made by Dr José Gutiérrez Gómez, President of the Corporación Financiera Nacional of Medellín, Colombia.

I thank you for the remittance of those documents and just wish to add that it was a great pleasure for me to have attended the luncheon.

With kind personal regards,

Sincerely,

Javier Bustos

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

Dear Mr. Diamond:

I wish to acknowledge your letter dated November 8th. I will send a copy of my response and the supporting evidence by return mail. I am enclosing the Rosen's report which was prepared at your request.

Enclosed is a copy of the decision letter made by the Board of Directors and the minutes of the meeting.

I appreciate your assistance and the cooperation of the Corporation Finance staff.

With kind personal regards,

[Signature]

Sincerely,

[Name and Title]
November 14, 1966

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

Dear Mr. Diamond:

Thank you very much for your letter of November 8 enclosing a list of names and addresses of the guests at Mr. Rosen’s luncheon on September 28 as well as a copy of the talk given by Dr. Gomez. I appreciate receiving the guest list but am particularly glad to have a copy of Dr. Gomez’ speech as I was forced to leave the meeting before he spoke to the group.

Again I would like to express my appreciation for being included among the guests.

Sincerely,
Mr. William Diamond  
Director  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N. W.  

Washington, D. C. 20433

Dear Sir,

In the absence of Mr. Marc Wallenberg Jr  
I beg to acknowledge receipt of your letter of the 8th inst. enclosing a copy of the address made by Dr. Jose Gutierrez Gomez and a list of names and addresses of the guests at the luncheon on September 28, which I shall not fail to place before Mr. Wallenberg on his return.

Yours faithfully,

Secretary
November 14, 1966

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

Dear Mr. Diamond:

This is to acknowledge and thank you for the list of names and addresses of the guests attending the luncheon given by Mr. Rosen on September 28th, and the copy of address made by Dr. Jose Gutierrez Gomez.

Mr. Ravenscroft is currently out of the country, and your letter of November 8th with the above enclosures will be brought to his attention upon his return.

Yours very truly,

E. L. Lewis
Secretary to Mr. Richard S. Ravenscroft
Mr. William Diamond, Director
Development Finance Companies
International Finance Corporation
1818 H Street, N.W.
Washington, D.C. 20433

Dear Bill:

Thank you for your November 8 letter enclosing the list of names of the guests at the luncheon in Washington on September 28, together with a copy of the address made by Dr. Jose Gutierrez Gomez. I appreciate very much having this information for my records.

With best regards,

Sincerely,

[Signature]
November 14, 1966

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

Dear Bill:

Thank you very much for having sent me the list of names and addresses of all of the guests attending the IFC luncheon September 28, and also for the copy of Jose's address.

This luncheon is one of the high spots of the annual meetings of the IMF and RBRD and I always look forward to it with keen anticipation.

Best regards,

James S. Bush

JSB:ctb
14 November 1966

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

My dear Mr Diamond:

Thank you for your kind note and the list of those attending the luncheon on 28 September.

The luncheon was most enjoyable and I was happy to be included.

Best regards.

Sincerely,

GEORGE OLMSTED
23, GREAT WINCHESTER STREET,
LONDON, E.C. 2.

14th November 1966

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

Dear Sir,

In Lord Harcourt's absence, I write to thank you for your letter of the 8th November, enclosing a list of guests who attended the luncheon given by Mr. Rosen on September 28th, together with a copy of the address made by Dr. Jose Gutierrez Gomez, which I am sure Lord Harcourt will be very pleased to see on his return.

Yours faithfully,

S. Robertson

Shelagh Robertson (Miss)
secretary to The Viscount Harcourt
23, Great Winchester Street
London, E.C.

4th November 1966

[Signature]

Mr. William Monday, Ed.
Director
Development Finance Companics
International Finance Corporation
1818 H Street, N.W.
Washington, D.C.

Dear Sir,

I am forwarding to you the records of the meeting held on 8th November 1966 attended by the members of the International Development Finance Corporation, together with a copy of the agenda and minutes of the meeting. I am pleased to see on the agenda a proposal for a new project for which I am sure you will be interested.

Yours faithfully,

[Signature]

[Signature]

Special Report [Miss]
Secretary to the Vice President
November 14, 1966

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

Dear Mr. Diamond:

Thank you very much for sending me the guest list and a copy of Dr. Gutierrez Gomez's speech delivered at Mr. Rosen's luncheon. It was an enjoyable and memorable occasion, and I am delighted to have been among your guests.

With kindest regards,

Sincerely yours,

H. P. Barrand

Dear Mr. Diamond,

Thank you very much for your letter of the 8th November. I am very happy to have a list of those who were present at the luncheon you gave during the recent meetings of the Fund and World Bank in Washington.

I also thank you for sending me a copy of the address made by your guest of honour, Dr. Jose Gutierrez Gomez.

Sincerely,

Mr. William Diamond,
Director,
Development Finance Companies,
International Finance Corporation,
1818 H Street, N.W.,
Washington D.C., 20433.
November 8, 1966

Mr. Walter Broderick  
Texas Capital Corporation  
1346 Connecticut Ave.  
Washington, N.W., D.C.

Dear Mr. Broderick:

Following your talk with Mr. Diamond this morning, I attach a list of the names, addresses and chief executive officers of the development finance companies with which the World Bank Group is associated, and which have been operating for the past five years or longer.

Yours sincerely,

[Signature]

B. H. Shin  
Development Finance Companies

Attachment

BHShin:phm
LIST OF DEVELOPMENT FINANCE COMPANIES WITH WHICH THE WORLD BANK GROUP IS ASSOCIATED AND WHICH HAVE BEEN OPERATING FOR FIVE YEARS OR LONGER

Dr. Guillermo Herrera Carrizosa
President
Corporacion Financiera Colombiana
Edificio Banco de Bogota
Carrera 10, Bogota
Colombia

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

Dr. Roberto Ocampo Majia
President
Corporacion Financiera de Caldas
Apartado Aereo 1660
Manizales, Colombia

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

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

Mr. A. Gasem Kheradjou
Managing Director
Industrial and Mining Development Bank of Iran
204 Boulevard Karaj
Tehran, Iran

Mr. H. T. Parekh
General Manager
The Industrial Credit and Investment Corporation of India Limited
163 Backbay Reclamation
Bombay 1, India

Mr. Kraisri Nimmanahaeminda
General Manager
Industrial Finance Corporation of Thailand
491 Silom Road
Bangkok, Thailand

Mr. Resid Egeli
General Manager
Turkiye Sinai Kalkinma Bankasi A.S.
Necatiyeb Caddesi 241-247
Tophane
Istanbul, Turkey

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

Dr. Wilhelm Teufenstein
Generaldirektor - Stellv. und Vorstandsmitglied der Oesterreichische Investitionskredit Aktiengesellschaft
Am Hof 4
Vienna, Austria

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le Developpement Economique
Boite Postale 407
Rabat, Morocco
Mr. L. M. Svoboda  
General Manager  
Malaysian Industrial Development Finance Limited  
Hwa-Li Building  
63-65 Jalan Ampang  
Kuala Lumpur  
Malaysia

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

Mr. Abdelaziz Mathari  
President  
Societe Nationale d'Investissement  
68 Ave. Habib Bourguiba  
Tunis, Tunisia
November 8, 1966

(Salutation):

We were very pleased that you attended the luncheon given on September 28, by Mr. Rosen, in honor of all those present at our recent Annual Meetings who are interested in development finance companies.

As a record of that occasion, I am enclosing a list of names and addresses of all of the guests, and a copy of the address made then by Dr. Jose Gutierrez Gomez, President of the Corporacion Financiera Nacional of Medellin, Colombia.

With kind regards,

Sincerely yours,

William Diamond
Director
Development Finance Companies

Enclosures (2)

(Inside Address)
Dear Mr. Boudries:

Mr. Mohammed Boudries
Director General
Caisse Algerienne de Developpement
Immeuble le Colisee
Algiers, Algeria

Dear Dr. Aman:

Dr. Mohammad Aman
The Industrial Development Bank of Afghanistan
c/o Pashtany Tejaraty Bank
Kabul, Afghanistan

Dear Mr. Schmidt:

Mr. Eduard Schmidt
Oesterreichische Kontrollbank, A.G.
Am Hof 4
Vienna, Austria

Dear Mr. Frere:

Mr. Maurice Frere
President
Sofina, S.A.
38 rue de Naples
Brussels 5, Belgium

Dear Mr. Quartim Barbosa:

Mr. Theodoro Quartim Barbosa
President
Banco do Comercio e Industria de Sao Paulo
Rua 15 de Novembro 289
Sao Paulo, Brazil

Dear Mr. Proctor:

Mr. John S. Proctor
Deputy Chairman and Executive Vice President
The Bank of Nova Scotia
44 King Street W.
Toronto 1, Ontario, Canada

Dear Jimmy:

Mr. A. N. H. James
General Manager
Industrial Development Bank
P.O. Box 6021
Montreal, P.Q., Canada

Dear Mr. Edwards:

Mr. Agustin Edwards
President
Banco de A. Edwards y Cia.
Calle Prat 799
Santiago, Chile
Dear Mr. Heiremans:

Mr. Eugenio D. Heiremans
President
Sociedad de Fomento Fabril
Agustinas 1357, Piso 11
Santiago, Chile

Dear Felix:

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

Dear Dr. Betancur:

Dr. Ignacio Betancur
President
Asociacion Nacional de Industriales
Medellin, Colombia

Dear Dr. Uribe:

Dr. Vicente Uribe Rendon
President
Banco Comercial Antioqueno
Calle Colombia No. 51-63
Medellin, Colombia

Dear Jorge:

Mr. Jorge Mejia-Salazar
President
Banco de Bogota
Carrera 10, Calle 15
Bogota, Colombia

Dear Dr. Soto Pombo:

Dr. Eduardo Soto Pombo
President
Banco de Colombia
Carrera 8a, No. 13-27
Bogota, Colombia

Dear Dr. Herrera Prado:

Dr. Camilo Herrera Prado
Manager
Banco del Comercio
Calle 13 No. 8-52
Bogota, Colombia

Dear Dr. Correa Arango:

Dr. Ivan Correa Arango
President
Banco Industrial Colombiana
P.B. 768
Medellin, Colombia

Dear Mr. Uribe:

Mr. Rodrigo Uribe
President
Compania Colombiana de Tejidos, S.A.
Apartado Aereo 636
Medellin, Colombia

Dear Don Guillermo:

Dr. Guillermo Herrera Carriozosa
President
Corporacion Financiera Colombiana
Edificio Banco de Bogota
Carrera 10
Bogota, Colombia

My dear Dr. Ocampo:

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

Dear Dr. Sanint:

Dr. Guillermo Sanint
Vice President
Corporacion Financiera de Caldas
Apartado Aereo 15-159
Bogota, Colombia

My dear Mr. Jaramillo:

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

My dear Mr. Salcedo:

Mr. Luis Bernardo Salcedo
President
Corporacion Financiera del Valle
Apartado Aereo 4902
Cali, Colombia
Dear Don Jose:

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

Dear Mr. Pullen:

Mr. W. G. Pullen
Chief General Manager
The Chartered Bank
38 Bishopsgate
London, E.C.2, England

Dear Mr. Banza Bouiti:

Mr. Bernard Banza Bouiti
Director General
Banque Nationale de Developpement
B.P. 2085
Brazzaville, Republic of Congo

Dear Lord Howick:

The Rt. Hon.
The Lord Howick of Glendale
Chairman
Commonwealth Development Corporation
33 Hill Street
London, W.1, England

Dear Mr. Johnson:

Mr. Christian Johnson
Director, Foreign Exchange Office
Banque Dahomeenne de Developpement
B.P. 85
Cotonou, Dahomey

Dear Mr. Warburton:

Mr. Eric J. N. Warburton
Director and Chief General Manager
Lloyds Bank Limited
71 Lombard Street

Dear Mr. Kpognon:

Mr. Stanislas Kpognon
Director General
Banque Dahomeenne de Developpement
B.P. 85
Cotonou, Dahomey

Dear Lord Harcourt:

Viscount Harcourt
Managing Director
Morgan Grenfell & Company Limited
23 Great Winchester Street
London, E.C.2, England

Dear Don Jose:

Dr. Jose Antonio Correa
President
Ecuatoriana de Desarrollo
(Compania Financiera)
P.O. Box 156
Quito, Ecuador

Dear Mr. de Rothschild:

Mr. Evelyn de Rothschild
Partner
N.M. Rothschild & Sons
New Court
St. Swithin's Lane
London, E.C.4, England

Dear Mr. Low:

Mr. Roger Low
Executive Director
Bank of London & South America
Limited
40-66, Queen Victoria Street
London, E.C.4, England

Dear Mr. Franck:

Mr. Eric Franck
Samuel Montagu & Company, Ltd.
114 Old Broad Street
London, E.C.2, England
MT/ST #173 cont'd

Dear Ato Worku:

H.E. Ato Worku Habte-Wold
Managing Director
Development Bank of Ethiopia
P.O. Box 1900
Addis Ababa, Ethiopia

Dear Governor Waris:

Professor Klaus Waris
Governor
Bank of Finland
Helsinki, Finland

Dear Mr. Makkonen:

Mr. Veikko Makkonen
Executive Vice President
Kansallis-Osake-Pankki
Aleksanterinkatu 14
Helsinki, Finland

Dear Mr. Gautier:

Mr. George Gautier
Chairman
Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun
29 rue du Colisee
Paris 8e, France

Dear Mr. Deroy:

Mr. Henri Deroy
Chairman
Banque de Paris et des Pays-Bas S.A.
5 rue d'Antin
Paris, France

Dear Mr. Raoul Duval:

Mr. Guy Raoul Duval
Vice President
Banque Francaise du Commerce Extérieur
21 Boulevard Hausmann
Paris, 9e, France

Dear Mr. Bottoni:

Mr. E. Bottoni
Director General
Banque Francaise & Italiene pour l'Amerique de Sud
12 Rue Halevy
Paris 9e, France

Dear Mr. Ledoux:

Mr. Pierre Ledoux
Director General
Banque Nationale de Paris
14 rue Bergere
Paris 9e, France

Dear Mr. Mollie:

Mr. Phillipe Mollie
Director
Caisse Centrale de Cooperation Economique
233 Boulevard Saint-Germain
Paris 7e, France

Dear Mr. Hennemann:

Mr. Hans-Ludwig Hennemann
Member of the Board of Management
Bank fuer Gemeinwirtschaft
Kaiserstrasse 31
Frankfurt/Main, Germany

Dear Mr. von Ullmann:

Baron Georg von Ullmann
Partner
Bankhaus Sal. Oppenheim Jr. und Cie.
Unter Sachsenhausen 4
Cologne, Germany
Dear Dr. Krebs:

Dr. Paul Krebs
Deutsche Bank A.G.
Junghofstrasse 5-11
Frankfurt/Main 1, Germany

Dear Mr. Haeusgen:

Mr. Helmut Haeusgen
Dresdner Bank A.G.
Gallusanlage 7
Frankfurt/Main 1, Germany

Dear Wilfried:

Dr. Wilfried Guth
Kreditanstalt fuer Wiederaufbau
Lindenstrasse 27
Frankfurt/Main, Germany

Dear Mr. Gyampoh:

Mr. E. P. L. Gyampoh
Managing Director
National Investment Bank of Ghana
P.O. Box 3726
Accra, Ghana

Dear Governor:

Mr. Nicholas Porphyrogenis
Governor
Hellenic Industrial Development Bank
Athens, Greece

Dear Governor:

Mr. John P. Paraskevopoulos
Governor
National Bank of Greece
Hippocrates Street 3 and 5
Athens, Greece

Dear George:

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

Dear Mr. Saunders:

Mr. J.A.H. Saunders
Deputy Chairman & Chief Manager
Hong Kong & Shanghai Banking
Corporation
1 Queen's Road Central
Hong Kong

Dear Mr. Bhabha:

Mr. C. H. Bhabha
Vice Chairman
The Central Bank of India Limited
Mahatma Gandhi Road, Fort
Bombay, India

Dear Hashmukhbhai:

Mr. H. T. Parekh
General Manager
Industrial Credit and Investment
Corporation of India Limited
163 Backbay Reclamation
Bombay 1, India

Dear Gasem:

Mr. A. Gasem Kheradjou
Managing Director
Industrial & Mining Development
Bank of Iran
P.O. Box 1801
Teheran, Iran

Dear Dr. Foerder:

Dr. Y. Foerder
Chairman
Bank Leumi Le - Israel B.M.
Tel Aviv, Israel

Dear Mr. Monti:

Mr. Antonio Monti
General Manager
Banca Commerciale Italiana
Piazza della Scala 6
Milan, Italy
Dear Dr. Borri:

Dr. Silvio Borri
Managing Director
Istituto Mobiliare Italiano
Via della Quattro Fontane 121
Rome, Italy

Dear Mr. Siglienti:

Mr. Stefano Siglienti
President
Italian Banking Association
Via della Quattro Fontane 121
Rome, Italy

Dear Mr. Alamoody:

Mr. S.M.A. Alamoody
Vice President
African Development Bank
P.B. 1387
Abidjan, Ivory Coast

Dear Governor Hirata:

Mr. Keiichiro Hirata
Governor
Japan Development Bank
5-5 Otemachi 1-chome
Chiyoda-ku
Tokyo, Japan

Dear Ricky:

Mr. R.T.P. Hall
Governor
Bank of Jamaica
P.O. Box 621
Kingston, Jamaica

Dear Mr. Hara:

Mr. Sumio Hara
President
Bank of Tokyo Limited
1 Nihombashi, Hongoku-cho
Chuo-ku
Tokyo, Japan

Dear Mr. Terao:

Mr. Takeo Terao
President
Daia Bank Ltd.
2-chome, Bingomachi
Higashi-ku
Osaka, Japan

Dear Mr. Fujisawa:

Mr. Tokusaburo Fujisawa
Vice President
The Export-Import Bank of Japan
Ohte-Machi, Chiyoda-ku
Tokyo, Japan

Dear Mr. Yanagita:

Mr. Seijiro Yanagita
President
Overseas Economic Corporation Fund
2-chome, Uchisaivai-cho
Chiyoda-ku
Tokyo, Japan

Dear Mr. Watanabe:

Mr. Takeshi Watanabe
Special Adviser to Minister of Finance
Kasumigaseki, Chiyoda-ku
Tokyo, Japan

Dear Mr. Minister:

H.E. Hatim S. Zu'bi
Minister of National Economy
Ministry of National Economy
Amman, Jordan
Dear Kirke:

Mr. J. Kirke Paulding
Kuwait Foreign Trading Contracting & Investment Company (S.A.K.)
P.O. Box 5665
Kuwait

Dear Mr. Al-Hamad:

Mr. Abdulatif Y. Al-Hamad
Director General
Kuwait Fund for Arab Economic Development
P.O. Box 2921
Kuwait

Dear Mr. Al-Kharafi:

Mr. Khalid Ali Al-Kharafi
Chairman
Kuwait Investment Company
P.O. Box 1005
Kuwait

Dear Mr. Bedas:

Mr. Yusuf K. Bedas
Chairman and General Manager
Intra Bank
P.O. Box 1524
Beirut, Lebanon

Dear Mr. Himadeh:

Mr. Raja Himadeh
Government Commissioner to Banque de Credit Agricole, Industriel et Foncier
Ministry of Finance
Beirut, Lebanon

Dear Clarence:

Mr. P. Clarence Parker, Jr.
General Manager
The Liberian Bank of Industrial Development and Investment
P.O. Box 547
Monrovia, Liberia

Dear Mr. Stewart:

Mr. Frank J. Stewart
Chairman
Liberian Bank for Industrial Development and Investment
100 Broad Street
Monrovia, Liberia

Dear Governor:

Mr. Ismail bin Mohamed Ali
Governor
Bank Negara Malaysia
P.O. Box 922
Kuala Lumpur, Malaysia

Dear Y.C.:

Dr. Y.C. Foo
Chairman
Malaysian Industrial Development Finance Limited
P.O. Box 2110
Kuala Lumpur, Malaysia

Dear Mr. Bustos:

Mr. Javier Bustos
Deputy Managing Director
Banco Nacional de Mexico
Avenida Isabel la Catolica 44
Mexico D.F., Mexico

Dear Mr. Hernandez Delgado:

Mr. Jose Hernandez Delgado
Director General
Nacional Financiera, S.A.
Venustiano Carranza 25
Mexico, D.F., Mexico

Dear Mr. Pagliai:

Mr. Bruno Pagliai
President
Tubos de Acero de Mexico, S.A.
Mexico 4, D.F., Mexico

Dear Mr. Bengelloun:

Mr. Abdelmajid Bengelloun
President
Banque Marocaine du Commerce Exterieur
241 Boulevard Mohammed V
Casablanca, Morocco
MT/ST #173 cont'd

Dear Mr. Benkirane:  
Mr. Mohamed Benkirane  
Director General  
Banque Nationale pour le Developpement Economique  
B.P. 407  
Rabat, Morocco

Dear Mr. Bentinck:  
Baron Constant A. Bentinck  
President-Director  
The National Investment Bank of The Netherlands  
Willem Fredriklaan 5  
The Hague, The Netherlands

Dear Mallam Coomassie:  
Mallam Ahmadu Coomassie  
Chairman  
Nigerian Industrial Development Bank Limited  
P.O. Box 2357  
Lagos, Nigeria

My dear Mr. Minister:  
His Excellency  
N. M. Uquaili  
Minister of Finance  
Pak Secretariat II  
Rawalpindi, Pakistan

Dear Mr. Ahmed:  
Mr. Said Ahmed  
Managing Director  
Pakistan Industrial Credit & Investment Corporation Limited  
P.O. Box 5080  
Karachi, Pakistan

Dear Dr. Keller:  
Dr. Ernst Keller  
Managing Director  
ADELA Investment Company S.A.  
Edificio Pacifica  
Plaza Washington  
Cassilla 207  
Lima, Peru

Dear Dr. Restivo:  
Dr. Julio Restivo  
General Manager  
Banco de Credito del Peru  
Lampa 401/499  
Lima, Peru

Dear Mr. Harrisson:  
Mr. Jose Harrisson  
General Manager  
Banco Industrial del Peru  
Casilla Postal 1230  
Lima, Peru

Dear Douglas:  
Mr. Douglas C. Gunnesekera  
Project Manager for the Asian Development Bank  
Ayala Avenue, Makati, Rizal  
Manila, Philippines

Dear Ting:  
Mr. Sixto K. Roxas  
President  
Bancom Development Corporation  
Ayala Avenue, corner Jeronimo  
Makati, Rizal  
Manila, Philippines

Dear Manny:  
Mr. Manuel J. Marquez  
President  
Commercial Bank & Trust Co.  
J.M. Tuason Building  
303 Escolta  
Manila, Philippines

Nov 8 1966
MT/ST #173 cont'd

Dear Mr. Licaros:
Mr. Gregorio S. Licaros
Chairman
Development Bank of the Philippines
David Street
Corner Muelle Del Banco Nacional
Manila, Philippines

Dear Mr. Nicol-Cole:
Mr. S. B. Nicol-Cole
Governor
Bank of Sierra Leone
Freetown, Sierra Leone

Dear Mr. Hon:
Mr. Hon Sui Sen
Chairman
Economic Development Board
Fullerton Building
P.O. Box 2692
Singapore

Dear Mr. Tan:
Mr. Tan Chin Tuan
Managing Director
Oversea-Chinese Banking Corporation
Singapore

Dear Mr. Villaneuva:
Mr. Roberto T. Villaneuva
Chairman
Private Development Corporation of
the Philippines
CBTC Building
Ayala Avenue, Makati, Rizal
Manila, Philippines

Dear Mr. Kuschke:
Mr. G. S. Kuschke
General Manager
Industrial Development Corporation
of South Africa Limited
P.O. Box 6905
Johannesburg, South Africa

Dear Mr. Barbosa:
Mr. Daniel V. Barbosa
Governor
Banco de Fomento Nacional
Rua Braamcamp 5
Lisbon, Portugal

Dear Mr. Llado Urrutia:
Mr. Juan Llado Urrutia
Banco Urquijo
Calle Alcala 47
Madrid, Spain

Dear Mr. Tal:
Mr. Ibrahima Tal
Director General
Banque Nationale de Developpement
du Senegal
Dakar, Senegal

Dear Professor Teixeira Pinto:
Professor Luis M. Teixeira Pinto
Vice Governor
Banco de Fomento Nacional
Rua Braamcamp, 5
Lisbon, Portugal

Dear Professor Teixeira Pinto:
Professor Luis M. Teixeira Pinto
Vice Governor
Banco de Fomento Nacional
Rua Braamcamp, 5
Lisbon, Portugal

Dear Mr. Call Men:
Mr. Emilio Gomez Orbaneja
General Manager
Banco Urquijo
Calle de Alcala 47
Madrid, Spain

November 8, 1966
Dear Mr. Wallenberg:

Mr. Marc Wallenberg, Sr.
Chairman
ADELA Investment Company, S.A.
c/o Stockholms Enskilda Bank
Kungstradgardsdagatan 8
Stockholm 16, Sweden

Dear Mr. Taslim:

Mr. Marc Wallenberg, Jr.
President
Stockholms Enskilda Bank
Kungstradgardsdagatan 8
Stockholm 16, Sweden

Dear Mr. Wallenberg:

Mr. Zuhair Mardam
Executive Member
Arab Commercial Bank
12 rue Bonivard
Geneva, Switzerland

Dear Mr. Dervichian:

Mr. Edouard Dervichian
Managing Director
Societe Financiere pour les Pays
d'Outre-Mer, S.A.
3-5 rue du Conseil-General
Geneva, Switzerland

Dear Mr. Rojanastien:

Mr. Boonchu Rojanastien
Executive Vice President
Bangkok Bank Limited
P.O. Box 95
Bangkok, Thailand

Dear Mr. Mardam:

Dr. Luis Vallenilla
President
C.A. Venezolana de Desarrollo
(Sociedad Financiera)
Apartado Aereo 11341
Chacao
Caracas, Venezuela

Dear Mr. Dervichian:

Mr. Francisco Mendoza
President
Corporacion Venezolana de Fomento
Apartado de Correspondencia No. 1129
Caracas, Venezuela

Dear Mr. Rojanastien:

Mr. Boonchu Rojanastien
Executive Vice President
Bangkok Bank Limited
P.O. Box 95
Bangkok, Thailand

Dear Mr. Mardam:

Dr. Luis Vallenilla
President
C.A. Venezolana de Desarrollo
(Sociedad Financiera)
Apartado Aereo 11341
Chacao
Caracas, Venezuela

My dear Luis:

Dr. Luis Vallenilla
President
C.A. Venezolana de Desarrollo
(Sociedad Financiera)
Apartado Aereo 11341
Chacao
Caracas, Venezuela

Dear Mr. Dervichian:

Mr. Francisco Mendoza
President
Corporacion Venezolana de Fomento
Apartado de Correspondencia No. 1129
Caracas, Venezuela

Dear Mr. Mendoza:

Mr. Francisco Mendoza
President
Corporacion Venezolana de Fomento
Apartado de Correspondencia No. 1129
Caracas, Venezuela

My dear Luis:

Dr. Luis Vallenilla
President
C.A. Venezolana de Desarrollo
(Sociedad Financiera)
Apartado Aereo 11341
Chacao
Caracas, Venezuela

Dear Mr. Dervichian:

Mr. Francisco Mendoza
President
Corporacion Venezolana de Fomento
Apartado de Correspondencia No. 1129
Caracas, Venezuela

My dear Luis:

Dr. Luis Vallenilla
President
C.A. Venezolana de Desarrollo
(Sociedad Financiera)
Apartado Aereo 11341
Chacao
Caracas, Venezuela

My dear Luis:

Dr. Luis Vallenilla
President
C.A. Venezolana de Desarrollo
(Sociedad Financiera)
Apartado Aereo 11341
Chacao
Caracas, Venezuela
Dear Governor:
Mr. Nguyen Huu Hanh
Governor
National Bank of Viet-Nam
17, Ben Chuong Duong
Saigon, Viet-Nam

Dear Mr. Bojanic:
Mr. Milenko Bojanic
General Manager
Yugoslav Investment Bank
Terazije 7-9
Belgrade, Yugoslavia

Dear Mr. Spasic:
Mr. Milivoje Spasic
Counselor
Yugoslav Investment Bank
Terazije 7-9
Belgrade, Yugoslavia

Dear Dick:
Mr. Richard M. Bliss
Vice President
Bankers Trust Company
16 Wall Street
New York, New York 10015

Dear Mr. Bogdan:
Mr. N. A. Bogdan
President
N. A. Bogdan & Co., Inc.
63 Wall Street
New York, New York

Dear Mr. Lyons:
Mr. John Lyons
President
Chase International Investment Corporation
1 Chase Manhattan Plaza
New York, New York 10005

Dear Rock:
Mr. Victor R. Rockhill
Executive Vice President
The Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, New York 10015

Dear Mr. Aldrich:
Mr. Hulbert S. Aldrich
Vice Chairman
Chemical Bank New York Trust Company
20 Pine Street
New York, New York 10015

Dear Mr. Coyle:
Mr. Donald E. Coyle
Senior Vice President
Chemical Bank New York Trust Company
20 Pine Street
New York, New York 10015
Dear Mr. Ganoe:
Mr. Charles Ganoe
President
The Company for Investing Abroad
Broad & Walnut Streets
Philadelphia, Pennsylvania

Dear Mr. Moore:
Mr. George S. Moore
President
First National City Bank
399 Park Avenue
New York, New York 10022

Dear Mr. Anderson:
Mr. Roger E. Anderson
Vice President
Continental Illinois National Bank
& Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois

Dear Mr. Wriston:
Mr. Walter B. Wriston
Executive Vice President
First National City Bank
399 Park Avenue
New York, New York 10022

Dear Mr. Perkins:
Mr. John Perkins
President
Continental International Finance Corporation
231 South LaSalle Street
Chicago, Illinois

Dear Mr. Archie:
Mr. Archie J. Battista
General Manager
First Pennsylvania Banking & Trust Company
15th and Chestnut Streets
Philadelphia 1, Pennsylvania

Dear Mr. Pattberg:
Mr. Emil J. Pattberg, Jr.
Chairman
The First Boston Corporation
20 Exchange Place
New York, New York 10005

Dear Mr. Bill:
Mr. William L. Day
Chairman
The First Pennsylvania Banking & Trust Company
15th & Chestnut Streets
Philadelphia 1, Pennsylvania

Dear Mr. Olmsted:
Mr. J. Warren Olmsted
Executive Vice President
The First National Bank of Boston
67 Milk Street
Boston, Massachusetts 02106

Dear Mr. Carrillo:
Mr. Rene Carrillo
Vice President
Frederick H. Hatch & Company
72 Wall Street
New York, New York

Dear Mr. Thomas:
Mr. Richard L. Thomas
Vice President
The First National Bank of Chicago
38 South Dearborn Street
Chicago, Illinois

Dear Ignacio:
Mr. Ignacio Copete-Lizarralde
Financial Manager
Inter-American Development Bank
808 - 17th Street, N.W.
Washington, D.C. 20577
Dear Bob:
Mr. Robert B. Menapace
Financial Adviser
Inter-American Development Bank
808 - 17th Street, N.W.
Washington, D.C. 20577
Dear Gus:
Mr. August Maffry
Senior Vice President
Irving Trust Company
1 Wall Street
New York, New York 10015

Dear Grady:
Mr. T. Graydon Upton
Executive Vice President
Inter-American Development Bank
808 - 17th Street, N.W.
Washington, D.C. 20577
Dear Mr. Howell:
Mr. John I. Howell
President
J. Henry Schroder Banking Corporation
57 Broadway
New York, New York 10015

Dear General Olmsted:
General George H. Olmsted
President
International Bank of Washington
1701 Pennsylvania Avenue, N.W.
Washington, D.C.
Dear Mr. Lund:
Mr. Anthony M. Lund
Kuhn Loeb & Company
40 Wall Street
New York, New York 10005

Dear Nat:
Mr. Nathaniel Samuels
Kuhn Loeb and Company
40 Wall Street
New York, New York 10005
Dear Mr. Petersen:
Mr. William E. Petersen
President
Irving International Financing Corporation
1 Wall Street
New York, New York 10015
Dear John:
Mr. John Lehman
Lehman Brothers
1 William Street
New York, New York 10004

Dear Mr. Palmaro:
Mr. Marcel A. Palmaro
Lehman Brothers
1 William Street
New York, New York 10004
Dear Mr. Barrand:
Mr. Harry P. Barrand, Jr.
Executive Vice President
Manufacturers Hanover Trust Company
350 Park Avenue
New York, New York 10022
Dear Tris:
Mr. Tristan E. Beplat  
Senior Vice President  
Manufacturers Hanover Trust Company  
350 Park Avenue  
New York, New York 10022

Dear Mr. Waage:
Mr. J. A. Waage  
Senior Vice President  
Manufacturers Hanover Trust Company  
350 Park Avenue  
New York, New York 10022

Dear Mr. Richardson:
Mr. Dean E. Richardson  
Vice President  
Manufacturers National Bank of Detroit  
151 West Fort Street  
Detroit, Michigan 48231

Dear Walter:
Mr. Walter K. Davies  
Executive Vice President  
Morgan Guaranty International Finance Corporation  
23 Wall Street  
New York, New York 10015

Dear Mr. Dubois:
Mr. J. Delafield Dubois  
President  
Morgan Guaranty International Finance Corporation  
23 Wall Street  
New York, New York 10015

Dear Mr. Merry:
Mr. Ellis B. Merry  
Executive Vice President  
National Bank of Detroit  
660 Woodward Avenue  
Detroit, Michigan 48232

Dear Jim:
Mr. James S. Bush  
President  
Northwest International Bank  
40 Wall Street  
New York, New York 10015

Dear Mr. Ravenscroft:
Mr. Richard S. Ravenscroft  
President  
Philadelphia International Investment Corporation  
Broad & Chestnut Streets  
Philadelphia, Pennsylvania

Dear Mr. Heldring:
Mr. Frederick Heldring  
Senior Vice President  
The Philadelphia National Bank  
Broad and Chestnut Streets  
Philadelphia, Pennsylvania

Dear Mr. Rose:
Mr. Victor R. Rose  
Vice President  
United California Bank  
405 Montgomery Street  
Los Angeles, California 90054

Dear Mr. Cook:
Mr. Ransom M. Cook  
Chairman  
Wells-Fargo Bank  
464 California Street  
San Francisco, California 94120

Dear Mr. Taylor:
Mr. Stanfield Taylor  
Western Bancorporation International Bank  
61 Broadway  
New York, New York 10019

Dear Mr. White:
Mr. Ogden White  
White, Weld & Co.  
300 Park Avenue  
New York, New York 10022
Mr. Ali Akbar Khosropur

B. H. Shin

Projects Submitted by
Development Finance Companies

November 4, 1966

Attached is a table showing the information you requested about free limits of development finance companies, projects approved by them, projects submitted by development finance companies to the Bank and IDA, and of the submitted projects those requiring Bank/IDA approval.

Attachment

cc: Messrs. Diamond/Skillings

BHShin: phm
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IVK (Austria)</strong></td>
<td>500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>n.a.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Bank loans have been fully disbursed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Last crediting to IVK's Loan Account was made in July 1963</td>
</tr>
<tr>
<td><strong>CDC (China)</strong></td>
<td>250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>41</td>
<td>11</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>44</td>
<td>11</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>17</td>
<td>9</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>C. Saldas (Colombia)</strong></td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CF Colombiana (</strong>)</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CF Nacional (</strong>)</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CF Norte (</strong>)</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CF Valle (</strong>)</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DBE (Ethiopia)</strong></td>
<td></td>
<td>117</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1964</td>
<td></td>
<td>114</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td></td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td></td>
<td></td>
<td></td>
<td>Last approval of a project was made in January 1964.</td>
</tr>
<tr>
<td><strong>IFF (Finland)</strong></td>
<td>250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>105</td>
<td>43</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>103</td>
<td>83</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>47</td>
<td>55</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td><strong>IDBI (India)</strong></td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>88</td>
<td>62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>69</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>n.a.</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IMDBI (Iran)</strong></td>
<td>750</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>33¹/₂</td>
<td>7</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>35¹/₂</td>
<td>13</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td>81/₂/</td>
<td>7</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>IDIB (Israel)</strong></td>
<td>333</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>188</td>
<td>52</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>54</td>
<td>26</td>
<td>5</td>
<td></td>
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n.a. Not available.
1/ For financial year ending March 20.
2/ For the first 3 months of 1966/67.
<table>
<thead>
<tr>
<th>Country</th>
<th>Latest Free-Limit ($'000)</th>
<th>Number of Projects:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approved by Company</td>
<td>Submitted to Bank/IDA</td>
</tr>
<tr>
<td><strong>MIDFL (Malaysia)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>1/</td>
<td>2</td>
</tr>
<tr>
<td>1965</td>
<td>4/</td>
<td>4</td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>11/</td>
<td>10</td>
</tr>
<tr>
<td><strong>BNDE (Morocco)</strong></td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>22/</td>
<td>20</td>
</tr>
<tr>
<td>1965</td>
<td>21/</td>
<td>28</td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>20/</td>
<td>11</td>
</tr>
<tr>
<td><strong>PICIC (Pakistan)</strong></td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>1965</td>
<td>5/</td>
<td>25</td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>27</td>
<td>11</td>
</tr>
<tr>
<td><strong>PDOP (Philippines)</strong></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>1965</td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>IFCT (Thailand)</strong></td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>1965</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td><strong>SNI (Tunisia)</strong></td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Bank Loan No. 449 became effective on July 11, 1966.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TSKB (Turkey)</strong></td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>12/</td>
<td>32</td>
</tr>
<tr>
<td>1965</td>
<td>15/</td>
<td>84</td>
</tr>
<tr>
<td>1966 (6 months)</td>
<td>82/</td>
<td>34</td>
</tr>
</tbody>
</table>

1/ For financial year ending March 30.
2/ Including direct loans only.
3/ Projects committed.
TO: All DFC Professional Staff
FROM: B. H. Shin
SUBJECT: Most Frequently Used Lending Rates of Development Finance Companies

1. Attached is a revised table on the above subject to replace Item 6 of your Data Book II.
2. Also attached is a revised Table of Contents for your Data Book II.

Attachments (2)
BHShin:phm
## MOST FREQUENTLY USED LENDING RATES OF DEVELOPMENT FINANCE COMPANIES

<table>
<thead>
<tr>
<th>Company</th>
<th>Rate</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IVK (Austria)</strong></td>
<td>7-3/4%</td>
<td></td>
</tr>
<tr>
<td><strong>CDC (China)</strong></td>
<td>14.04%</td>
<td>When Government assumes foreign exchange risk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>When borrower assumes foreign exchange risk</td>
</tr>
<tr>
<td><strong>CF Colombiana (Colombia)</strong></td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td><strong>CF Caidas (Colombia)</strong></td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td><strong>CF Nacional (Colombia)</strong></td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td><strong>CF Norte (Colombia)</strong></td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td><strong>CF Valle (Colombia)</strong></td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td><strong>DBE (Ethiopia)</strong></td>
<td>7%</td>
<td>On agricultural loans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>On industrial loans</td>
</tr>
<tr>
<td><strong>IFF (Finland)</strong></td>
<td>8 ½%</td>
<td></td>
</tr>
<tr>
<td><strong>NIBID (Greece)</strong></td>
<td>10%</td>
<td>NIBID normally charges a basic rate of 8% plus 2% when borrower's profit exceeds an agreed level.</td>
</tr>
<tr>
<td><strong>ICICI (India)</strong></td>
<td>8%</td>
<td>On local currency loans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>On foreign currency loans</td>
</tr>
<tr>
<td><strong>IMDBI (Iran)</strong></td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td><strong>IDBI (Israel)</strong></td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td><strong>CIDI (Ivory Coast)</strong></td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td><strong>LBIDI (Liberia)</strong></td>
<td>8%</td>
<td>LBIDI established in November 1965, has not yet made any loans.</td>
</tr>
<tr>
<td><strong>MIDFL (Malaysia)</strong></td>
<td>8-9%</td>
<td></td>
</tr>
<tr>
<td><strong>BNDE (Morocco)</strong></td>
<td>7%</td>
<td>The rate is a maximum interest rate BNDE may charge under Government subsidization to make this rate effective.</td>
</tr>
<tr>
<td><strong>NIDB (Nigeria)</strong></td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Finance Company (Country)</td>
<td>Description</td>
<td>Rate(s)</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>PICIC (Pakistan)</td>
<td>A maximum interest rate PICIC may charge under Government restriction:</td>
<td>7.2%</td>
</tr>
<tr>
<td></td>
<td>On loans out of resources other than IBRD loan proceeds.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>On loans out of IBRD loan proceeds.</td>
<td>8%</td>
</tr>
<tr>
<td>FDCP (Philippines)</td>
<td></td>
<td>10.2%</td>
</tr>
<tr>
<td>BANDESCO (Spain)</td>
<td>BANDESCO is restricted by Government regulation to a maximum interest spread of 2.5%.</td>
<td>7.3%</td>
</tr>
<tr>
<td>IFCT (Thailand)</td>
<td>On local currency loans.</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>On foreign currency loans:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>When borrower assumes foreign exchange risk;</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td>When Government assumes foreign exchange risk.</td>
<td>9%</td>
</tr>
<tr>
<td>SNI (Tunisia)</td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>TSKB (Turkey)</td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>CAVENDES (Venezuela)</td>
<td>On foreign currency loans.</td>
<td>9.5%</td>
</tr>
<tr>
<td></td>
<td>On local currency loans.</td>
<td>10%</td>
</tr>
</tbody>
</table>

**NOTE:** In addition to the rates shown above, some development finance companies charge study fees which increase the effective rate.

IFC/DFC
November 1, 1966
DATA BOOK II
GENERAL ISSUES AND STUDIES INVOLVING DEVELOPMENT FINANCE COMPANIES

Table of Contents

1. Policy Statements Various dates
2. Policies of Development Finance Companies Regarding Maximum Size of Loans, Equity Investments or other Commitments in any Single Enterprise 10/1/66
3. Status of Counterpart Fund Loans and U.S. AID Local Currency Loans to Development Finance Companies 8/31/64
4. Status of Equity, Quasi-Equity, Debt and Debt-Borrowing Base Ratio of Development Finance Companies 9/3/64
5. Long-Term Subordinated Loan Capital of Development Finance Companies 10/4/66
6. Most Frequently Used Lending Rates of Development Finance Companies 11/1/66
7. Development Finance Companies' Administrative Expenses (7 Tables) 8/4/65
8. Repayment Schedules of Long-Term Subordinated Loan Capital and IBRD/IDA Loans to DFCs 9/30/65
9. Net Profit after Tax and Dividend Rate 10/19/65
10. Taxation Affecting Development Finance Companies with which the World Bank Group is Associated 1/5/66
11. Profitability of Development Finance Companies 7/6/66
12. Agency Fees for Administered Funds 3/15/66
15. Projects Presented by DFCs and Financed by IFC and Projects Jointly Financed by IFC and DFCs 5/16/66
17. Resources of Development Finance Companies as of December 31, 1965 5/12/66


19. Foreign Shareholders and Their Shareholdings in Development Finance Companies 5/13/66
Mr. Robert F. Skillings

October 31, 1966

H. Pollan

Disbursement Procedure of DFCs (your note of October 27)

The DFCs, which this Division is following and to which Bank loans are being disbursed, are ICICI and IMDBI.

Ref. (a)

As to both ICICI and IMDBI, the "normal procedure" is being used (paragraph 1 of Mr. Diamond's draft). I would, however, suggest using the term "list of items" to avoid confusion with the List of Goods established pursuant to Sec. 3.01 of standard IBRD loan agreement.

Ref. (b) Para. 4

(ii)(a) If a project is above the free limit, the Engineering Department determines whether the List is satisfactory; otherwise we rely on the DFCs.

If the disbursement request in respect of specific items conforms to the list of items submitted earlier, Treasurers have disbursed on the strength of the application.

(ii)(b) In the case of a smaller project, i.e. below the free limit, Treasurers has relied on the boiler plate language in the withdrawal applications that "the goods purchased or to be purchased by means of such payments are appropriate for such purposes out of the proceeds of any other loan, credit or grant available to it;"

b(i) Only when disbursement requests for $200,000 and over are received, then Treasurers check with whomever they can in the IFC Engineering Department or in the DFC Department. This has happened rarely.

Comment

I have tried to follow the organization of the question on Page 2 of Mr. Diamond's draft. If I wrote this note straight off, I would have composed it differently. As to substance itself, it appears to me that there is a sort of system employed by the Treasurers which has been empirically developed over the years largely guided by our colleagues' common sense. I believe, however, that there is a need for codifying the procedure,
Para. 5

I assume that the answer to your questions is "Yes" but I cannot find any evidence of it in the appraisal reports on the recent ICICI and IMDEI loans. In any event I would think that this should be done in connection with re-appraisals.

HPollan/de
cc: Messrs. Cason, Rigby,
    Pollan/files.
October 31, 1966

Dear Mike:

Thank you very much for your kind note of October 14. I very much enjoyed our talk.

It was thoughtful of you to place us on the distribution list of the Alliance newsletter. I shall be reading it regularly.

Yours sincerely,

[Signature]

William Diamond
Director
Development Finance Companies

Mr. Nathan A. Haverstock
Editor
Alliance for Progress Newsletter
1725 Eye Street, N.W.
Room 1113
Washington, D.C. 20006
October 28, 1966

Mr. Amos Sapir
210 West 101 Street
New York, New York

Dear Mr. Sapir:

It was a pleasure meeting you yesterday and to know that we could be of some assistance to you. At your request, I am sending you, under separate cover, a complete set of DFC annual reports. The name and full address of the firm of which Mr. Edward A. Tenentaum is the President is as under:

Continental Allied Company, Inc.
1319 F Street, N. W.
Washington, D. C.

Yours sincerely,

Zamir Hasan
Development Finance Companies

Separate cover - Mail

cc to: Mr. Skillings

Zamir:ldg
Sr. B. H. Shin
International Finance Corporation
1818 H. Street, N.W.
Washington, D.C. 20433

Estimado Sr. Shin:

Acuso recibo de su carta de fecha 18 del presente, dirigida al Dr. Vallenilla, a la cual nos anexa 20 copias del memorandum descriptivo sobre CAVENDES, atendiendo a nuestra solicitud.

Igualmente nos anuncia el envío de 19 memoranuda relativos a compañías financieras de desarrollo integrantes del grupo del Banco Mundial.

Le agradecemos el envío de dichos documentos los cuales consideramos de gran utilidad y quedamos en espera de los restantes, 5 memorananda, que nos anuncia.

Sin más a que referirme, me suscribo de Ud.

Muy atentamente,

Manuel Delgado Rovati
Gerente General

MDR:md
Disbursement Procedures for DFCs

I am attaching a draft paper prepared by Mr. Diamond describing what we understand to be the disbursement procedures under the Bank loan to development finance companies. Would you please review this paper carefully and let me have a note by the close of business Monday, October 31, saying:

(a) whether the description of the procedures and of the exceptions conform with what is actually being done; and

(b) the answers to the questions in paragraphs 4 and 5 as they apply to the loans you are helping to administer.
TO: All DFC Professional Staff          DATE: October 27, 1966
FROM: B. H. Shin
SUBJECT: Most Frequently Used Lending Rates
          of Development Finance Companies

1. Attached is an updated table on the above subject to
   replace Item 6 of your Data Book II.

2. Also attached is a revised Table of Contents for your
   Data Book II.

Attachments (2)

BHShin:phm
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Lending Rate</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>IVK (Austria)</td>
<td>7.75%</td>
<td></td>
</tr>
<tr>
<td>CDC (China)</td>
<td>14.04%</td>
<td>When Government assumes foreign exchange risk</td>
</tr>
<tr>
<td></td>
<td>9%</td>
<td>When borrower assumes foreign exchange risk</td>
</tr>
<tr>
<td>CF Colombiana (Colm)</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>CF Caldas (Colm)</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>CF Nacional (Colm)</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>CF Norte (Colm)</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>CF Valle (Colm)</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>DBE (Ethiopia)</td>
<td>7%</td>
<td>On agricultural loans</td>
</tr>
<tr>
<td></td>
<td>8%</td>
<td>On industrial loans</td>
</tr>
<tr>
<td>IFF (Finland)</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>NIBID (Greece)</td>
<td>8-10%</td>
<td></td>
</tr>
<tr>
<td>ICICI (India)</td>
<td>8%</td>
<td>On local currency loans</td>
</tr>
<tr>
<td></td>
<td>8%</td>
<td>On foreign currency loans</td>
</tr>
<tr>
<td>IMDBI (Iran)</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>IDBI (Israel)</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>BIDI (Ivory Coast)</td>
<td>7%</td>
<td></td>
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<tr>
<td>LBIDI (Liberia)</td>
<td>8½%</td>
<td>LBIDI established in November 1965, has not yet made any loans.</td>
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<td>MIDFL (Malaysia)</td>
<td>8-9%</td>
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<tr>
<td>BNDE (Morocco)</td>
<td>7%</td>
<td>The rate is a maximum interest rate BNDE may charge under Government subsidization to make this rate effective.</td>
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<tr>
<td>NIDB (Nigeria)</td>
<td>8%</td>
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</tbody>
</table>
PICIC (PAKISTAN) A maximum interest rate PICIC may charge under Government restriction:

- On loans out of resources other than IBRD loan proceeds. 7½%
- On loans out of IBRD loan proceeds. 8%

FDCC (PHILIPPINES) 10%

BANDESCO (SPAIN) BANDESCO is restricted by Government regulation to a maximum interest spread of 2.5%. 7½%

IFCT (THAILAND) On local currency loans. 9%

On foreign currency loans:

- When borrower assumes foreign exchange risk; 7½%
- When Government assumes foreign exchange risk. 9%

SNI (TUNISIA) 8%

TSKB (TURKEY) 8%

CAVENDES (VENEZUELA) On foreign currency loans. 9½%

On local currency loans. 10%

NOTE: In addition to the rates shown above, some development finance companies charge study fees which increase the effective rate.

IFC/DFC
October 27, 1966
# DATA BOOK II

## GENERAL ISSUES AND STUDIES INVOLVING DEVELOPMENT FINANCE COMPANIES

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17. Resources of Development Finance Companies as of December 31, 1965

18. Aggregate Financial Assistance of Development Finance Companies

19. Foreign Shareholders and Their Shareholdings in Development Finance Companies
Disbursement Procedures for dfe - Financed Projects

In connection with a disbursement request from PICIC for the Thal Jute project, you asked me for a brief description of how such requests are being handled (in the Bank and by us). Without going into all the technical details about the various cases of disbursement procedures (five in all), the following applies:

List of Goods

1. A Treasurer's memorandum (dated April 1964) states:

"At the time the loan is negotiated, or as soon as practicable thereafter, a list of goods is drawn up in agreement between the Bank and the borrower. This list of goods may be changed only by formal agreement between the Bank and the borrower. The list of goods usually consists of a few main categories which correspond to a summary of the types of goods and services needed for the project to be carried out."

2. For dfe projects, the list of goods is usually contained in the project appraisal (or in the description of the project, in the case of a project below the free limit). The lists vary in detail from project to project and from dfe to dfe, and may or may not contain prices for each item. The attached Annex 1 will give you a rough idea of practices in six dfe's.

Currency

3. The above mentioned Treasurer's memorandum states:

"Article III, Section 3.02 of the Loan Regulations of the Bank, which are generally applicable to Bank loans, provides that the borrower shall use reasonable efforts to purchase goods with the currencies of the countries from which such goods are acquired. It is the policy of the Bank to disburse in the currency of the country from which the goods or services are acquired, in the absence of very good reasons to the contrary."
Withdrawal Applications

4. The dfc sends to the Bank the necessary filled-in forms and supporting documentation as required according to the case (reference is made to the above-mentioned Treasurer's memorandum, a copy of which is attached - Annex 2).

5. If the amount of the request is less than the equivalent of $200,000, Treasurer's Department checks all lists of equipment, prices etc. against the original list of goods received with the project appraisal and, if found to be in order, authorizes payment.

6. If the amount involved is more than the equivalent of $200,000, Treasurer's has laid down the rule that "prices and suitability of goods" should be checked and approved by the "technical" department concerned. In case of ordinary Bank projects, this is Projects Department. In the case of dfc projects, they have come to us.

7. I have received a number of such withdrawal applications, and have come to realize the impossibility of saying, "This is the equipment required for the project, and the prices are right." What I have said, when nothing has struck me as being out of line is, "This looks OK to me," but a statement like that is really not worth much.

8. I believe the Bank has to rely on the dfc on these matters. When we do not partake actively in the appraisal of a project - and we do not in the majority of cases - it is virtually impossible to say from this distance whether any particular price of equipment is the right one for the project and property priced. However, when IFC is a partner with a dfc in any project, the IFC Investment Department would probably want to follow and check withdrawal requests from the dfc.

Attachment

ESEkse/med
Breakdown of Costs for Goods to be Imported for dfc Projects

1. Tunisia - SNIT

   Prices for single machines or groups of equipment are not given. The kind of breakdown varies. Sometimes the cost estimate is not detailed at all, sometimes the breakdown is limited to land, construction and equipment.

2. Morocco - ENDE

   Costs are broken down to groups of suppliers, for instance, weaving equipment from x and spinning equipment from y.

3. Pakistan - PICIC

   Rather detailed breakdowns of the costs are given according to groups of equipment, for instance, speed frames, cone winders, etc. In some cases, however, such breakdowns are missing (e.g., Thal).

4. Turkey - TSKB

   The breakdowns are given according to operational units, for instance, chips drying installation, extruder, laboratory equipment.

5. Finland - IFF

   The breakdowns are limited to groups of machinery, for instance, Leco machinery for concrete station and heating center machines, oil and water tanks, boiler for heating.

6. Malaysia - MIDFL

   Costs are split up for land, building, plant and machinery.
Subsidiaries of Development Finance Companies

Your questions, in your memos of October 19 and October 20, on the above subject, are answered as follows:

1. NIGERIA - NIDB:
   a) Icon Securities Limited: Share capital £N 100; a wholly-owned subsidiary engaged in stock dealing and new issue work.
   b) Icon Nominees Limited: Share capital £N 2, a wholly-owned subsidiary engaged in holding securities on behalf of the above-named subsidiary's clients.

2. INDIA - ICICI:
   None.

3. IRAN - IMDBI:
   None, but there is a plan for setting up an investment company.

4. ETHIOPIA - DBE:
   Ceres Company Limited: Share capital Eth. $300,000; a wholly-owned subsidiary engaged in trading of agricultural products as well as agricultural finance such as advance against goods to be purchased and equity participation.

We are unaware of any promotional companies set up by the development finance companies our Division is dealing with.

cc: Pollan/subj. files.
Messrs. Pollan, Sekse, Fernandes, Powell, Gustafen

William Diamond

Subsidiaries of Development Finance Companies

Regarding my memorandum of yesterday, please give me also names of any "promotional companies" set up by the development finance companies you deal with.
Would you be good enough to let me know, by noon tomorrow, whether any of the development finance companies that we are concerned with (among the 25 with which we are associated) has a subsidiary and, if so, the name and purpose of the subsidiary. Also, I should like to know whether any of these companies has an interest, of no matter what size, in an intermediary financing enterprise.

The examples that come immediately to mind are MIEL, the industrial-estate financing subsidiary of MIDFL; and ICON Securities Limited, the share-dealing subsidiary of RIBB.

I should be grateful to have your list by lunch-time tomorrow.
Dr. Luis Vallenilla  
President  
C.A. Venezolana de Desarrollo  
Edificio Mene Grande  
Avenida Francisco de Miranda No. 360  
Caracas, Venezuela

Dear Dr. Vallenilla:

With reference to the descriptive memorandum on the C.A. Venezolana de Desarrollo and to your letter of August 16, 1966, I take pleasure in sending herewith the twenty copies that you requested of the final version of the memorandum.

I am also sending you under separate cover, a set of descriptive memoranda on nineteen (a list attached) out of the other twenty-four development finance companies with which the World Bank group is associated at present. We expect to complete similar memoranda on the remaining five shortly and will be sending them to you when they are finalized. We trust that you will find this material useful. Needless to say, we are deeply grateful for your cooperation in enabling us to prepare this material.

Yours sincerely,

B. H. Shin
Development Finance Companies

Enclosures

BHShin:phm

cc: DFC Division Chief
Mr. Robert F. Skillings  
Deputy Director  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433  

Dear Mr. Skillings:  

In Mr. Osius' absence from the bank, I acknowledge with thanks receipt of your letter of September 21 which enclosed copies of press announcements relating to development finance companies. This information will be very helpful and we appreciate your sending it along to us.

Cordially,  

[Signature]

Frederick J. Schroeder, Jr.

FJS:te
1. The following DFC's are charging their customers a study fee or a fee for their appraisal work.

   i) Colombia - Financieras: 1% of the loan amount, (in case of CF Caldas, 1% for loans for up to 18 months and 2% for loans for over 18 months).

   ii) Venezuela - CAVENDES: 2-3% of the loan amount, varying according to the resources to be used.

   iii) Pakistan - PICIC: 1% of the loan amount.

   iv) Morocco - BNDE: DH 500 (equivalent to US$100) per application.

   v) Tunisia - SNI, Finland - IFF, Philippines - PDCP: Fees determined on the basis of actual cost, plus, sometimes, profit. (In the case of PDCP, down payment of such fees is required at the time of application to be refunded if the loan is consumated.)

2. I imagine that many of the "study fees" as percentage of the loan amount could more properly be termed as an extra interest, whereas the actual expenses in connection with the project study might be charged by other DFC's not mentioned above.

cc: Circ. (2)
AMuramatsuibda
Mr. Y. L. Chang                                      September 27, 1966

D. W. Gray

YIELDS ON INVESTMENTS IN DEVELOPMENT FINANCE COMPANIES

Mr. Shin's memorandum to you dated September 22, 1966 refers.

The yields have been recalculated and the attached schedule has been
prepared to include additional information to enable the yields shown for
specific years to be reconciled with the cumulative yields.

Attachment

cc: Messrs. Y. L. Chang
    Rutland
    Gray
    Baddar
    Matthews
    Murias

FILE - Yields on investments

DwGray:1z
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<td><strong>268,085</strong></td>
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Mr. Y. L. Chang

B. H. Shin

Draft Tables on Dividends from DFC's

Attached are draft tables regarding dividends received or to be received from the development finance companies in which IFC holds share subscriptions.

Would you please be kind enough to review the tables and make any comments you may see fit.

BHShin: phm
September 21, 1966

Mr. Richard J. Osius
International Division
National Bank of Detroit
660 Woodward Avenue
Detroit, Michigan 48232

Dear Mr. Osius:

As I promised on the telephone today, I am enclosing copies of the press announcements which describe several of the typical operations we have engaged in with development finance companies, involving participation with U.S. investors.

As I mentioned, we shall be delighted to see you in Washington sometime to tell you how we approach operations of this kind. If you give us enough advance notice, we would like to have you lunch with us.

With kind regards,

Yours sincerely,

Robert F. Skillings
Deputy Director
Development Finance Companies

Enclosures

cc: Mrs. Seal
RFSkillings:vmv
Division Staff

September 20, 1966

A. Hernán Mejía

Staff Assignments for the Preparation of Monthly Reports on DFCs activities and Monthly Reports to the Board of Directors

1. Further to my memorandum of September 6, I would like to clarify that the monthly reports on DFCs activities as well as the monthly reports to the Board (the former are supposed to be prepared before the 15 of the month and the latter at the end of the month) should also be prepared by the staff members in charge of analyzing and summarizing the reports received from the financieras, as assigned in my memo of September 6.

2. Weekly reports should be prepared by the staff members in charge of the specific countries, according to the instructions contained in my memorandum of May 4, 1966.

cc: Messrs. Blondel
    Fernandes
    Loesser
    Lusny

A. Mejía/va
September 15, 1966

Professor Joel B. Dirlam
130 Biscuit City Road
Kingston,
Rhode Island

Dear Professor Dirlam:

Many thanks for your note of September 14, 1966 giving your comments on the 1965 Law on Banks and Credit Transactions. It has made interesting reading, particularly in the context of my visit to Yugoslavia. I have only just returned.

With kind regards,

Yours sincerely,

William Diamond
Director
Development Finance Companies

cc: Circ. (2)
SGupta: bda
Mr. William Diamond

Harry J. Williams

DFC Accounting and Auditing Requirements

September 2, 1966

Attached is a comparison of Bank and IFC Loan/Investment Agreement covenants relating to accounting and auditing. This submission is made with the view that the covenants to be included in future Bank Loan Agreements should be revised so as to more nearly provide the protection and control presently afforded IFC under the standard covenants of its Investment Agreements.

Attachment

cc: Messrs. Skillings, Powell, Sekse, Jeffries; Mejia Arango, Khoorpur, Shin

EJW/Fb
Bank Loan Agreement Typical Covenants relative to Accounting and Auditing

Section 5.02. (a) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Investment Enterprises, the Investment Projects and the administration, operations and financial condition of the Borrower.

(b) The Borrower shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

(c) The Borrower shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the fiscal year to which they apply transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

IFC Investment Agreement Standard Covenants relative to Accounting and Auditing

Section 6.01. Unless IFC shall otherwise agree, the Company shall:

(g) Furnish promptly to IFC such information as IFC may from time to time reasonably request and permit representatives of IFC to visit any of the premises where the business of the Company is conducted and to have access to its books of account and records;

(c) Promptly and diligently install, and thereafter maintain, the accounting and cost control system referred to in Section 5.01 (b), and maintain books of account and other records adequate to reflect truly and fairly the financial position of the Company and the results of its operations (including the progress of the Project) in conformity with (sound) (generally accepted accounting principles consistently applied);

(d) Within thirty days after the end of each quarter of each fiscal year, furnish to IFC copies of the Company's complete financial statements for such quarter in form satisfactory to IFC and certified by an officer of the Company, together with reports on the implementation and progress of the Project and on factors materially affecting or likely materially to affect the Company's business;

(e) As soon as available but, in any event, within ninety days after the end of each fiscal year, forward to IFC two copies of its complete financial statements for such fiscal year (which are in agreement with its books of account and prepared in accordance with generally accepted accounting principles consistently applied), together with an audit report thereon, all in form satisfactory to IFC, and a copy of any communication sent by the auditors to the Company or to its management in relation to the Company's accounting system or accounts. The auditors shall be a firm of independent public accountants satisfactory to IFC and their fees and expenses shall be for the account of the Company. The Company shall authorize the auditors to communicate directly with IFC at any time regarding the Company's accounts and operations.
August 30, 1966

Mr. William Diamond  
Director  
International Finance Corporation  
1818 11 Street, N. W.  
Washington, D. C. 20433

Dear Mr. Diamond:

Just a note to tell you that I will come to Washington on Tuesday, September 6. Naturally I will be delighted to have the opportunity to visit with you briefly. In this respect I should like to take the liberty of calling at your office the morning of Friday, September 2 to arrange for an appointment.

With kindest regards, I remain,

Sincerely yours,

Philocles D. Assimakis

Vicky please tell Mr. Diamond not be here.

clean 9/2
August 26, 1966

Dr. Luis Vallenilla  
President  
C.A. Venezolana de Desarrollo  
Edificio Mene Grande  
Avenida Francisco de Miranda No. 360  
Caracas, Venezuela

Dear Dr. Vallenilla:

Thank you very much for your letter of August 16, 1966 to Mr. Shin regarding the draft descriptive memorandum on the C.A. Venezolana de Desarrollo. We are very grateful for the corrections and additional information. We are now revising the draft according to your suggestion and will be sending you 20 copies, as requested, as soon as it is finalized.

With kind regards,

Yours sincerely,

Robert F. Skillings  
Deputy Director  
Development Finance Companies

cc: Mr. Mejia
Would you please have in my office by the close of business on Monday, August 29, material for the August Monthly Report. All material on each development finance company should be typed on a separate sheet of paper, double spaced and submitted in duplicate.
August 18, 1966

Mr. E.T. Kuiper
Wierdijkje 6
Bergen, H.H.
Netherlands

Dear Ego:

I owe you an apology for not having written to you some time ago about your essay on promotion. The fact is that I read it as soon as it arrived, and had two principal reactions to it:

(a) It was an interesting and useful commentary on the subject by a person with considerable experience;

(b) It needs editing and perhaps some re-ordering of the material in order to eliminate some duplication and to make the argument a little clearer.

In short, it is what I wanted, and I am sure it will make a contribution of the kind we planned.

I delayed writing to you along the foregoing lines because I hoped to be able to make some suggestions with respect to revision, but the pressure of work has prevented me from doing what I planned to do. Since I am going off tomorrow on a holiday, and since you will already be in Korea when I return, I thought I ought at least to let you know now that I am pleased with the first draft of your first essay.

I hope that my silence until now has not inhibited you from going ahead with your second. I shall look forward to seeing it. I would also be grateful for any comments you might have on Mathew's paper, and on the second one by Gustafson.

With best wishes.

Sincerely yours,

William Diamond
Director
Development Finance Companies
Sr. B.H. Shin
Development Finance Companies
International Finance Corporation
1818 H Street, N.W.
Washington D.C. 20433
U.S.A.

Muy estimado Sr. Shin:

Acuso recibo de su correspondencia del 22 de Julio próximo pasado. Atendiendo a su contenido hemos procedido a revisar el borrador de memorándum sobre Cavendes, que nos han enviado, el cual hemos encontrado correcto.

Como Uds. dicen en la citada carta, desean mantener actualizada la información del memorándum, mediante revisiones anuales, que entendemos se efectuarán con referencia a los cierres que se efectúen en todos los 31 de Diciembre. De allí que no veamos la necesidad de modificar la información financiera en función de los resultados obtenidos durante el ejercicio correspondiente al primer semestre del corriente año finalizado el pasado 30 de Junio, y cuyos estados financieros certificados por nuestros auditores externos les harémos llegar próximamente, apenas los recibamos de Price Waterhouse.

La única observación que tenemos, es que al pie de la primera página del memorándum indican como tipo de cambio Bs. 4,40 = U.S.$ 1, en lugar de Bs. 4,50 = U.S.$ 1, de acuerdo al tipo de cambio oficial vigente hoy en día.

Agradecemos su oferta de enviarnos copia del folleto definitivo que se publique y creemos que veinte (20) ejemplares serán suficientes.

Sin más a que hacer mención quedamos de Uds.,

Atentamente,

[Nombre]
Presidente

MLG: mep.
C. A. VENEZOLANA DE DESARROLLO

SOCIETAD FISTRICULARA

P.D.GO. CONSERVADO EN CARACAS-CARACAS
EXTRANJERO: 600 Y 601 DEL 3 DE JULIO DE 1966

En Agosto de 1966 I. M. S. 32

PRESIDENCIA

1966 AUG 22 AM 8:32

COMMUNICATIONS

PRESIDENT

1970 JUN 13

MC:emp
C. A. VENEZOLANA DE DESARROLLO (CAVENDES)  
(Finance Corporation)

Suscribed and paid up capital: Bs. 36,503,500 
Apartado Correos 11341 
Chacao, Caracas

Caracas, Venezuela 

August 16, 1966

Mr. B.H. Shin 
Development Finance Companies Department 
International Finance Corporation 
1818 H. Street N.W. 
Washington, D.C.

Dear Mr. Shin:

I am pleased to acknowledge the receipt of your letter of July 22, 1966. In the light of what you said, we have examined the draft memorandum concerning Cavendes that you forwarded to us and have found it to be correct.

As you point out in your letter, you wish to keep the information in the memorandum up-to-date, by means of an annual review, which, we take it, should be made on the basis of the annual closing dates on each December 31. We therefore see no need to amend the financial data on the basis of the results obtained in the financial period corresponding to the first half of the current year ending on June 30 last, the financial statements for which, as certified by our external auditors, will be forwarded shortly, as soon as we receive them from Price Waterhouse.

The only thing we would like to point out is that at the foot of page 1 of the memorandum you give the rate of exchange as Bs. 4.40 = US$1, instead of Bs. 4.50 = US$1, which is now the current official exchange rate.

We thank you for your offer to send us copies of the final brochure, as published, and believe that 20 of these should be sufficient.

We remain,

Yours very truly,

S/ Luis Vallenilla 
President

TRANSLATION SECTION 1572/66
Translated From: Spanish 8.26.68 By: JHH/lwf
<table>
<thead>
<tr>
<th>Country</th>
<th>Project</th>
<th>Equity</th>
<th>Loan</th>
<th>Credit</th>
<th>Financial Year-end</th>
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<td>Allgemeine Ruckversicherungs- und Treuhand Gesellschaft m.b.H.</td>
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## International Finance Corporation

### Investments - Latin America, Europe and Australasia

#### Auditing Position - August 5, 1966

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<th>Project</th>
<th>IFC Investment</th>
<th>Loan</th>
<th>Year</th>
<th>Equity</th>
<th>Due</th>
<th>Audit Reports</th>
<th>Quality</th>
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<td>-</td>
<td>June 30</td>
<td>Oct. 28</td>
<td>12/2/65</td>
<td>7/25/66</td>
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<td>12/23/65</td>
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<td>Sept 28</td>
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<td>Laminas del Caribe, S.A.</td>
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<td>-</td>
<td>Sep. 30</td>
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<td>Sep. 30</td>
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<td>Ecuador:</td>
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<td>La Internacional, S.A.</td>
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<td>Dec. 31</td>
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<td>D*</td>
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**Location**

**Auditors**
International Finance Corporation  
Investments - Latin America, Europe and Australasia, continued  

Auditing Position - August 5, 1966  

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<th>Audit Reports</th>
<th>Quality**</th>
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<td>Tubos de Acero de Mexico, S.A.</td>
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<td>Dominguez y CIA. - Caracas, S.A.</td>
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<td>Nov. 30</td>
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**Quality code:  
A - Excellent  
B - Fair to good  
C - In correspondence with IFC, the auditors have indicated an understanding of IFC's financial reporting needs and a desire and willingness to comply.  
D - Unsatisfactory  
* - Audit report contains qualifications
## International Finance Corporation
### Investments - Africa, Asia and Middle East

#### Auditing Position - August 5, 1966

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<td>11/2/65</td>
<td>11/26/65</td>
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<td>Apr 12</td>
<td>7/6/65</td>
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<td>7/7/66</td>
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<td>7/6/66</td>
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<td>-</td>
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<td>7/7/66</td>
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<td>-</td>
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</tr>
<tr>
<td>Iran: Sherkate Sahami Kakhsan</td>
<td>x</td>
<td></td>
<td></td>
<td>(No financial statements since 1960 - guaranteed)</td>
<td></td>
<td></td>
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<tr>
<td>Malaysia: Terak Cement, Ltd.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>June 30 Oct. 28</td>
<td>8/5/66</td>
<td>C</td>
<td>B</td>
<td></td>
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</tr>
<tr>
<td>Morocco: Compania Industrial del Lukus, S.A.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>Dec. 31 Mar. 31</td>
<td>8/5/66</td>
<td>C</td>
<td>B</td>
<td></td>
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<tr>
<td>Nigeria: Aowen Textiles, Ltd.</td>
<td>x</td>
<td></td>
<td></td>
<td>Mar. 31 June 29 July 25</td>
<td>8/4/66</td>
<td>D</td>
<td>D</td>
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<tr>
<td>Pakistan: Steel Corporation of Pakistan, Ltd.</td>
<td>x</td>
<td></td>
<td>-</td>
<td>June 30 Oct. 28</td>
<td>Pass (Bekker)</td>
<td>B*</td>
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<tr>
<td>Ismail Cement Industries Ltd.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>June 30 Oct. 28</td>
<td>6/16/66</td>
<td>D</td>
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<tr>
<td>Crescent Jute Products Ltd.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>Dec. 31 Apr. 30 June 2</td>
<td>6/21/66</td>
<td>B</td>
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<td></td>
<td></td>
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<tr>
<td>Packages Limited</td>
<td>x</td>
<td></td>
<td>x</td>
<td>Dec. 31 May 30</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Sudan: Khartoum Spinning &amp; Weaving Company, Ltd.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>Dec. 31 Apr. 30 May 13</td>
<td>7/7/66</td>
<td>D</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Tanzania: Kilonbero Sugar Company, Ltd.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>Apr. 30 July 29</td>
<td>1/27/66</td>
<td>1/28/66</td>
<td>3/28/66</td>
<td>C</td>
<td>B</td>
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<tr>
<td>Tunisia: NPK-Buengeri, S.A.T.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>Dec. 31 Apr. 30 Apr. 7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>A</td>
<td>B</td>
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<tr>
<td>Uganda: Mulco Textiles, Ltd.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>Dec. 31 May 30 July 8</td>
<td>8/3/66</td>
<td>B</td>
<td></td>
<td></td>
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</table>

**Quality code:**
- A - Excellent
- B - Good and improving
- C - In correspondence with IFC, the auditors have indicated an understanding of IFC's financial reporting needs and a desire or willingness to comply
- D - Unsatisfactory
* - Audit report contains qualifications

Firm | Auditors
---|---
Price Waterhouse Peat & Co. | Addis Ababa
Shaha & Co. | Calcutta
A. F. Ferguson & Co. | Bombay
Lovelock & Lewes | Calcutta
A. F. Ferguson & Co. | Bombay
Subbaschar & Srinivasan and M. S. Krishnaswami & Jagannathan | Coimbatore
Peat, Marwick, Mitchell & Co. | Ipoh
Peat, Marwick, Mitchell & Co. | Madrid
Pannell Fitzpatrick, Graham & Crewdson | Karachi
A. F. Ferguson & Co. | Karachi
Rahim Jan & Co. | Karachi
Riaz Ahmed & Co. | Karachi
A. F. Ferguson & Co. | Karachi
Russell & Co. | Khartoum
Coopers & Lybrand | Dar es Salaam
Milos Olsson Revisionsbyra | Stockholm
Peat, Marwick, Mitchell & Co. | Kampala
<table>
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<th>IDA</th>
<th>IBRD</th>
<th>IFC</th>
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**CORRESPONDENCE RECORD FORM**

<table>
<thead>
<tr>
<th>FROM</th>
<th>DATED</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N. Nishibara</td>
<td>Aug. 11, 1966</td>
<td></td>
</tr>
<tr>
<td>IFC, Tokyo</td>
<td></td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledging the receipt of a letter dated July 29, 1966 re: joint ventures between the IFC and development finance companies. Addressed and</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>REFERRED TO</th>
<th>DATE RECEIVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Diamond</td>
<td>Aug. 17, 1966 mp</td>
</tr>
</tbody>
</table>
August 10, 1966

Mr. Alecos Michaelides  
Georgia Institute of Technology  
P.O. Box 32014  
Atlanta, Georgia

Dear Mr. Michaelides:

I have just returned to the office and have your letter of July 31 to Mr. Su. I am pleased to enclose a list of the addresses of the development banks you are interested in contacting. We do not have addresses of the Indonesian and Burmese institutions. The EDFO in Greece is now part of the Hellenic Industrial Development Bank.

As to the questionnaire, I am afraid we will not be in a position to provide answers to most of the questions you have asked and in any event it would be more appropriate for the development bank itself to do so. I have considerable doubt that you will obtain satisfactory responses from these banks on many of the more general questions you have asked. It would certainly be better to obtain this information from meetings with the banks themselves but perhaps this is not feasible. On the other hand, I think I would value more having a few thorough case studies than I would the responses you are likely to get from the more wholesale broadcasting of a questionnaire.

I wish you luck in whatever you decide to do.

Yours sincerely,

D. W. Jeffries  
Development Finance Companies

Enclosure

cc: Circ. (2)

DWJeffries:tk
DEVELOPMENT FINANCE COMPANIES DEPARTMENT

A. Definite Proposals under Consideration for New Investments and Loans

Ceylon
The mission's report on a proposed Bank loan (and possibly an IFC investment) to the Development Finance Corporation of Ceylon is being revised. Meanwhile the Bank is considering whether to resume lending to Ceylon.

Jamaica
The proposal for a new private development finance company (in which an IFC investment is expected) is in abeyance while the Steering Committee awaits the Government's decision on the amount and form of its assistance.

Yugoslavia
A mission will appraise the Yugoslav Investment Bank in September or October for a proposed Bank loan.

B. Routine Loans to Old Clients

Greece
A mission will appraise NIBID in August, in connection with its application for a Bank loan of $20 million.

Israel
The mission which appraised IDBI for a second Bank loan is preparing its report.

Malaysia
A mission visited MIDFL in July to consider its needs and suitability for a new Bank loan, and is preparing its report.

Nigeria
Presentation of a $6 million Bank loan to NIDB to the Board awaits completion of arrangements for the Government's loan to NIDB.

Philippines
Negotiation of a second loan of $25 million took place in early June. Presentation of the loan to the Board awaits both guarantee legislation and the outcome of general discussions between the Bank and the Government.

Turkey
Signature of the agreements for an IDA credit of $15 million and a Bank loan of $10 million (approved June 23) await the outcome of negotiations on the negative pledge.
### C. Other Proposals Being Explored

<table>
<thead>
<tr>
<th>Country</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>The Government has been informed that IFC is prepared to assist it in setting up a private development finance company.</td>
</tr>
<tr>
<td>Brazil</td>
<td>A mission is in Brazil studying BNDE's methods of financing the private sector through public and private financial institutions, and getting up to date on plans for setting up private investment companies.</td>
</tr>
<tr>
<td>Cameroons</td>
<td>The Banque Camerounaise du Developpement is being informed that there is not now a basis for assistance to it.</td>
</tr>
<tr>
<td>Chile</td>
<td>The proposal for a development finance company is in abeyance pending clarification of the Government's position.</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>The proposal for a private development finance company is reviving, now that there is a legitimate government. The relevant legislation approved by the provisional government is under study.</td>
</tr>
<tr>
<td>East Africa</td>
<td>IFC will participate in the Bank's forthcoming general economic mission in October in order to study the prospects for industry, the need for industrial finance, and the effectiveness of present industrial financing institutions.</td>
</tr>
<tr>
<td>Korea</td>
<td>A mission to study the Government's request for help in the creation of a new private development finance company is planned for September.</td>
</tr>
<tr>
<td>Malagasy</td>
<td>A mission to explore the country's needs for industrial finance is planned for October.</td>
</tr>
<tr>
<td>Singapore</td>
<td>A mission visited Singapore in June-July to study proposals for a new development finance company, and its report is in preparation.</td>
</tr>
</tbody>
</table>

Development Finance Companies
August 3, 1966
DEVELOPMENT FINANCE COMPANIES DEPARTMENT

Pending Loans and Investments, July-December 1966
(tentative amounts shown in US$ million)

<table>
<thead>
<tr>
<th>Country</th>
<th>Loan</th>
<th>Credit</th>
<th>Investment</th>
<th>Status</th>
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<tbody>
<tr>
<td>Ceylon</td>
<td>2.5-4.0</td>
<td>-</td>
<td>-</td>
<td>Under study</td>
</tr>
<tr>
<td>Chile</td>
<td>5.0</td>
<td>-</td>
<td>0.3</td>
<td>In abeyance</td>
</tr>
<tr>
<td>Greece</td>
<td>20.0</td>
<td>-</td>
<td>-</td>
<td>Mission scheduled for August</td>
</tr>
<tr>
<td>Israel</td>
<td>20.0</td>
<td>-</td>
<td>-</td>
<td>Under study</td>
</tr>
<tr>
<td>Jamaica</td>
<td>5.0</td>
<td>-</td>
<td>0.3</td>
<td>Abeyance</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10.0 (?)</td>
<td>-</td>
<td>-</td>
<td>Under study</td>
</tr>
<tr>
<td>Nigeria</td>
<td>6.0</td>
<td>-</td>
<td>-</td>
<td>Awaits Government decision</td>
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<tr>
<td>Philippines</td>
<td>25.0</td>
<td>-</td>
<td>-</td>
<td>Abeyance</td>
</tr>
<tr>
<td>Singapore</td>
<td>(?)</td>
<td>-</td>
<td>(?)</td>
<td>Under study</td>
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<tr>
<td>Turkey</td>
<td>10.0</td>
<td>15.0</td>
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<td>Signature pending</td>
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<tr>
<td>Yugoslavia</td>
<td>(?)</td>
<td>-</td>
<td>-</td>
<td>Under study</td>
</tr>
<tr>
<td>Country</td>
<td>Purpose</td>
<td>Date</td>
<td>Members</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>----------------------------------------</td>
<td>-----------------</td>
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<td></td>
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<tr>
<td>Pakistan</td>
<td>Reappraise PICIC</td>
<td>Aug. 3-20</td>
<td>Sekse, Pesce, Mustafa</td>
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<tr>
<td>Greece</td>
<td>Appraise NIBID</td>
<td>Aug. 15-29</td>
<td>Gustafson, Gupta</td>
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<tr>
<td>Yugoslavia</td>
<td>Exploratory talks with YIB</td>
<td>Aug. (5 days)</td>
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<tr>
<td>Japan</td>
<td>Conference of staffs of Far East private development banks</td>
<td>Aug. 25-Sept. 5</td>
<td>Powell</td>
<td></td>
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<tr>
<td>Greece</td>
<td>Reappraise CAVENDES</td>
<td>Sept. 3-17</td>
<td>Fernandes, Blondel</td>
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<tr>
<td>Korea</td>
<td>Study new development finance company</td>
<td>Sept. 2-25</td>
<td>Kuiper, Ettlinger</td>
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<tr>
<td>East Africa</td>
<td>Assist economic mission</td>
<td>Oct. 22-Dec. 3</td>
<td>Ritchie</td>
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<tr>
<td>Finland</td>
<td>Reappraise IFF</td>
<td>Oct. 3-16</td>
<td>Jeffries, Su, Knothe</td>
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<tr>
<td>Yugoslavia</td>
<td>Appraise YIB</td>
<td>Oct. (3 weeks)</td>
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<tr>
<td>China</td>
<td>Reappraise CDC</td>
<td>Oct. (3 weeks)</td>
<td>Powell, Hedberg</td>
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<tr>
<td>Philippines</td>
<td>Get acquainted PDCP</td>
<td>Oct./Nov. (1 wk)</td>
<td>Powell</td>
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<td>Madagascar</td>
<td>Appraise scope for private development finance company</td>
<td>Oct. 8-30</td>
<td>Sekse, Morton</td>
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<tr>
<td>Central America</td>
<td>Reassess prospects for regional development finance company</td>
<td>Oct. 9-29</td>
<td>Arango, Luzny, Blondel, (Dewey)</td>
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<td>Spain</td>
<td>Appraise BANDESCO</td>
<td>Oct. 17-31</td>
<td>Jeffries, Muramatsu</td>
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<tr>
<td>Colombia</td>
<td>Reappraise Caldas, Valle</td>
<td>Nov. 8-28</td>
<td>Fernandes, 1 other</td>
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<tr>
<td>Liberia</td>
<td>Appraise LBIDI</td>
<td>Dec. (2 weeks)</td>
<td>Bose, J.P.</td>
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<tr>
<td>Colombia</td>
<td>Reappraise Colombiana, Norte</td>
<td>January 1967</td>
<td></td>
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<tr>
<td>Country</td>
<td>Purpose</td>
<td>Date</td>
<td>Members</td>
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<tr>
<td>India</td>
<td>Reappraise ICICI</td>
<td>January 1967</td>
<td>Jeffries, 1 or 2 others</td>
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<tr>
<td>Morocco</td>
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<td>January 1967</td>
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<td>Nigeria</td>
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<td>-</td>
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<td>March 1967</td>
<td>-</td>
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<td>Thailand</td>
<td>Reappraise IFCT</td>
<td>March 1967</td>
<td>-</td>
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<td>Iran</td>
<td>Reappraise IMDBI</td>
<td>April-May 1967</td>
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<td>Philippines</td>
<td>Reappraise PDCP</td>
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<tr>
<td>Turkey</td>
<td>Reappraise TSKB</td>
<td>mid-1967</td>
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Development Finance Companies

August 3, 1966
**DEVELOPMENT FINANCE COMPANIES DEPARTMENT**

**Allocation of Responsibilities**

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<tr>
<th>Staff</th>
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<td>Afghanistan</td>
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<tr>
<td></td>
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<tr>
<td>Bose</td>
<td>China</td>
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<td>Ettlinger</td>
<td>Ghana</td>
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<td>Hedberg</td>
<td>Israel</td>
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<td>Ethiopia</td>
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<td>Iraq</td>
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<td>Iran</td>
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<td>Gustafson</td>
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<td>Knothe (J.P.)</td>
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<td>Spain</td>
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<td>Trinidad &amp; Tobago</td>
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<td>Brazil</td>
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<td>Fernandes</td>
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<td>Loeser (J.P.)</td>
<td>Dominican Republic</td>
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<td>Ecuador</td>
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<td>------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Arango</td>
<td>Consultant, part-time</td>
</tr>
<tr>
<td>Khosropur</td>
<td>Adviser, full-time</td>
</tr>
<tr>
<td>Shin</td>
<td>General studies</td>
</tr>
</tbody>
</table>

Development Finance Companies

August 3, 1966
July 25, 1966

Mr. Garrett Scalera  
c/o Professor Henri Bloch  
Columbia University  
New York, N.Y.

Dear Mr. Scalera:

Thank you very much for sending me a copy of your paper on "The Role of the IFC in Private National Development Banks", which I have read. Your suggestion about IFC's taking on the active role of creating an "inter-connected development bank system" in the underdeveloped countries, is worth thinking about - faced, I fear, by many practical difficulties, but interesting nonetheless.

With best wishes.

Sincerely yours,

William Diamond  
Director  
Development Finance Companies

cc Professor Henry Bloch  
Messrs. Graves  
Grenier  
(with incoming paper)
July 22, 1966

Dr. Luis Vallenilla  
President  
C.A. Venezolana de Desarrollo  
Edificio Mene Grande  
Avenida Francisco de Miranda No. 360  
Caracas, Venezuela

Dear Dr. Vallenilla:

You will recall that, a year ago, we prepared with you a memorandum describing the structure, operations and financial results of C.A. Venezolana de Desarrollo for distribution to those who participated in the conference of development finance companies held here last October. That memorandum, together with similar ones on all the companies associated with the World Bank group, helped to familiarize each participant with all the institutions represented at the conference. With your permission we have allowed the memoranda a restricted distribution to legitimately interested third parties.

To be continuously useful, these memoranda need to be kept up-to-date and we therefore plan to revise them annually. We take pleasure in enclosing two copies of a new draft memorandum on C.A. Venezolana de Desarrollo. We would appreciate your reviewing it and letting us have any corrections you see fit to make. When you review the draft, please bear in mind our wish that it be a strictly factual description without elements of evaluation or assessment. Although the draft follows closely the format and content of the memorandum approved by you previously, it is still possible that some statements of evaluation have crept into the text.

When this memorandum on C.A. Venezolana de Desarrollo is completed, we will send you a copy of it. Please let us know if you would like to have extra copies, and if so, how many.

Yours sincerely,

B. H. Shin  
Development Finance Companies

Enclosures (2)

BHS:phm

cc: Mr. Mejia

Aug 16, 1966
July 15, 1966

Mr. Esgo T. Kuiper
Wiertdijkje 8
Bergen N.H.
Holland

Dear Esgo:

Many thanks for your draft. I have not yet read it, since it has only just now come out of the typewriter, but I hasten to send you a clean copy of it, together with a copy of Matthew's draft, the only other one so far ready.

I shall write to you about these very soon.

Best wishes,

Sincerely yours,

William Diamond
Director
Development Finance Companies

WD:mnch

attachment: Notes on "Promotional Activity of Development Finance Cos".
   (by E.T.Kuiper)
"DFCs - Relations with the Government" (by P.M.Mathew)
OFFICE MEMORANDUM

TO: All DFC Professional Staff
FROM: B. H. Shin
SUBJECT: Interest, Amortization and Exchange Risk Arrangements of Loans (Credits) to Development Finance Companies

1. Attached is an updated table of the subject heading to be filed as Item G of your Data Book I. Please destroy the older issue.
2. Also attached is the revised Table of Contents for Data Book I.

Attachments (2)

BHS

Shin: phm
### Item G

Interest, Amortization and Exchange Risk

Arrangements of Loans (Credits) to Development Finance Companies

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SB = Sub-Borrower
G = Government
C = Central Bank

1/ No risk involved - Government passed loan as equity in DBE.
2/ Central Bank for EPU currencies; Sub-Borrower for other currencies.
3/ This is an IDA credit with amortization fixed between Government and IDA, but flexible between the development finance company and the Government.
4/ Though a fixed amortization schedule is initially agreed upon, it is to be amended from time to time to conform substantially to the aggregate of the amortization schedules of individual loans and investments by a development finance company.
5/ A Bank loan to the Banco de la Republica which will be made available by it to the five Colombian development finance companies. The amortization schedule applicable between the Banco de la Republica and the companies.

Summary of Interest and Amortization Terms

| Fixed Interest & Composite Amortization | 9 |
| Fixed Interest & Fixed Amortization | 8 |
| Flexible Interest & Fixed Amortization | 5 |
| Flexible Interest & Composite Amortization | 113 |
| 36 |

July 13, 1966
### Table of Contents

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<thead>
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<td>A</td>
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<td>B</td>
<td>Definition of Debt and Equity in Debt/Equity Ratio Restrictions</td>
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<td>C</td>
<td>Description of Projects in all DFC Loans</td>
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<td>DFCs - Relevant Data with Respect to Use of Loan Proceeds for Local Currency Expenditures</td>
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<td>Free Limit, Aggregate Free Limit and Relevant Documentation</td>
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<td>F</td>
<td>Interest Protection Provisions of All DFC Loans</td>
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<td>G</td>
<td>Interest, Amortization and Exchange Risk Arrangements of Loans (Credits) to Development Finance Companies</td>
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<td>Management Covenants on Loans to Development Finance Companies</td>
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<td>Maximum Period Within Which Repayment of Loans or Credits May be Made</td>
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<td>Provisions on Withdrawal of Loan Proceeds for Expenditures Made Prior to Submission of Investment Projects to Bank</td>
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<td>Required Prepayment Provisions of all DFC Loans, Following Sub-borrowers' Prepayment</td>
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<td>P</td>
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<tr>
<td>Q</td>
<td>Fixing of Interest Rate, Last Date of Request for Approval of Sub-Project and Closing Date</td>
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</table>
1. Attached are two tables regarding profitability of the development finance companies financed by the World Bank group. Table I sets forth historical trends of the profitability of development finance companies before tax; and Table II compares the net profits of each company before tax and the rate of profit for 1964 and 1965.

2. Table I speaks for itself and hardly needs any explanation. Thus, my remarks will be made only in connection with Table II.

   (a) The rate of profit (the ratio of profit before tax to average equity applicable to ordinary shareholders) - see Column A of the table - ranges widely from a low of 1% to a high of 26%. In 1965 PICIC ranked highest while BIDI was lowest.

   (b) If a 15% rate of profit is assumed as a normal annual rate of return on capital in developing countries, only 9 out of the 25 development finance companies associated with the World Bank Group has operated during 1965 over and above this level. All of these 9 companies, except PDCP, are relatively old - six years or older. An increase in the rate of profit in 1965 was, however, generally more pronounced in younger institutions. This is not unexpected.

   (c) Whereas the profit rate improved in varying degrees in 1965 for most companies, there were five companies which experienced a decline in the rate namely IVK, TSKB, PDCP, NIDB and NIBID. In the case of IVK a marked increase in administrative expenses during 1965 was a major factor. The decline for PDCP and NIDB arose mainly from methodological factors. Since average equity is computed on the basis of two year-end amounts, if a substantial increase in paid-in capital takes place in the first few months of a year, the average equity of that year would be understated and as a result the rate of profit would be overstated. This is the case with respect to PDCP and NIDB. In the cases of TSKB and NIBID, both experienced not only a decline in profit rates but also a decline in the amount of the net profits. The decline in TSKB's profit rate is accounted for mainly by substantial bad debt charges during 1965 and partly by an increase in administrative expenses while the case of NIBID is explained partly by an increase of capital in 1965 and partly by a decline in income. NIBID had earned substantial fees (D 1.5 million) in 1964 for services in connection with "Titan" cement company; it received no such fees in 1965.
(d) Column B of Table II indicates absolute amounts of profit. It is interesting to note that with the exception of CDC the companies experiencing profit rates over the 15% level for 1965 earned $1 million or more. It should also be pointed out that although IDBI does not belong to the 15% profitability group, it was by far the largest profit making institution for 1964 and 1965. The low profitability of IDBI is accounted for mainly by its low leverage.

3. This analysis is rather preliminary and a more comprehensive analysis will follow later on.

Attachments (2)

EHShin:phm

cc: Professional DFC Staff
# PROFITABILITY OF DEVELOPMENT FINANCE COMPANIES

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<td>BFT (Thailand)</td>
<td>11.12</td>
<td>16.87</td>
<td>13.03</td>
<td>12.50</td>
<td>8.77</td>
<td>9.67</td>
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<td>NIT (Tunisia)</td>
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<tr>
<td>CAYENDEH (Venezuela)</td>
<td>1.59</td>
<td>8.07</td>
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1/ By profitability is meant net profits before tax divided by average equity applicable to ordinary shareholders, an average of paid-in capital of ordinary shares plus retained earnings at the end of two financial years.
2/ The first year indicates the first full or nearly full business year in which a Development Finance Company operated, except IFFI (see 5), KIBD (see 10), and NIBT (see 11).
3/ The net worth used includes provision for taxation. As a result the profitability is somewhat understated.
4/ The net worth used is at year-end.
5/ IFFI was established in 1954 and reorganized in the latter part of 1961. The year 1964 is the first full business year after the reorganization.
7/ Including capital gains realized from sale of investments which do not appear on profit and loss statement.
8/ NBID's financial year ends on March 30 each year.
9/ The first year covers a 17 months period from October 11, 1959, to March 30, 1961.
10/ NIBT's financial year ends on March 31 each year. The year 1965 is the first full business year since its reorganization that took place in October 1963.
11/ NIBT was reconstituted in January 1964 from the Investment Company of Nigeria (INCOIN) which had been established in 1959.
12/ The first year covers a 13 months period to December 31, 1964.

n.a. Not available.
* Negligible.
TABLE II

NET PROFITS BEFORE TAX OF DEVELOPMENT FINANCE COMPANIES

| Institution | A |            |          | B |            |
|-------------|-----------------|-----------------|-----------------|-----------------|
|             | Net Profits before Tax as % of Average Equity | Net Profits before Tax (in US$'000) |
|             | 1965 | 1964 | Change | 1965 | 1964 |
| PICIC       | 26.04 | 24.82 | 4.9 | 3,010 | 2,583 |
| IVK         | 24.32 | 25.15 | -3.3 | 1,033 | 9982 |
| IMDBI       | 22.39 | 18.09 | 23.8 | 1,564 | 1,182 |
| TSKB        | 20.90 | 22.48 | -7.0 | 1,699 | 1,746 |
| CF Nacional | 20.84 | 16.05 | 29.8 | 1,119 | 763 |
| ICICI       | 19.11 | 17.99 | 6.2 | 2,121 | 1,689 |
| FDCP        | 18.50 | 20.14 | -9.1 | 1,420 | 1,227 |
| CDC         | 18.30 | 17.06 | 7.3 | 771   | 731 |
| CF Colombiana | 15.78 | 15.45 | 2.1 | 1,402 | 853 |
| CF Valle    | 14.68 | 13.20 | 11.2 | 369   | 260 |
| CF Caldas   | 14.24 | 11.15 | 27.7 | 528   | 300 |
| IDBI        | n.a. | 11.15 | n.a. | n.a.   | 9,071 |
| MIDFL       | 12.35 | 9.81  | 25.9 | 674   | 513 |
| CF Norte    | 11.72 | 3.43  | 241.7 | 440   | 30 |
| RANDESCO    | 11.00 | 6.76  | 62.7 | 667   | 272 |
| IFCT        | 9.67  | 8.77  | 10.3 | 166   | 121 |
| SNI         | 8.28  | -1.52 | -59  | 341   | -59 |
| CAVALDES    | 8.07  | 1.59  | 407.5 | 526   | 54 |
| BNDE        | 7.44  | 7.06  | 5.3  | 521   | 482 |
| IFF         | 7.05  | 5.60  | 25.9 | 340   | 267 |
| MIDB        | 5.11  | 6.51  | -21.5 | 342   | 309 |
| NIBID       | 1.44  | 2.13  | -32.4 | 97    | 131 |
| DBE         | n.a. | 2.02  | n.a. | n.a.   | 107 |
| BIDI²/1     | 1.10  |       |       |       | 36 |

1/ Excluding LBIDI, which was established in November 1965.
2/ Converted at the new exchange rate of $1=Rs 7.5
3/ Established in February 1965.

n.a. Not available.

July 6, 1966
COMMUNICATION:  SENIOR STAFF MEETING-SSM/M/66-25

DATED:  July 5, 1966

TO:

FROM:

FILED UNDER:  SENIOR STAFF MEETING

SUMMARY:

FINANCING FOR DEVELOPMENT FINANCE COMPANIES

In the course of consideration of the proposed loan and credit for the Industrial Development Bank of Turkey (TSKB), the Bank's loan to be made directly to the TSKB and the IDA credit to be made to the Government of Turkey for relending to the TSKB, Mr. Woods emphasized the exceptional nature of the IDA portion of the operation. Normally, he said, Bank Group assistance to a development finance company should be in the form of a loan on repayment terms reasonably in consonance with the terms of the finance company's own lending, or in the form of an IFC investment. Financing on this basis permits a regular and continuing review of the finance company's management and is preferable, in his judgment, to turning funds over to the management on a long-term and revolving basis. (Revolving of the funds would in any event be possible if the Government, having lent the proceeds of the IDA credit to the finance company on a conventional maturity and having been repaid, should be willing to relend to the company during the period before repayment to IDA begins.) Perhaps in time, Mr. Woods said, long-term loans to the older and more experienced companies with good records and strong management will be feasible. He added that some members of the staff feel strongly that the Bank should go faster in this direction than he is prepared to go. In any case, this particular operation is a response to the special circumstances in Turkey, where the balance of payments situation makes it desirable to extend some portion of the proposed financing on IDA terms, but where the type of project for which long-term financing is normally appropriate is not available. Only in rare cases, in the light of special circumstances, Mr. Woods said, would he expect to recommend an IDA credit for a development finance company.
July 6, 1966

Mr. Alecos Michaelides
Georgia Institute of Technology
Atlanta, Georgia

Dear Mr. Michaelides:

In the absence of Mr. Jeffries, who is at the present time on a mission to Singapore, I am writing to acknowledge receipt of your letter of June 30 which shall be brought to his attention immediately upon his return to the office during the last week of July.

With best regards,

Yours sincerely,

Edgar C.H. Su
Development Finance Companies

cc: Circ. (2)

ECHSu: bda
**FROM**

E.T. Kuiper  
Bergen, N.H.  
Wiertdijkje 8

**DATE**

July 4, 1966

**SUBJECT**

Letter enclosing draft - Promotional Activity of Development Finance Companies.

**REFERRED TO**

Mr. Diamond

**DATE RECEIVED**

July 12, 1966 jgv
October 24, 1967

Mr. E.S.G. Bach
Director
Bata Schuh A.G., Mühlinsilo 43 Utoquai
Zurich 8008,
Switzerland

Dear Edward:

It was a pleasure to see you last Friday even if only for a short time. It is a pity that so much time has gone by since we have had a chance to sit down and have a talk. I hope that we shall have another, and more leisurely, opportunity soon. I appreciate your invitation to visit you in Zurich and hope I shall be able to take you up on it one day.

Your thought about development finance companies was an interesting one which I feel may prove fruitful to you in the long run. The companies that we are involved in here were indeed set up to serve, among others, just the purpose you have in mind.

Attached you will find a list of the companies with which the World Bank Group is financially associated. The list includes the names of their chief executive officers. I realize that your first purpose will be to suggest that your people in various parts of the world find an opportunity to become acquainted with those companies. You might wish however to write to each of them, in a strictly routine manner to ask for an annual report. (I find I do not have an extra copy of the annual reports of them all, else I would have sent them to you.) Should you yourself plan to visit any one of them, I should be delighted to introduce you to the chairman or the manager.
Enclosed also are some papers on development finance companies and related topics which have come out of IFC. They may not make inspiring or entertaining reading but at least they will let you know something about how we think and about our conception of development finance companies.

With best personal regards,

Sincerely yours,

William Diamond
Director
Development Finance Companies

Attachments

cc: Mr. Rosen