THIS FILE IS CLOSED AS OF June 30, 1965

FOR FURTHER CORRESPONDENCE REFER TO Vol. II

General Files and Communications Section
June 24, 1965

Mr. Harry G. Curran
International Bank for Reconstruction & Development
4 Avenue d'Iena
Paris 16e, France

Dear Harry:

Thanks a lot for your letter of June 16, with its amusing account of the meeting you attended last week.

I think that I prefer simply to remain silent so far as the deliberations of the Committee are concerned. In the first place, it has never been clear to me what standing the Committee has, and secondly, it has never been suggested that I am a member of it. I thought that my attendance at the meeting in October was strictly an ad hoc affair. Since that day, I have heard nothing from the Committee or any of its members. To tell the truth, I was beginning to feel a little miffed about having been left in silence.

For your own private information, my recollection of the October meeting is that no one but Postel-Vinay was interested in his questionnaire; but that everyone was prepared to see a revision of it go forward in order to keep him happy, and so long as the work related to that questionnaire was not mixed up with the directory, which needed to be handled in another way. Nyhart himself told me, during a visit here two weeks ago, that the questionnaire had been revised and would be mailed out after discussion in Paris. Consequently, I, too, am a little surprised at the position taken by Jansens.

As for research problems, I made some suggestions last October, just as other people did. I have not heard any of the views put forward by Jansens in the meantime, and certainly I do not care what problems the Center decides to work on. Presumably, that is to be determined by the Committee, of which (as I said before) I am not a member. I might have some more concrete views on this subject if I had read the papers attached to your letter. But I am just about to leave for Spain and am unable to do so now.

As I said before, I think our best course is silence. But I do hope you will attend future meetings and will continue to write such engaging accounts of them.

With best regards.

Sincerely yours,

William Diamond
Director
Development Finance Companies
June 23, 1965

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

Dear Bill:

I would like to give you a brief report on the consultations I had on the directory and other matters in Paris a week ago. Mr. Curran, IBRD representative in Paris, was invited by the Centre to sit in on the meetings, and so you may already have received a report or materials from him. Nevertheless, I wanted to give you a direct report.

Several decisions were taken by the Development Centre on the directory and reported and approved by the representatives of the sources at the meeting on Tuesday, June 15. The directory will be published in three languages—English, French, and Spanish. A copy will be distributed free to the institutions listed in the directory who have cooperated in the final checking and preparation of their own individual listing. Agricultural institutions will be included in the directory, even though their financing is confined to crop financing that is essentially short term. This is done as a reflection unanimously held by all concerned that agricultural credit institutions were of sufficient importance to justify a waiver of our medium term requirement that we hold to otherwise. The Centre has undertaken the moral commitment to up-date the directory on a biannual basis. One step toward this is the selection of a loose leaf binder for the directory so that future replacement of listings and interim up-dating will be facilitated.

On timing, we still look forward to publication by the end of the year or perhaps, in order to fit budgetary requirements of the Development Centre, in the first few weeks of sixty-six. In order to meet this, we will have to have the draft listings from the sources by mid-July. I hope that you have been able to free Mr. Shin up so that he can continue his work on the IFC's listings. In fact, I hope by mid-July to have been able to review the listings from the sources and to have started them on their way out to the individual institutions for up-dating and checking. Hence, I would urge Mr. Shin to forward small groups of draft listings as he completes them, rather than waiting until all seventeen have been completed. One decision taken at Mr. Postel-Vinay's suggestion was that
we forward the listings to the individual institutions for up-dating through the sources. This would mean that the draft listings prepared by you after being gone over here would be forwarded to the private development corporations through you on their way out to the field.

My report on the current status of the directory and the next steps took most of the morning meeting on the fifteenth. In addition to Janssens of the Development Centre, Mr. Curran and myself, other participants were Postel-Vinay of the Caisse Centrale, Frank Coffin and Morgan Gilbert of AID, Willi Engel from Kreditanstalt, and Totman from CDC.

Edmond Janssens and I had anticipated that the afternoon session would be devoted primarily to a discussion of substantive areas for further Development Centre work. In this connection I had prepared a paper reviewing the current status of research and we had prepared the first pass at an up-dated bibliography of current titles that appear relevant to the development finance institution area. Mr. Curran may have forwarded a copy, but I am also sending one along now to make sure you have one. As it turned out, most of the afternoon session was spent on a point-by-point discussion of a draft questionnaire that we had prepared here with the intent of picking up Mr. Postel-Vinay's idea of eliciting narrative accounts of successful experiences and combining it with a request for other definite data that appeared to me to be useful. In circulating this first draft at the meeting, we violated one of your cardinal principles, I believe, in putting out material before we were satisfied with it. Neither Edmond nor I anticipated we would spend so much time on this questionnaire, but had put it forward as one of the focal points around which discussion of further research topics could take place. In the ensuing conversation, it became fairly clear that while Mr. Postel-Vinay favored any further request for data following more closely than I had the format of his second section circulated last October, there were difficulties on behalf of the Development Centre in going ahead with further collection of data unrelated to specific research topics or output. By the point in the late afternoon that this was reached, it was too late to arrive at any concrete proposal and the meeting ended rather unsettled on this point.

By the time I left, I think that Edmond, Frank Coffin, and I had come up with some ideas that would resolve the question of the Development Centre's policy on further requests of data from the field. Edmond will be in Washington during the week of the nineteenth, and I know he will be able to give you a fuller report on this. Basically, the idea is to develop some of the problems in the area of agricultural credit institutions into a definite problem area for Development Centre interest and to use the Postel-Vinay idea of narrative accounts of successful experiences in connection with this area.
In all, I think the discussion went very well. In spite of the variance of views at the afternoon session on Tuesday, I feel strongly that the whole matter of research as an aid to development finance institutions is presently a lot further along than it was last October. I think that in large part it has been your interest and that of the IFC in helping on the fundamental ideas on the directory that has brought us to the state we are at now. Once again, I want to thank you for this.

Very best regards,

J. D. Nyhart

Enclosures
June 16, 1965

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

Dear Bill,

I was invited to attend a meeting yesterday at the OECD Development Centre on Development Banks - as a little courtesy to the Paris Office and a mark of their appreciation of your help - and I attended in order to be able to report to you anything of interest. Before receiving this, you will have seen Nyhart - at least I suggested he should see you and tell you about the meeting.

It turned out to be a very odd affair, and my account may differ from Nyhart's. Postel-Vinay, the charming and intelligent Director-General of the Caisse Centrale was in the chair, Frank Coffin there part of the time (but not at the end), Engle, Totman (CDC) and of course Jansens and Nyhart. The papers to be discussed were circulated (alas, as usual) at the meeting. I enclose copies.

Nyhart spoke with engaging enthusiasm about his work and his paper (which was not however discussed), and we then turned to the Directory (not in final form), and a revised version of the Caisse Centrale's October questionnaire.

The first was quickly disposed of. It was agreed that short term loans would mean up to one year, and that there would be only one category over the year. It was agreed that the exclusion of purely short term institutions would not necessarily include agricultural institutions.

Most of the rest of the day (some 4 hours) was spent going through the revised questionnaire, item by item. There was brisk discussion, and by 6.15 p.m. we had happily finished this task.

Jansens then turned to the question of to whom the questionnaire should be sent, and someone asked what eventual use would be made of it. To this Jansens made the following extraordinary reply. The questionnaire had been revised and circulated as a gesture of courtesy to the Caisse Centrale, and if the meeting so decided, it would of course be sent out.
June 16, 1965

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

Dear Mr. Himmel,

I was invited to attend a meeting yesterday at the OECO Development
Center on Development Banks - a little contact to the past offices
and a work of great appreciation of your part - and I attended in order
and a work of great appreciation of your part - and I attended in order
to be able to report to you any kind of interesting.

You will have seen my report - I hope I have been able to send you and
you report the meeting.

I referred to the work of my Director's office, the comptroller and assistant comptroller,

Return and receive the attention of your staffs, and I return to the Director
on the basis of the report and a renewed version of the OECO Center's

October depository

The lift was a big step forward. It was easy to get into the main room, and I felt quite comfortable
while inside. It was easy to understand the extension of the equipment.

Most of the rest of the day (some parts) was spent copying, and
the reverse disappearance from view. There was dark interception,

3:45 P.M., we were promptly finished this last.

I miss you, and I will find something of the depository.

1065 JF 11 B. 10

OECO Center

The depository

The depository
The Centre and Nyhart were, however, completely opposed to the issue of this or any general questionnaire in addition to the Directory. In their view it would serve no useful purpose, and what they wished to do was to send a few questionnaires on some limited aspects of Development Bank problems to a selection of banks, the replies to which would be of direct value to research studies.

The Chairman expressed his astonishment. He had supposed that the long discussion on the papers circulated by Jansens and Nyhart, and their participation in this discussion, had been based on a general acceptance, arising from the October meeting, that some form of general questionnaire would be valuable, to fill out the picture of development banks. It now appeared that this basis had never existed. He was in no way opposed to limited questionnaires at some point directly related to research, but the alternative proposal now put forward amounted to starting the discussion again at the beginning. It was too late to do that. Engle expressed equal astonishment. Frank Coffin was not there, and the CDC chap had left for London.

Jansens, undeterred, pressed for approval for two or three problems suitable for research. Nyhart, he said, was finishing his book, and a questionnaire on manpower would be helpful. (Nyhart had relapsed into complete silence). And there was a Centre problem. He had to present his budget in two weeks' time. It would therefore be very helpful to have the meeting's approval of one or two research projects.

But even the good-natured Postel-Vinay had had enough. He said firmly that no decisions could be taken. An extensive re-thinking was needed. The meeting ended. It was by then 7.30 p.m.

Jansens said to me that he believed you were quite content to leave the selection of research problems to the Centre, but that the question of whether or not to have a general questionnaire had never been raised with you. Would it be possible to obtain your views within a week?

I suggested that since Nyhart was returning to Washington, he should ask you in person.

An odd meeting. By the end I had the impression that Nyhart, who seemed a very nice fellow, was being involved in more than he had expected!

All good wishes.

Yours sincerely,

Harry G. Curran

Encls.
We would be very grateful if you would assist in the planning of a forthcoming research program by answering the following questions. The objectives of this program are two-fold. We shall first compile a series of operating guidelines for development finance institutions, based on approaches which you and other respondents have found most successful. We shall then proceed to attack those problems which responses show are the most universally pressing.

The following sets of standardized questions cover five possible development finance functions: assistance to agriculture, industry, small entrepreneurs, real estate, and handicrafts. Two other functions, capital mobilization and training, require more specialized sections.

Obvious though it might be, it is worth emphasizing that the more closely you complete this questionnaire, the more useful it will be in concerned.
1. Do you offer financing of any kind in this area?
   Yes ___ (1)    No ___ (0)

If the answer to 1. is no, complete 2. and proceed to the next section.

2. Why don't you offer this type of assistance?
   a. no demand  
   b. demand satisfied by another institution  
   c. beyond the scope of your objectives  
   d. legally prohibited  
   e. other ____________________

Check  

If the answer to 1. is yes, complete the remainder of this section.

3. What are the objectives of your program in this area?
   (specimen answer)

[Please continue discussion on the reverse side of this page.]
AGRICULTURE

4. Please describe this program by supplying the following data:

[NOTE: these questions pertain to your activities in the particular area under consideration, not your overall operations.]

a. Total assistance since inception: Fr. ______ million.
   10-12

b. Current assistance outstanding: Fr. ______ million.
   13-15

c. Assistance granted in 1964: Fr. ______ million.
   16-18

d. Do you offer short-term credits? Yes _____ (1) No _____ (0)
   19

% of total assistance to this area: ______.
   20-21

e. Do you offer long-term development assistance in this area?
   Yes _____ (1) No _____ (0)
   22

f. Do you promote projects in this sector? Yes _____ (1) No _____ (0)
   23

g. Average loan or investment size: Fr. ______.
   24-30

5. Please describe those approaches which you have found to be most successful in this area. Be specific in outlining your methods, their objectives, the criteria most useful in measuring success, and the way in which those measurements should be made.

[Please continue discussion on the reverse side of this page.]
6. What difficulties might development banks similar to yours encounter in the area now being considered? What advice can you offer them concerning these problems?

Please continue discussion on the reverse side of this page.

7. With regard to this particular area of your activities, what problems are currently most pressing? Please consider the following list, add any other problems you wish, and rank them in importance (1, 2, 3, etc.).

<table>
<thead>
<tr>
<th>Problem</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. assessing a borrower's credit-worthiness</td>
<td>31</td>
</tr>
<tr>
<td>b. obtaining adequate security</td>
<td>32</td>
</tr>
<tr>
<td>c. appraising the viability of projects</td>
<td>33</td>
</tr>
<tr>
<td>d. finding viable projects</td>
<td>34</td>
</tr>
<tr>
<td>e. choosing among alternative projects</td>
<td>35</td>
</tr>
<tr>
<td>f. control of expenditures</td>
<td>36</td>
</tr>
<tr>
<td>g. follow-up</td>
<td>37</td>
</tr>
<tr>
<td>h. collection</td>
<td>38</td>
</tr>
<tr>
<td>i. borrower education</td>
<td>39</td>
</tr>
<tr>
<td>j. others</td>
<td>40</td>
</tr>
</tbody>
</table>
REPEAT FIRST FOUR PAGES FOR INDUSTRY, SMALL ENTERPRISE AND REAL ESTATE SECTORS.
1. How many professional staff members does your institution employ?  

4-6

2. How many of each of the following kinds of specialists are employed?  

(a) economists _______ 7-9  
(b) accountants _______ 10-12  
(c) engineers _______ 13-15  
(d) industrial experts _______ 16-18 Backgrounds:  
(e) agricultural _______ 19-21

3. How large a staff will you need in five years? _______ 22-25  
% change from present _______ 26-29

4. How many of each kind of specialist will you need in five years?  

% Change  
From Present

(a) economists _______ 30-31 _______ 32-33  
(b) accountants _______ 34-35 _______ 36-37  
(c) engineers _______ 38-39 _______ 40-41  
(d) industrial experts _______ 42-43 _______ 44-45  
(e) agricultural _______ 46-47 _______ 48-49

5. Rank the following areas of recruitment in order of their importance (1, 2, 3, etc.).  

(a) civil service _______ 50  
(b) universities _______ 51  
(c) industry _______ 52  
(d) financial institutions _______ 53  
(e) foreign experts _______ 54  
(f) other: _______ 55
6. Please discuss your ideas regarding staff training. Include a description of your own program and any others in which your employees have participated.
MOBILIZATION

1. Please rank the following sources of funds in their order of importance to you (1, 2, 3, etc. or if not used x).

<table>
<thead>
<tr>
<th>RANK</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a. international institutions (ie. IBRD, IFC)</td>
</tr>
<tr>
<td></td>
<td>b. bilateral institutions (ie, CCCE, AID)</td>
</tr>
<tr>
<td></td>
<td>c. your government</td>
</tr>
<tr>
<td></td>
<td>d. locally sold bonds</td>
</tr>
<tr>
<td></td>
<td>e. locally sold shares</td>
</tr>
<tr>
<td></td>
<td>f. repayment of outstanding assistance</td>
</tr>
<tr>
<td></td>
<td>g. sale of equity investments</td>
</tr>
<tr>
<td></td>
<td>h. administered funds or trusts</td>
</tr>
<tr>
<td></td>
<td>i. deposits</td>
</tr>
</tbody>
</table>

2. What approach to the capital mobilization problem do you recommend for countries similar to yours? [Be specific in outlining methods and their objectives] What advice can you offer regarding potential difficulties?

[Please continue discussion on the reverse side of this page.]
3. How do you measure your success in the area of capital mobilization?

[Signature]
DEVELOPMENT BANK OF THE PHILIPPINES

Address: Manila, Republic of the Philippines
Telephone: Cable Address:

Board of Governors:
Pablo Lorenzo, Chairman; Enrique B. Ledesma, Governor; Amado A. Castro, Governor;
Eugenio Eusebio, Governor; Florencio M. Garcia, Governor (part time); Rufino G.
Hechanova, Governor (part time); Lorenzo Hernandez, Governor (part time).
NOTE: Except where indicated, all directors are full-time.

Description of Operations:
The Bank's stated objective is "...the mobilization of credit resources to implement the Administration's socio-economic program for the country." It seeks to accomplish this through a dual program of both supporting the investment needs of entrepreneurs and directing the flow of investment funds into critical sectors of the economy. In pursuit of its objective, the Bank, to date, has: 1) mobilized personal savings through the SSS (Social Security), GSIS (Postal Savings), and its own time deposit scheme; 2) promoted the rise of rural banks through the purchase of their stock; 3) created a Small Loans Division to encourage the small farmer and entrepreneur.

The Bank's portfolio stands at $422,716,567 in loans outstanding, with an average size of $35,086 (up 100% between 1961 and 1962). The following are the sectors in which the Bank has been most active: 1) industry; 2) agriculture; 3) real estate.

With regard to non-financial activities, the Bank has a very active training program for its own employees which includes classes for clerical personnel, a lecture series for management, and advanced training abroad for key personnel.

Over the past fifteen years, the Bank has passed through three major stages in the development of its current basic objective: rehabilitation finance (1947-1958); development finance (1958-1961); and resource mobilization (1961-present).

Quite recently, the Bank underwent a basic change in investment policy, now striving for "decontrol" in industrial investments. This of course requires upgraded managerial skill among entrepreneurs.
## Capital & Liabilities

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Philippine Govt.</th>
<th>Philippine Private</th>
<th>External Aid</th>
<th>Internal Funds</th>
<th>Other</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock</td>
<td>107.4m</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>107.4m</td>
</tr>
<tr>
<td>Surplus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>103.1m</td>
<td>-</td>
<td>103.1m</td>
</tr>
<tr>
<td>Reserves:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>· Fixed Discretionary (taxes)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.0</td>
<td>-</td>
<td>2.0</td>
</tr>
<tr>
<td>Special Trust fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>103.2</td>
</tr>
<tr>
<td>Agricultural &amp; Industrial Bank transfer account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
</tr>
<tr>
<td>Bonds</td>
<td>366.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>366.7</td>
</tr>
<tr>
<td>Loans payable (medium &amp; long term)</td>
<td>16.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>153.2m</td>
<td>169.4</td>
</tr>
<tr>
<td>Advances</td>
<td>53.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>53.0</td>
</tr>
<tr>
<td>Deposits: Demand Time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8.3m</td>
<td>-</td>
<td>8.3</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14.6</td>
</tr>
<tr>
<td><strong>Total Net Worth and Liabilities</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td><strong>P933.1m</strong></td>
</tr>
</tbody>
</table>

## Notes:
- Capital Stock: Authorized ___, Paid Up ___, Dividend ____.
- Bonds: Three issues, 2%, 43 (held by the Central Bank), and 5% (held by the GSIS and SSS).
- Loans Payable:
  - **Agreement**
  - **Interest**
  - **Date**
  - **Rate**
  - **Duration**

## Assets

<table>
<thead>
<tr>
<th>Totals</th>
<th>Cash &amp; Equivalent</th>
<th>Cash</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P 9.8m</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>-</td>
<td>12.3</td>
<td>15.0</td>
</tr>
<tr>
<td>Other Assets, nob.:</td>
<td>-</td>
<td>38.2</td>
<td>18.0</td>
</tr>
<tr>
<td>Sinking Fund</td>
<td>-</td>
<td>15.0</td>
<td>18.0</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
<td>38.2</td>
<td>18.0</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>15.0</td>
<td>18.0</td>
</tr>
<tr>
<td>Loans Outstanding:</td>
<td>-</td>
<td>672.2</td>
<td>-</td>
</tr>
<tr>
<td>Long &amp; Medium Term</td>
<td>-</td>
<td>672.2</td>
<td>-</td>
</tr>
<tr>
<td>Short term</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Administered Trust Fund</td>
<td>-</td>
<td>765.5m</td>
<td>167.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td><strong>P933.1m</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

Sector breakdown for currently outstanding loans, equity investments, guarantees, and loans under administered funds:

- **Proc. Ag.**
- **Agriculture**
- **Mining**
- **Min. Ind.**
- **Transportation**
- **Commerce**
- **Financial Services**
- **Welfare**
- **Prod. & Raw Materials**

### Loan Term:
- **Long & Medium Term**: P187.2m
  - **425.7**
  - **15.8**
  - **46.7**

**Note**: Services primarily real estate loans and mortgages; financial primarily assistance to private development banks, in this case.
The rapid growth of development finance institutions in the developing countries since the close of the Second World War has provided the world-wide financial community with one of its few fresh phenomena. It is probable that there has been a fourfold increase in these institutions within the past six years and that they now are roughly three hundred in number. Any system growing so fast would suffer numerous growth problems, would find promise outstripping performance, and would hence be open to attack. Any such system would also find research lagging behind operations. It has been so in development banking. Problems have multiplied, and to date, research has not contributed its share to their solution.

This paper reviews the status of research in the field with an eye to assessing the degree to which what has been done can serve as a basis for further research on development banking problems. The study identifies many current or recent works and reviews in more detail a dozen of them. It evaluates the current work against standards the author believes most pertinent to future research: solidness and comparability of data and conclusions, problem-solving or evaluational orientation, and elaboration of significant problems. In considering the twelve studies separately examined, the reader should remember that these aspects, rather than the degree to which the writer successfully accomplished his objectives, have been the focus of attention.

Background. The subject has attracted the attention of scattered students, practitioners in national development banks and aid agencies, and perhaps most significantly, members of the major international sources of development finance. Diamond's Development Banks (1957) and its successor, Boskey's Development Banks - Operating Problems and Practices (1959), were products of the IBRD and remain the standard texts in the area. In addition, government aid agencies such as the U.S. Agency for International Development have sponsored quasi-research studies by economic consultants dealing with the practical problems of creating new institutions. In the United States, there has been relatively little concentrated academic interest except at the Massachusetts Institute of Technology's Sloan School of Management, the University of Oregon, and the University of Pittsburgh's School of Public and International Affairs.
The era of research that began in 1957 with Diamond's insightful essay on development banks might be said to come to an end with the completion of the Inter-American Development Bank's work on Latin American development banks, and the global directory to be published by the Development Centre this winter. By and large, the period has been one of gathering the narrative facts on development finance institutions, their creation and formative years. The Development Centre's Directory hopefully will also lay the groundwork for a new phase of joint efforts on behalf of the international sources and the development finance institutions themselves in gathering useful data for comparative problem analysis.

Scheme of This Study. This study first comments on a dozen very current materials. These have been chosen because they are of generally very high quality and are current and therefore may not have yet received wide attention. They seem to provide very good examples of the recent status of research in the field of development finance institutions. They are, by reason of their authorship, likely to have a more significant impact than many of the academic works, destined to lie on library or professors' shelves. The general format followed for each study states: 1) what the author set out to do; 2) what the study in fact did; 3) what its major conclusions, findings, and recommendations appear to be; 4) evaluation of the data; and 5) a brief report on the major problems raised.

An introduction to the new bibliography follows. It is not intended to be a definitive listing. In the first place, the paper as it now stands touches only lightly upon non-English language material. Two indexes, Economic Abstracts (Holland) and the UNESCO Bibliography of the Social Sciences - Economics, were examined for titles, but these only scratched the surface. Second, there is undoubtedly much material on development finance institutions incorporated in wider texts on economic development or development financing. Only a small portion of these are included.

A section on work known to be currently under way is followed by a summary analysis of the research field. The lessons to be learned from existing experience are related to the Development Centre's program in the final section, What Needs to be Done.
There follows a review of twelve recent works listed alphabetically by author. In addition, mention is made of one important study soon to be released. The thirteen are:


3. Industrial Finance in Iran, Richard E. Benedick, Division of Research, Graduate School of Business Administration, Harvard University, 1964. 274 pages.


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The intent of this report is to "assess the performance of industrial development banks in mobilizing domestic financial capital and the transfer of international financial resources." Based on a lengthy questionnaire returned by twenty-eight out of the one hundred twenty-five industrial development banks to which it was submitted, the study represents a strong step toward harder analysis of development bank operations.

The study solicited information concerning the activities of development banks as: (1) mobilizers of domestic capital, (2) intermediaries for foreign funds, and (3) providers of technical assistance. More specifically, nine main topics were covered: ownership and capital, relation to countrywide development plan, capital requirements, financial activities and policies, rotation of capital, exchange risk, technical and managerial assistance, allocation of capital, and capital formation. The major emphasis of the paper is on the problems "posed by the very rudimentary capital markets existing in less developed countries and the impediments to a larger flow of international capital to development banks."

The study falls into four main sections. In the first, Adler states his objectives and classifies development banks into four categories: the development corporation, the industrial lending bank, the industrial investment company, and the intermediary for international funds.

In the second portion, Adler discusses the lending terms of institutions covered by the study. The third portion, which is the most interesting, concerns itself with the mobilization of domestic capital by development banks. The fourth portion covers the role of the International Bank for Reconstruction and Development and the USAID.
Findings and Conclusions. Adler's conclusion, broadly stated, is that "although certain of the findings cast doubt on the ability of development banks to provide easy solutions to these problems, the industrial development bank is undoubtedly a viable mechanism for financing and promoting industrial investment in less developed regions."

The most interesting of Adler's conclusions are those concerning capital mobilization. They paint a fairly pessimistic picture of the mobilization function played by most development finance institutions. Their usefulness as "catalysts for . . . private sector funds . . . is largely illusory." The "general tendency (is) miniscule sums raised outside 'owned' capital and a few, but quantitatively large loans from domestic governments and international lending organizations."

When it comes to the international sources, the study finds that such assistance "is likely to be limited to hard currency loans that can, at best, only supplement the funds available to development banks . . . ." As to the other major source, government capital, the study points to such countries as India, the Philippines, Mexico, Brazil, Chile, and Colombia which have more developed capital markets and argues that their existence "diminishes the case for governmental assistance . . . ."

The study continues by stating that limited government funds, international funds, and the reinvestment of owned profits (which he shows are growing very slowly and do not provide a good source) restrict development banks to the resale of their equity investments and the mobilization of domestic funds through the issuance of their own bonds, loans, equity shares, and other financial instruments. Having so limited the sources, the study then concludes its circle of pessimism by saying that investment and later resale of equity holdings "entails a rather limited mobilization of financial resources compared with the operation of the development banks as a financial intermediary." The one bright picture is his conclusion that underwriting "has been more favored among the private-owned development banks" and that potential profits from "underwriting and purchasing equities for later resale are usually larger than those from pure lending operations."

Evaluation of Data. The data actually presented in the paper mostly indicate frequency of use of techniques or involvement in activities rather than volume or financial levels associated with those techniques or activities. This absence of operations figures limits the future use of the study for comparative statistical analysis. The conclusions drawn from the frequency of use approach points to the need for further data in several areas.
The assertion that countries with more developed capital markets find a weaker case for government funds needs to be confirmed by wider data. (A series of four case studies of banks, two in the countries Adler cites as having more developed capital markets and two in countries with medium developed capital markets, completed by students under my supervision, would seem to contradict Adler's conclusion.) Further, the question of how much new lending is currently coming from funds freed by the rotation of equity and the repayment of outstanding loans would be a fruitful study. Adler's comment on the sale of equity from portfolios indicates a need for more details on these and other aspects of the investment banking side of development financing. In a similar area, Adler specifically cites as a "particularly bothersome question" the question as to whether the "slow growth of the assets of a development bank signify a low contribution to industrial development." In fact, the whole area of mobilization requires further study. This is confirmed also by the impact of Diamond's article, emphasizing as it does the mobilization function of development finance companies.

Other Problems. The study raises a number of problems, the importance of which have been attested to by other writers. Perhaps among the first of these should be mentioned the need for work on evaluation. It points out that development finance institutions must compete with other financial institutions for the funds of financial intermediaries such as savings deposit systems, insurance systems reserves, pension funds, etc. "The allocation of these funds is frequently on political rather than economic lines." He then argues that because of high social profitability and other benefits, such "transferred savings" should be allocated to development banks. Implicitly, one might say that the absence of widely accepted means for evaluating the contribution of development finance institutions on other than political grounds is probably a cause for the political determination of this competition.

Other problems raised include: (1) the "major problem" of whether banks should subsidize industrial development through low-cost loans or operate at market rates; (2) the question of how development bank functions change over time (Adler found that the contention "that development banks may stray from their intended functions does not find much support from the questionnaire" and that there was "widespread imitation of the techniques of investment study, market analysis, and financial instruments pioneered by development banks so that the comparative power of the development banks diminishes with economic growth."); (3) the problem of management, citing the World Bank that "the most pressing problem confronting a newly-created development bank is the securing of an experienced and competent staff at the outset"; (4) the problems of government ("privately-owned banks are less subject to pressures of domestic government and more responsive to the goals of international lending organizations."); (5) the nature of the subsidies received from international sources ("the once-and-for-all character of these subsidies encouraged creation of industrial development banks but do not assure the continued financial well-being of these entities"); (6) the proper debt-equity ratios for institutions ("the international lending organizations also
hesitate to extend loans to banks in which debt-equity ratios exceed three to one"—this in many cases is no longer true; (7) the question of the wisdom of refinancing loans, granting balancing loans or providing a continuous turnover of loans of one client ("even though the development bank provides long-term finance, limitations of financial capacity may restrain the bank from permanent financial involvement with newly-initiated firms"); (8) the practice of many international sources of making only hard currency loans for foreign purchases ("violates the more rational economic criteria of credit-worthiness").


This book discusses the three main sources of funds for investment: government savings, private savings, and foreign savings. Hence, it is not directly within the framework of other works reviewed in this paper, since its main concerns are with sources of savings for development, rather than the institutions which channel those savings into productive enterprises.

However, it is worth noting that in two chapters, one on "Saving, Investment and Financial Institutions in Some Asian Countries" and a similar one on Latin American countries, Basch provides one or two paragraphs of descriptive material on a number of development finance institutions. The country studies cover India, Pakistan, Burma, Thailand, Malaysia, Philippines, Argentina, Brazil, Chile, Mexico, Colombia, and Peru. The main sectors for discussion are the investment patterns, the savings, the sources and institutions, and the financing of major sectors of the economy. The question of development finance institutions is covered, as well as commercial banks, postal savings and small savings institutions, savings banks, life insurance companies, and the issuance of securities. The most thorough coverage is that given National Financiera and the private financieras in Mexico.

The book's direct usefulness is as a reference source for questions on sources of savings and the development of capital markets in these countries.

3. Industrial Finance in Iran, Richard E. Benedick, Division of Research, Graduate School of Business Administration, Harvard University, 1964. 274 pages.

In his introduction, Benedick states that: "This study will examine, within the context of Iran, . . . (the) development of private industry and, in particular, means of financing industrial growth in the private sector." He continues by saying that the investigation is based on two
premises: (1) although agriculture is important in a developing economy, there comes a time when the stimulation of industrial capital formation is crucial; and (2) within the industrial sector, private capital plays an especially important role because of the economic efficiency of free competition.


Background. This section provides a descriptive introduction to the more analytical parts of the book. It covers the general economic setting, Iran's industrial history, and the effects of Iran's culture on its industrial development.

The Money Markets. The second section discusses Iran's traditional sources of venture capital, with chapters devoted to domestic capital, foreign capital, the bazaar system, and the commercial banks. Special emphasis is placed on the difficulty of attracting foreign capital in the face of an unsettled political situation, a culture which condones dishonesty, and the threat of currency devaluation and inconvertibility.

The New Institutions. Four development finance institutions are studied quite carefully in this section: The Industrial Credit Bank (ICB), Re-evaluation Loan Fund (RLF), Industrial and Mining Development Bank (IMDB), and the Iran-American Industrial Guarantee Fund. Except in the case of the IMDB, the studies adhered quite closely to the following format: (a) origin and capital structure; (b) eligibility and selection criteria; (c) terms; (d) present procedures; and (e) future plans. The considerably longer discussion of the IMDB takes five chapters. It covers: the equity investors, the issues surrounding government support, the IDRD and DLF loans, the types and terms of assistance offered, the IMDB's analysis and control methods, and its profitability.

Case Studies. The case studies point out problems encountered in financing two different types of enterprises. The small family business seeking $0.5 million is most bothered by the delays in appraisal, decision, and disbursement and the fact that IMDB financing is more expensive than the subsidized government sources. However, planned repayment installments and the emphasis on sound management are definite advantages for this category of borrower.

The second study, of a larger international firm, on the other hand, faces a different set of problems. These include: (a) lengthy negotiations; (b) the attraction of local capital; (c) the acquisition of experienced personnel; (d) delays of all kinds (machinery, raw materials, etc.); and (e) retention of earnings for reinvestment.

Appraisal. The analysis takes a definite sociological slant, attributing many of Iran's problems to its culture, history, and ethics. Most descriptive text is well supported by data comparison, especially the
study of the IMDB which presents the only "analysis" of financial operating data (pp. 171-172) as it attempts to get underneath the published reports. The statistical appendices contain general economic and portfolio data, but no balance sheets.

Conclusions. In the background section, Benedick concludes that the most important impediments to economic development in Iran are sociological. He points to a fatalism which discourages planning; the basic mistrust of non-family members; and an ethical code which condones bribery, lying, and dishonest business practices. In the next section he criticizes the looseness of the bazaar (and the fact that banks are little better) which makes effective monetary policy almost impossible.

The conclusions section makes the following observations:

(1) artificially low interest rates encourage poor planning and sloppy operations;
(2) there exists a desperate need for working capital financing;
(3) fear of devaluation precludes effective use of foreign currency;
(4) the development of a capital markets will take a long time since much education, "trust building", and legal support is still required;
(5) managerial, as well as technical assistance is required;
(6) project selection must be based on both sound financial analysis and comprehensive economic planning;
(7) more attention should be devoted to obtaining adequate security for loans;
(8) it is impossible to ignore the sociological and cultural barriers to economic development.


Mr. Blair's objective was to answer such questions as: (1) "What kind of social animal is Nacional Financiera?" (2) "How did it come to be what it is?" (3) "What entrepreneurial roles, subtle and obvious, has it played in the economic development of Mexico?" (4) "... what is likely to be its behavior in the future?"

The work is historical and generally descriptive, covering the development of NAFIN from its inception in 1934 up to 1961. The discussion is divided into four sections: the nature of Nacional Financiera, the record of the Nacional Financiera, the character of Nacional Financiera's entrepreneurial role, and the future of the Nacional Financiera.

Nature of Nacional Financiera. In analyzing the form and substance of NAFIN's power, the author mentions its connections with the central bank, the system of interlocking corporate directorates it created, its
political influence, and its central position in Mexico's financial structure. This section also comments on NAFIN's profits and growth and explains its funding.

The Record of the Nacional Financiera. The period from 1934 to 1940 was characterized by experimentation and efforts directed at the establishment of a capital market, while 1941 to 1947 saw NAFIN acting as an entrepreneur to exploit the World War II boom. After 1947, NAFIN's role gradually evolved into its present form, a financer of infrastructure and heavy industry.

The Characteristics of Nacional Financiera's Entrepreneurial Role. In this section Blair concentrates on two aspects of NAFIN's entrepreneurial role: its diversity and the preference for a creditor or guarantor position over equity participation. He attributes this latter phenomenon to several factors: (a) lower risk, (b) Mexico's underdeveloped capital market, (c) the resulting ability to impress the international sources with its stability, and (d) equity participation often drew heavy criticism from private businessmen.

The Future of the Nacional Financiera. This short section contains the author's opinions regarding NAFIN's future.

Data Evaluation. This work is completely descriptive. It draws no real conclusions nor performs any meaningful data analysis. Rather, it is designed to serve as a basis for classroom discussion.

Conclusions. Blair's conclusions take the form of both criticism and speculation. With respect to NAFIN's past operations, he maintains that: (1) NAFIN is not turning over its equity portfolio as it should. It is holding on to its good investment, can't sell its poor ones.

(2) NAFIN has played too passive a role, merely choosing the "cream of the crop" from those projects presented to it. Concerning Nacional Financiera's future, Blair believes that there will be little change from the current mode of operations. He feels, though, that more active promotion is desirable.


This extensive study has as its goal the distillation from the experiences of many countries "practical institutional arrangements" for "financing the establishment, growth, and modernization" of enterprise employing from ten to one hundred persons and having assets of not more than the equivalent of U.S.$100,000. The study was completed by Davenport over four years under a grant from the Ford Foundation and reportedly will be published by McGraw-Hill in the coming months. Examination was made of a draft copy which was supplied to me by Davenport.
Although the book's subject matter is small industry and therefore does not purport to cover the development financing institutional field as a whole, many of the problems and techniques reviewed are applicable also to the financing of larger industry. Further, in many underdeveloped countries a large portion of existing or potential industry falls within the boundaries set by Davenport in his study.

Outline of Work. The objective basically is a wide program attack on the problem of financing modern small factories. The book seeks to achieve this objective by what it calls "comparative international research"—a combination of analytic/descriptive chapters and very specific case studies on financing of small factories in India, Puerto Rico, Colombia, Brazil, Japan, and Canada.

In the descriptive analysis, the book works from the general to the specific. Chapter 4 is concerned with the broad problem of formulating a country-wide program. The emphasis here is that institutions must be appropriate to local requirements, and they must be evaluated on the specific nature and extent of the country's needs. Adaptation of experience in other countries without consideration of these matters is unwise. A broad, detailed survey of the sources of finance, institutional experience, problems, background, and general characteristics, as well as economic data, is recommended as an early step in planning a program.

Chapter 5 emphasizes the fact that finance is only one of several elements essential to a program of small industry development. Other important aspects are: techno-economic surveys; training; technical, economic, and developmental appraisals of financing proposals and financed enterprises; and counseling and related services. The need for these services and some problems of implementation are discussed. Emphasis is put on the proper organizational format to supply such services. Davenport's view is that these services should be separated from the financing institutions.

There follow four chapters which describe the sources of development finance. The first deals with non-institutional sources, the second with commercial banks and savings institutions, the third with private finance companies, and the final of the series with official and quasi-official organizations such as development banks and other development finance institutions. In the case of most institutions, Davenport reviews the difficulties or risks the institution has encountered in trying to finance small factories and makes as many suggestions as possible about overcoming these obstacles.

Finally, the descriptive analysis tackles two operational problems: the selection of enterprises to be assisted (the question of appraisal or allocation of financing) and the problem of assuring implementation (follow-up or aftercare).
Conclusions. The book, as it now stands in draft form, does not have a summary or concluding section. Rather, there are recommendations under each of the above chapters. The main point of the book is that there is a wide range of techniques, devices and experience available as components of a financing program for modern small factories, yet in relatively few cases has the author attempted rigid recommendations. Rather, emphasis has been placed upon the selection of components to fit an individual country's problems and characteristics.

The chapters together provide a general outline for a program of finance and provide in detailed terms the rationale for the different components. The advantages, disadvantages, risks, and uses of techniques are provided. The needed components are spelled out along with detailed reasons for their need.

Data Evaluation. There is a marked contrast in the degree to which Davenport has provided useful, specific data in the case studies and in the descriptive analytic chapters. In the case studies, facts and figures are ample. They are related to named institutions. In the problem-oriented chapters, however, there are far more general statements of principles or idealized needs, and less tying of these principles to the experience of specific institutions. In these chapters we learn what is needed, but we do not learn specifically what institutions have tried what measures with what result.

There is also a tendency to express idealized goals without approximating their magnitude. Examples of these weaknesses may be found on page 5-17 where Davenport refers to the need for creating assurances that accounting information will be treated with proper confidence in order to interest entrepreneurs in the use of good accounting systems. He fails, however, to take the next step and relate what different banks have done to achieve this.

An example of a second problem (using wide descriptive adjectives) may be found on page 9-38 where he says that the financial resources of official development banks must be suitable to the risks they are expected to undertake. "If they are to assume high risks, adequate loss reserves must be provided." But there is no indication as to what "adequate loss reserves" might be. Nor of what might be called "high risks" for official development banks.

In summary, the fact that the best data for further use comes from the case studies should not take away from the fact that Davenport has provided in a workable framework an extensive rationale and general statement of objectives of a financing program.

Problems Presented. The main problem for further consideration is a general one. On pages 2-75 and 2-76, in summarizing the Indian case study, Davenport points out that most of the better-known institutional devices for facilitating small industry financing have been tried to some
degree. "The tools are there, but there is urgent need for using them more effectively." (Citing a study by the International Prospective Planning Team.) This quote might be extended to the world-wide problem development financing: the apt use of existing tools and their adaptation to new environments.

Another specific problem that clearly requires more study is suggested at several places in Davenport. This is the problem of the nature of security or collateral required.

A third problem is the question of the organization of the supporting services described in Chapter 5. Davenport argues that these services must be separated from the finance institution because (1) many financial sources may be needed where only one supporting service organization is economic; (2) the close relationship involved in supporting (or advisory) functions requires a "sympathetic orientation" antithetical to the more formal relationship between a borrower and a lender; (3) lender/counselors may become too deeply committed to firms; (4) monitoring functions are likely to be more objective if done by one other than the lender; and (5) supporting service personnel are "not easily accommodated within the administrative structure of financial institutions."

Space does not permit enumeration of equally strong arguments for incorporating most supporting services within the financial institution. It is sufficient to say Davenport has raised a question requiring further work.


The emphasis of this article is on the non-financial contributions a private development finance company can make to an industrial project. To illustrate the development functions of the institutions favored by the International Finance Corporation (IFC)--those which are "national both in identity and outlook, vigorous in the promotion of productive investment, yet prudent in the conduct of . . . affairs"--Diamond has used two short, but detailed, cases. One involved an Adela capital subscription, as well as participation by IFC and local corporations financieras. In the other, Mexican investors with traditional preference for fixed income securities are induced into participation in equity offerings by the leadership of local finance institutions.

Place of Non-Financing Functions. Diamond succinctly summarizes the five major contributions of private development finance companies: (1) the promotion of new industrial enterprise, (2) provision of equity, (3) broad distribution of ownership, (4) mobilization of private savings, and (5) introduction of foreign capital.
More importantly, the article emphasizes the importance of the mobilization and entrepreneurial functions of development finance institutions in addition to the straight financing functions. The problems met in increasing the dimension of these functions are several. Many private development finance companies "fear the risks of equity investment, especially new enterprises and in enterprises which they do not control; and they fear freezing their resources. These fears reflect dangers that are real." He notes that in many countries the need for monetary stability, political stability, adequate company law and other legal structure, the need for independent public accountants, and an atmosphere creating "conditions which will lead a citizen to save rather than spend."

Although to date the private development finance companies have taken the lead in these functions, one might conclude that in more mature economies their importance to government and mixed institutions would probably increase as well. Diamond argues that because of "the classical relationship" between a business and its banker, it is possible that these functions may not be performed well by a government bank. In the last analysis, however, it is up to the government to create a climate in which the private capital market can perform its full role.


The object of this study is an examination "of how existing private industrial development banks are organized and operated in the South Asia and Middle East areas." Engle served as an economic advisor to PICIC and visited the development finance institutions in India, Iran, and Turkey.

The study provides very detailed accounts of organizations, procedures, operating policies, and experience in four of the important private development finance companies sponsored by the International Finance Corporation: PICIC, ICICI, IDB/T and IDBI. Also included are less extensive case studies of Iran's Industrial Credit Bank and Iran-American Guarantee Fund, as well as Pakistan's Industrial Development Bank.

Coverage of Study. Each bank's history, operating experience, organizational structure, personnel, procedure for handling loan applications, and numbers of loans covered are related in detail. In many cases sample forms such as application blanks and end-use reports are provided. Tables showing the results of operations are also frequently given. Two very interesting and completely documented case studies of PICIC loans are included. The documentation consists of lengthy excerpts from entries in the files of the two loans, so that the reader is provided with a chronological unfolding from beginning to end of a
development banking project. In some cases there is analytic data such as those showing the appraisal and processing times for the first fifteen loan applications sanctioned by PICIC under its first World Bank loan.

Evaluation. The data in Engle are specific and thorough enough to be useful to other researchers. Although some come from publicly available sources, much material was of the kind available only at the financial institutions themselves.

The one general criticism that suggests an area for further work is the point Engle makes in the summary section that "none of the privately-owned development banks covered in this study is taking any serious risk." Engle argues that a development bank in order to be a development bank, should be experiencing a certain level of risks by encouraging untried ventures or borrowers who have not been able to get financing at standard terms. Hence, the question of proper collateral requirements is put directly in issue. The criticism also raises the problems discussed elsewhere of the need for accepted standards other than profitability for development finance institutions.


The emphasis of this project was on "the institutional aspects of public international development financing for the economic advancement of the less developed countries and regions of the world." A final book is now in preparation, based on ten separate case studies prepared in the course of the four-year project. The comments below were based on a review of nine of the ten case studies. They "concentrate on the functioning and interrelationships of the institutions--national, regional, and multilateral--concerned with the administration of development financing." The studies attempt to "account for both their successes and failures, to consider the feasibility of alternative arrangements and to contribute ideas for the achievement of the most effective organizational arrangements in this field." One study is general in nature, covering the "methods and policies of principal donor countries in public international development financing." The rest are country or regional case studies: East Africa (Kenya, Tanganyika, and Uganda), Turkey, Israel, Thailand, Colombia, Senegal, Chile, India, and Greece.

Scope of Studies. The nine country and regional case studies reviewed follow a general pattern covering five broad areas: (1) the magnitude and nature of external aid; (2) the sources providing the aid; (3) the status of planning within the country; (4) the administration of the aid (including the institutions receiving and channeling the aid); and (5) a series of case studies of use of foreign public aid within the subject country. Of particular interest to this paper is the fourth area which includes description and analysis of development finance
institutions. Other portions of the case studies referred peripherally to these institutions but will not be covered here.

Each study devotes an average of four to six pages to a description of the development finance institution(s) in the country. The description typically covers the historical development of the institution, its capital structure, its operations, day-to-day and policy management, loan procedures and terms, and finally departmental organization. The data appear reliable.

Descriptions of Finance Institutions. One case study, Colombia, provided no real coverage of the development finance institutions in the country, perhaps because at the time they were only then getting underway. The quality of the finance institutional description of the remaining seven varied—India, Thailand, and Senegal being among the best. Only Thailand, Israel, and Senegal give a detailed description of loan procedures. Greece and Israel provide little detail on the organization management or direction. Perhaps most significant, only in India, Thailand and East Africa is there an attempted evaluation of the problems of the institutions. A useful but somewhat less detailed attack on these problems is made in the cases on Senegal and Chile.

In summary, although there is good descriptive material on the institutions as of 1960-63, there is only a partial base for comparability and a partial attempt at performance evaluation or problem analysis. In only four of the studies was there any mention in the conclusion of the pertinent development finance institution. The primary aim of the Columbia studies was the larger problems of aid flow and aid administration.


The goal of this paper is to "attempt to develop guidelines for a financial institution, such as a development bank, to follow during an inflation or in anticipation of one." The paper is an excellent example of work devoted to a specific operating problem. It describes the effect of inflation on the role of a development finance institution, the technical adjustments to the development bank's lending terms required to ease the risk of devaluation, and the effects of inflation on the bank's other policies.

The article is summarized in the following three paragraphs.

Operating in an inflationary environment brings many additional pressures to bear on a development finance institution. First, the capital gap widens. Commercial banks and other traditional channels are less likely than ever to provide medium- and long-term financing. Second,
the capital market worsens. Inflation heightens uncertainty and therefore the buying and selling of debt or equity instruments falls off. Third, inflation causes foreign private capital flows to shrink, thus weakening the development finance institution's attempt to attract such funds. Fourth, the uncertainty caused by inflation leads the domestic entrepreneurs themselves out of investments with a long-term payout into commerce or speculative investments.

Development banks can help offset or counterbalance these trends by providing a continuing flow of soundly placed, medium- and long-term loans or equity designed to make commitment to longer payout projects attractive to entrepreneurs and investors alike. Development finance institutions thus provide stability and confidence when it is needed most. However, to operate in an inflationary economy, development finance institutions must protect their own financial structure against the threat of having their loans repaid in far cheaper money than was lent. Several methods have been devised to maintain the value of development finance institutions' financial interests in projects. Among these are: (1) increasing the proportion of equity investments, which are much more likely to ride up the inflationary wave (or alternatively, insisting on the right to convert debt into equity); (2) passing the maintenance of value risk on to the borrower by denominating the loan to a hard foreign currency; tying repayment obligations to a stable, local commodity using an accelerated amortization rate; sharing in the profits of the borrower; or planning on the issuance of bonus shares; (3) shifting the risk on to the local government or to the international lender; (4) introducing inflation equalization adjustments into the interest rate.

Finally, the paper reviews the effect of inflation upon the development bank's interest rate scale, its term of lending, its security requirements and investment policies, as well as capital formation. It recommends the selection of projects with substantial import components, products to be consumed domestically, products not subject to price control, and projects which have short gestation periods.

In summary, the paper provides very useful principles of easy adaptation and implementation. The facts and figures provided for any further use are negligible.


The objective of the two volume study are stated on the jacket of the first volume, translated here:

"... to compare not only the structures and methods of these diverse banks, but also appraise the results that they have obtained and pose the complex problems, as yet badly resolved, concerning the relationship they must maintain with the central bank and the organizations charged with formulating and executing.
the (development) 'Plans'." ... to study and compare "in as exhaustive a way as possible, the institutions and methods which, as much in respect to national plans as international, have as their mission the financing of development in the various countries of the world."

A majority of the study is devoted to the coverage of four areas: (1) international institutions, (2) institutions in the Franc Zone, (3) institutions in Latin America, and (4) institutions in the Sterling Zone.

**International Institutions.** A relatively lengthy case study of each international institution is presented, conforming with the general format presented below:

1. **General Introduction**
2. **Origins of the Institution, juridical basis, funding**
3. **Institutional structure, organization, types of financing offered, areas eligible for assistance, selection criteria, administrative procedures**
4. **Operations, policies, portfolio**
5. **Conclusions**

Parts I through IV are generally descriptive, while Part V contains some good, often very perceptive comments by the author.

The section concludes with a comparison of the international institutions on the following lines: (1) the nature of their activities, (2) credit policies, and (3) criteria for assistance.

**The Franc Zone.** The second section contains a very complete listing of the development institutions in the Franc Zone. These summaries are quite well structured, conforming strictly to the format shown below.

1. **Structure of the institution; type of institution; legal form; juridical basis; objective; provisions for choosing officers, etc.; main office and branch locations; capital structure; board of directors (representation); president; general manager.**
2. **Activities of the institution; portfolio breakdown by size and duration; portfolio breakdown by sector; outline of operation; qualitative evaluation.**
3. **Financial position; balance sheet; profit and loss account; working account.**

**Latin America and the Sterling Zone.** The section on Latin American institutions covers a few of the major banks in some depth. First, there is a good, qualitative introduction which identifies different categories of institutions and compares them. This is followed by a description of each institution's structure and operations, including detailed data on
portfolio content.

The discussion of Sterling Zone banks is very brief. Generally included for each institution covered is a general description of its objectives, resources, operations, and results.

Evaluation of the Sections. The major strengths of the international section are the conclusions and the excellent data accompanying the portfolio descriptions. Its short-comings are the absence of operating financial information (balance sheets and P&L statements) and the fact that the conclusions are very general, not based on data comparison or analysis. The Franc Zone listings are quite comprehensive. Minor short-comings are some absences of complete data (e.g. P&L statements, composition of the boards of directors) for some institutions and the fact that there was little comparative analysis of operations. The last two sections (Latin America and the Sterling Zone) are the least comprehensive in the book. No balance sheets or profit and loss statements are included.

Findings and Recommendations. In his introduction, Branger makes a number of important points: (1) development implies a structural evolution, not merely increased output; (2) short and long term sources of capital are both important; (3) a formal development plan is an essential prerequisite to successful economic growth; and (4) there are many problems in development finance, including--low savings, delays in absorbing capital, political risks, training development banks staffs, and choice of institutional structure.

Throughout the entire work, there is a plea for the unification and coordination of the development finance effort. The increased coordination of the international sources is proposed at the end of the international section, and Branger, in the final conclusion, proposes a global union of development banks.

Branger's argument is based on the following points: the uncertainty of continuing bilateral aid, the control which tends to accompany bilateral aid, increased efficiency, and the resulting ability to offer any borrower advanced financing methods and technical advice. He identifies as major obstacles nationalism and the development of criteria for selecting institutions for inclusion in the union.

Finally, Branger raises three problems which will require additional investigation: (1) the decoupling of politics and development finance, (2) the transfer of western financial institutional structures to the less developed countries, and (3) ways in which development effort can be first focused on the basic production needed to support a growing population, before it turns to extensive industrial expansion.

One important current work that has not been reviewed in this paper is this study of development finance institutions in Latin America. Due to be published in April, distribution outside of the IDB has evidently not begun yet. My understanding is that this volume will cover in detail the structural, operational, and financial characteristics of the development finance institutions in Latin America. It is anticipated that the kind of data included in the Development Centre's directory will be covered for each institution except in much greater detail. As soon as copies are available, coverage of this work should be included in this study.


In this paper the author seeks to relate the need for advancing the concept of professionalism among managers and staffs of development finance institutions to the development of adequate administrative structures and procedural methods for appraising loans.

Scope of Study. Taking as its theme Diamond's comment that "it is the operating procedures and decision-making process, much more than its capital structure and its organization chart, that provides the clues to why a development bank is or is not doing its job," this study seeks to synthesize the experience of a number of development finance institutions in the areas of procedural effectiveness and organization.

The study turns first to the problems of establishing a professional class of development bankers from the mixed bag of personnel drawn into these institutions during their rapid post-war growth. The impact of the international lending sources; the self-identification of development bankers as pioneers; a series of regional conferences of institution managers; the initiation of technical assistance moving from one development bank to another; the increasing number of trained engineers, economists, accountants, on development bank staffs; and finally, the slowly increasing number of managers with responsibility stretching over the three traditional specialist fields -- are all cited as forces forwarding the growth of professionalism.

Next, seven stages of financing in the life of a project are examined in terms of the lessons from a number of development finance institutions. The seven phases are: reception, screening, appraisal, decision-making, legal implementation, disbursement of funds, and follow-up. The merits of team appraisal as opposed to separate departmental appraisal of projects
are reviewed and three basic patterns for departmental organization are examined. Finally, the use of procedural tactics and departmental organization as means of forwarding professionalism are discussed.

The data in the paper are qualitative in nature. Although the synthesis of a procedural and departmental model is fairly well documented, there is relatively little data that would lend itself to comparative quantitative analysis.


In his Preface, Schatz states that: "This book is a study of a loans board created by the Federal Government (of Nigeria)." It deals with the operation of the Federal Loans Board from its establishment in May 1956 until December 1962. "As a result of this examination, we are led to question the importance of a capital shortage as an impediment to the development of indigenous business."

Outline of the Work. The first of seven chapters is a historical introduction. It covers the FLB's two predecessor institutions, the Nigeria Local Development Board and the Colony Development Board. The second chapter is an introduction to the Nigeria Federal Loans Board. It describes its operations, funding, and loan-making procedure in brief.

Appraisal of Applications. This lengthy chapter first refutes the charge that non-economic factors control acceptance at the FLB. It points to several FLB policies which discourage potential borrowers. These include: (a) burdensome application procedure; (b) over-emphasis on accounting; (c) no lending to new industries. The chapter goes on to discuss the friction which has arisen between the FLB and both local businessmen and the government's Industries Division. It concludes by pointing to the FLB's security requirements as another serious problem for many potential borrowers.

The Loans. Chapter Four is a description of the FLB's portfolio. It contains a breakdown of loan applications, a general portfolio outline, and a special section devoted to the FLB's regional loans. The next chapter covers three main topics: the misapplication of loans, assistance from the FLB, and the institution's repayment experience (poor to date).

The Capital Shortage Illusion. Undoubtedly the book's best chapter, Chapter Six repudiates the charge that a capital shortage is inhibiting economic development in Nigeria. Schatz concludes his book with a general discussion of development banking problems.
Evaluation of the Work. This book represents work of the highest quality. The analysis is perceptive and very well supported by appropriate data.

Conclusions and Problems Identified. The book's most important conclusion comes in Chapter Six, where Mr. Schatz effectively shatters the capital shortage illusion. He shows that the real problem in Nigeria is the pressing shortage of viable projects for investment, attributing this to both a lack of entrepreneurial ability and a generally poor economic climate (delivery delays, inadequate infrastructure, etc.). A concluding discussion demonstrates the consistency of this conclusion with the heavy demand for FLB funds.

Turning to problems which need attention, Mr. Schatz first recommends ways in which the FLB can reduce the exclusion of good projects. These include: 1) a general reduction of standards; 2) lowered security requirements; 3) the extension of loans to new enterprises; 4) an improved small loans scheme; 5) active promotion by the FLB staff. He then states (in Chapter Seven) that development banks are of limited use in a steady growth situation, since most capital demand can be satisfied through commercial banks. Development banks are crucial, however, when an economy is accelerating.

THE BIBLIOGRAPHICAL LISTINGS

A bibliography of work relating to development finance institutions is appended to this paper. A majority of the works listed were gathered through an extensive search of the important indices to books, doctoral dissertations, and periodicals. Volumes covering the period from 1960 to the present were consulted for each of the following:

1. UNESCO Bibliography of the Social Sciences - Economics.
2. Index of the Current Affairs Information Service.
3. Economic Abstracts (Holland).
4. The International Index.
5. The Business Periodical Index.

The unavailability of most of the books and periodicals referenced precluded discrimination based on anything more than titles. However, an abstract of each doctoral dissertation was reviewed before its acceptance for listing.
An additional source was a bibliography prepared by the U.S. Department of State. This proved invaluable in preparing Section III, "U.S. Government-Sponsored Research Projects", and the outline of research in progress.

In 1962, Thomas G. Burns and Herbert A. Stein working under the author's supervision produced a bibliography of writings in the field of development finance which was distributed as a Sloan School Working Paper. There is not a major chronological overlap between that bibliography and the current one prepared for this study. The earlier bibliography is incorporated as part of this paper and is also appended.

Method of Listing. The immediate product of the research outlined above was a long, but disorganized list of writings. In an attempt to structure this list in a meaningful way, the works were first divided into four main types: 1) Books; 2) Doctoral dissertations and academic working papers; 3) Government-sponsored research projects; and 4) Periodical and journal articles. Then, the entries of each type were subdivided into five content categories:

1. General discussions of development finance, types of development institutions, and broad area studies;
2. Discussions of the international sources of development assistance (IBRD, IFC, etc.);
3. Case studies of specific development finance institutions or national economies;
4. Discussions of specific problems in development finance;
5. Proposed methods of institutional operation or development management.

Books, dissertations, and research reports are listed by author, while periodical articles are arranged by title for the user's convenience.

Work at M.I.T. Over the last two and a half years, four Master's and one undergraduate theses and nearly two dozen graduate papers dealing with different aspects of development financing have been completed by students under the author's supervision at M.I.T.'s Sloan School of Management. Most are problem oriented; many apply modern management techniques of analysis and problem solving to development banking problem areas.
Practically all are based on inadequate data, but the best illustrate the potential boost research may provide the development finance institution manager and the sources also. For this reason a few deserve mention here. The theses have been included in the bibliography, while the papers have not.

First, there is a series of applications of analytic management tools to development banking problems. Among these are two models completed within the past academic year that show fair potential as operational aids to development bank managers and those who lend to development finance institutions. The first is a computer simulation model providing a method for projecting future cash flows accruing to finance institutions as a result of their lending functions. The many cash flow determinants of profit or loss, such as the amount and the cost of capital required to fund a loan portfolio and the income from the loans, commitment fees, and short-term investments using surplus cash, can be varied to take into account changed assumptions or experience.

The second model, built from the first, is a linear programming model designed to take roughly the same inputs and generate a suggested lending portfolio designed to optimize a selected criterion. At present, the criterion used is the net present value of total cash flows generated by the institution's lending activities over a planning period of four years. Taking as inputs the determinants of cash flows, the program then makes recommendations for number and types of loans over the planning period that will optimize the selected criterion, e.g., net present value of total cash flows. This model was based on data of operational experience received from PICIC. As the model is further developed to permit substitution of other criteria and to take into account such portfolio changes as shifts between loans and equity investments or loans with various cost factors attached, its potential as a management tool should grow.

An earlier thesis set up a model simulating the activities of a development bank with emphasis on training of manpower, designed to study policy shifts affecting allocation of men to lending activities, advisory or aftercare activities, and training. Another thesis provided preliminary spade work on the problem of evaluation, while still another studied the various institutions providing finance for Indian small industry and provided a model of the effect on a typical small Indian entrepreneur of the injection of capital from an outside source.

The papers have largely been problem oriented, dealing with such topics as the guaranteeing, underwriting or promotional activities of development finance institutions; their balance sheet and other financial presentation practices; their organizational structure; their profitability and other measurements of performance and the use of accounting prices. Case studies have included institutions in Tanganyika, Greece, Tunisia and Canada.
STUDIES CURRENTLY UNDERWAY

Several studies on development finance institutions underway or scheduled to start in the near future will further increase our knowledge and understanding. A special section of the bibliography contains a listing of works known to be in process of completion. The following should receive special attention.

Global Directory. Most important of these works is the Development Centre's own directory of development finance institutions. The listing of the vital statistics of approximately 300 institutions will provide the first truly global statistical coverage of the system of development finance institutions. The collection of current data provides an opportunity for a more thorough analysis of the sources and uses of funds channeled through this system and of many of its operational characteristics. The data will be useful in attacking evaluational, financial, mobilization and organizational problems. The Directory's data storage system will provide a basis for continuing collection and presentation of pertinent data in a useful framework. It also provides a basis for working on the improvement of the presentation of financial information by the institutions themselves.

There are other benefits. The study demonstrates the potential of co-operative research efforts between the Development Centre and the major international and bilateral aid agencies: the International Finance Corporation, Inter-American Development Bank, Caisse Centrale, Commonwealth Development Corporation, Kreditanstalt für Wiederaufbau, and U.S. Agency for International Development. The work has identified many more development finance institutions than we expected. An unanticipated side product of defining institutions eligible for listing was the spotlighting of mortgage, land and housing banks as well as savings and loan associations and co-operative credit institutions.

Work on Evaluation. The author has embarked upon a work on the evaluation and management of development finance institutions. The primary objective will be to provide a general evaluational framework within which the operational performance of the great variety of development finance institutions may be meaningfully measured and compared. In order to do so, traditional classification concepts of development banks will be discarded and a framework established along functional lines, with measurements suggested for each major institutional function.

Two case studies, one in the process of completion and the other proposed to begin this fall, will also focus on the problems of evaluating development bank performance. Mr. Stacey Widdicombe of the Ford Foundation is currently working on a doctoral thesis, Judging the Performance of an Industrial Development Corporation in a Small Developing Country, a case study of the Jamaican Industrial Development Corporation. The purpose of
the study is "to examine critically the possible criteria by which an industrial development corporation can be judged to have performed successfully," and "to analyze and assess the major factors bearing on the successful performance of a development corporation, particularly in a small economy." Widdicombe is reviewing the reports and published material on the JIDC, interviewing Corporation officials, government and business leaders in Jamaica, using a questionnaire on attitudes toward performance criteria among various sectors of Jamaican opinion and interviewing World Bank and other institutional officials plus economists interested in the problems of Jamaica's development. A final section will suggest a set of factors to be considered in understanding the "development" and measuring the success of an institution, e.g. a generalizing summary chapter.

This work promises to be very interesting. Mr. Widdicombe has made the author "an unofficial member" of his thesis advisory committee and so continued contact with the progress of this study will be maintained.

The second case study will be undertaken by James Linell, an Oxford University student. Linell is planning a B. Litt. thesis on the causal relationships between several characteristics of investments financed by the Industrial Development Bank of Turkey and the profitability of those investments. He apparently is planning to undertake the necessary field work in Turkey. In an earlier, more broadly conceived project (of which the present study will be a scaled-down version), Linell thought to "establish whether or not there has been any marked correlations between various factors concerning loans or loan recipient/applicant enterprises of the IDB/T and the economic benefits, especially to loan outlay, associated with the operations of such enterprises." In the present study he is seeking to substitute profitability for economic benefits. The study should be a very interesting one.

Other Work Underway. Five additional people or institutions either have work under way of have proposals for work in various stages of development.

First, staff members of the International Finance Corporation, particularly Dr. B. H. Shin, are carrying out work on problems affecting the operation of the nineteen private development finance companies in which the IFC is interested.

Second, Mr. Henry S. Bloch, formerly Chief, Fiscal and Financial Branch, United Nations, and now lecturing at Columbia University School of International Affairs, is planning to undertake a study or series of papers on development finance institutions designed to point up the ways in which practical realities of operation differ from theoretical concepts of development financing.
Third, Professor Raymond Mikesell of the University of Oregon, under whose direct supervision and cooperation the Adler study reported on above was completed, is planning a study, based in part on Adler's work, which would focus on the channeling of funds through development finance institutions by the international sources. Professor Mikesell indicated in March of this year that it was unlikely he would get to this work for the remainder of the spring. Therefore, the estimated date of completion here is unknown.

Fourth, in February, the Washington consulting firm of Porter International submitted to the Office of Technical Cooperation and Research, AID, a proposal for an extensive study designed to attack the problem of determining for "varying sets of circumstances what development banks can and cannot be expected to do; the most effective form of operational techniques; and the best means of converting these conclusions into action." The proposal in its current scope and format was rejected by AID's Analytical Studies Advisory Group, but the Porter firm was invited to resubmit a proposal on a smaller scope designed to study the experience of AID in the extension of loans to development finance institutions; the study would be based primarily on material within AID files. As of June 1, there apparently had been no resubmission.

Finally, the Inter-American Development Bank is completing a study of fund flows from Europe to Latin America. This study, under preparation by Casas-Gonzales of the IDB, will devote a relatively small number of pages to the Latin American finance institutions involved in channeling European funds into the Latin countries.

Work Underway at M.I.T. It is anticipated that work at the Sloan School of Management will continue to focus on operational problems and the development of analytic tools to aid development finance institution management. Further development of the cash flow model mentioned above will proceed under a thesis which will seek to apply the idea to other functional activities such as underwriting and guaranteeing. There is hope that present models might be shaped into operational usefulness through application to specific institutions, although nothing concrete has yet been arranged. A series of new dynamic models will probably be developed by one student in the course of the coming academic year.

The author will complete within the coming weeks a paper entitled "Organizing Professional Cadres for Industrial Project Evaluation" for the background papers for the U.N.'s Inter-Regional Symposium on Industrial Project Evaluation at Brno, Czechoslovakia, next fall. The paper will in essence be a revised version of the author's M.I.T. working paper, "Toward Professionalism in Development Banking", referred to earlier. Emphasis will be put on the procedural and organizational lessons for those engaged in project appraisal from the experience of development finance institutions.
SUMMARY ANALYSIS OF CURRENT RESEARCH

In general, works on economic development or its financing deal very summarily with development finance institutions. Basch and the Columbia series discussed above are examples. Although the Columbia studies provide good detail on the development finance institutions in the countries covered, these descriptions in fact share only a small fraction of the spotlight.

There is, however, a growing body of specialized study on development finance institutions. The Inter-American Development Bank volume on Latin American Development finance institutions and the Institut d'Etudes Bancaires et Financieres's volumes spanning the world of development banking are two examples of global studies completed within the last 12 months. The attached bibliography lists 111 (all completed since 1960) focusing mainly on development finance institutions. Its predecessor, an M.I.T. bibliography completed in 1962, lists 109. 16 doctoral dissertations are listed in the bibliography; 5 Master's or undergraduate theses have been completed at M.I.T.'s Sloan School of Management alone.

Given all this work, there is a need to study carefully what it teaches us and how it may be used for further study. This is the purpose of this section.

Emphasis on Case Studies. The largest proportion of new material on development finance institutions is in case study form concentrating upon a single institution or the institutions of a single country. The case studies of Davenport's new work, the sections of the Columbia case studies devoted to development finance institutions, and the separate works of Schatz, Benedict, and Blair come to mind. Davenport states that there is scarcely a country in the world now without an evaluation of its financial institutions. This statement is borne out by Appendix C which lists by country the case studies or descriptions we have seen associated with the underdeveloped countries in the course of this study. There are 67 institutional case studies in 41 countries as well as 64 more general financial studies of 37 countries which we believe contain institutional data.

Four failings seem to characterize many of the case studies on development finance institutions.

1) Absence of sufficient documentation. Some studies in the past have not provided enough factual material about the institution. Facts and figures of operations, capital, income and expenses are scant. Part of this is due to the relative youth of development finance institutions. This deficiency is rapidly being corrected in the many case studies listed in the bibliography here and also with the introduction of the new global studies, although there has been insufficient time yet to test the comparability of these data in applied analysis.
2) Absence of Problem Analysis: In a number of case studies where there is good factual material, the presentation is confined to narrative or descriptive accounts, providing the facts and figures on the history, capital structure, management, procedure, and operations; but with little attempt to identify and analyze problems of the institution. Engle is a good example of this. A related problem that sometimes occurs is that the data made available elsewhere in the study may not be brought to bear in the analysis of a particular problem. Although Davenport is not a case study, its problem-oriented chapters suffer from this deficiency.

3) Absence of Evaluation of Institutions Studied: Case studies frequently spend little time on evaluating the experience, characteristics or performance of the institution under study. Thus, an extensive narrative account of an institution may be followed with neither an analysis of its problems nor an evaluation of its performance. When there is evaluation, it is frequently undocumented (that is, little use is made of data in essaying the evaluation). Again, some of the Friedmann case descriptions, as well as the Engle case studies provide examples.

4) Absence of Comparative Case Studies for Either Problem-Solving or Evaluation: Although comparative studies abound with hazards, arising out of the temptation to compare effects brought about by different causal relationships in different countries, the comparative approach provides one of the best means for learning. Very little has been done on a comparative case study basis, however. It is interesting to note here that whereas the methodology purportedly adopted in Davenport was that of international comparative research, there was very little use of specific comparative experience in his discussion of methods and principles.

Some of the causes for these deficiencies are apparent. First, the absence of evaluation -- both comparative and of single institutions -- results in part from the fact that there is no clear idea of what is to be evaluated or the criteria by which evaluations are to be made. Secondly, the writers have frequently had no clear list of priorities as to what problems to attack. The gap between the development bank managers who face the daily problems of operation and the researchers has sometimes added to the tendency to confine the written work to reporting of fact. A third point is also relevant: writers have sometimes had little access (on either a single or comparative basis) to some of the data bearing most directly on the really important problems.

Other Studies. The remaining studies fall into different patterns: the more comprehensive works such as the IDEF and IDB volumes which in part are accumulations of case studies; the studies covering wide-ranging problems such as the earlier books of Diamond and Boskey which really almost qualify as texts; the problem oriented pieces such as Houk, many of the M.I.T. student papers or the author's own work on organization and procedure.
The four deficiencies found in case studies frequently are found in varying degree in these studies, also. A review of titles in the bibliography with their accompanying annotations where available, supports this conclusion.

The Importance of Non-Lending Functions. The substantive aspects of much of the analysis leads to the conclusion that the non-lending functions of development finance institutions will increase in importance through the years. Adler's conclusion that little mobilization of capital has been achieved through the "inside" methods of accumulating capital for productive investment suggests that effort should be aimed at gradually increasing the effectiveness of inside mobilization and also at increasing leverage of development finance institutions in mobilizing or rechanneling private or institutional funds into longer term lending. The most significant way this can be done is through assisting in the development of capital markets. The creation of other institutions such as unit trusts which will act as catalysts for private funds and the development of underwriting mechanisms are also important. Devices which will rechannel commercial banking and other institutional sources of funds into longer term lending where it is needed are, however, a part of the whole mobilization structure. Two of these devices are guaranteeing of commercial bank and other institutional loans of a desired nature and providing refinancing services so long as a proportion of the commercial institution's own funds are associated with the refinanced amounts. These may increase in importance. Diamond's emphasis on underwriting and the bringing in of other sources of capital also gives support to the conclusion that non-lending functions require attention.

The Problem of Evaluation. The rationale for adequate measurements of development finance institution activity is based on two fundamental points: the need to allocate resources and the need to improve performance.

On the first point, national governments are forced to allocate available funds -- tax revenues, social security reserves, insurance funds, marketing board reserves, etc. -- among the competing users on the basis of very imprecise economic or operational criteria. In the absence of alternatives, reliance is placed largely on political criteria alone. At the international and bilateral aid level, a similar dilemma frequently exists. Two hypothetical situations illustrate these needs. The first is a government faced with a decision whether to commit industrial development funds through a development finance institution or directly into plant development, ownership and management. What yardsticks does it have by which to compare the costs and benefits of the two paths? The second situation is the international or bilateral agency asked to substantiate its decision to support one institution over another in the same country also seeking its funds. By what measurements is one held to be "better" or "more successful" than the other?
On the second point, improvement of performance, clear definition of standards and means to measure performance against those standards, are needed to guide both the institutional manager and the researchers embarked on problem-solving. In solving problems such as the proper debt/equity ratio or reserve requirements, policy makers need to compare experience among different institutions. But they need first to know how to evaluate that experience. Managers trying to improve their institution need standards to judge the level of their present performance. Researchers analysing operational problems need to have criteria if they are to try to help the managers optimize their performance.

The reason for the absence of evaluative work is not hard to see. As Davenport points out "the criteria for success of development financing are more complex than financing intended only to earn a profit." An early article pointed out that:

"Many kinds of measures or yardsticks might be applied in the measuring of progress. Yet few yardsticks have been developed, and when one deals with diverse human and economic factors, the diverse human and economic factors, the development of precise yardsticks and their application are not easy tasks. ("Causes of Success and Failure in Technical Assistance Projects." International Development Review, October 1959.)

Yet,

"We have now reached the stage where our qualitative approach must be supplemented, for, if we are going to be of benefit to the policymaker we must begin to systematize our knowledge of development banks by postulating and utilizing measurable criteria of performance. Although the task is difficult, we must begin to grope . . ." (Wentworth, M.I.T. class paper, May, 1965.)

It is for these reasons that the author is working on tying the establishment of acceptable performance criteria to the major management problems of development finance institutions; and for these reasons that he seeks in the final section below to associate the Development Centre with that effort as a transitional step to a program of problem oriented research. The study's general evaluational framework will suggest criteria for each of the major functions of development banking. The author believes that this approach can best take into account both the changing emphasis on different functions over the lifetime of an individual institution and the great diversity of roles played by different institutions or different environments. The proposed framework will also provide an opportunity
for examination of much of the data which will become available in the Directory, and their use in rough measurements and description of the present development finance institution system. Management problems most closely associated with the achievement of top performance will be examined in light of the criteria suggested. These problems will include staffing and creating a professional class of development bank managers, procedural and lending policies, and organizational alternatives. Relationships with government and the financing of small industry will also be included. Perhaps most important in the management area will be an exposition of various analytic tools as aids to institution managers.

Other Problems. It would be useful at this point to briefly summarize many of the problems in the development finance institution field presented most clearly by the works reviewed in this paper. As stated earlier, some of these have been raised only implicitly. No attempt is made to evaluate the proper priority that should be given to these problems, nor is it contended that these are the only problems presented in the works covered. The problems are grouped under seven topics.

1. General: Change of development finance institutions functions over time. (Widdicombe)
   - Striking a proper balance between public and private sector activity (Engle)
   - Removing such sociological barriers to development as mistrust of non-family members, fatalistic attitudes which discourage planning, and ethical codes which condone dishonesty. (Benedick)
   - Determine which is the limiting factor in different development situations: capital or project shortage. (Schatz)
   - Problems of bilateral aid to development finance institutions. (Branger)
   - Problems of expanding multilateral sources of development finance institutional aid. (Branger)
   - Better means of evaluation. (Nyhart, Widdicombe, Davenport, Porter, Linell)

2. Mobilization of Capital: Comparative profitability accruing from underwriting operations versus lending. (Adler)
   - Fund flows analysis showing importance of rotation of portfolio and repayment of loans as source of funds for new lending. (Adler)
Experience in the turnover or sale of equities. (Adler & Blair)

Relationship of growth of assets to a development finance institution's contribution to economic development. (Adler)

Establishment of proper reserve policy for guaranteed activity. (Kaeissler)

3. Institution-building: Methods to raise the efficiency of commercial finance institutions in development finance. (Davenport)

Potentials of constructing a Union of development finance institutions. (Branger)

Building the mutual confidence of financial institutions to widen the exchange of credit information. (Davenport)

Developing among local investors the trust and understanding which will allow an infant capital market to grow. (Benedick)

4. Lending Policies and Procedures: Developing criteria for the establishment of branch offices. (Engle)

Financing the working capital requirements of projects with long gestation periods. (Benedick)

Improving the scope and quality of follow-up. (Engle, Nyhart)

The experience of different development finance institutions in varying security or collateral requirements. (Schatz, Engle)

Minimize bank imposed burdens which might discourage potential borrowers with viable projects. (Schatz)

The general implementation of existing tools of finance. (Davenport)

Overcoming currently existing deficiencies in appraisal. (Davenport)

Planning portfolio policy to maximize the development finance institution's objectives. (Pigossi, Nyhart)

Problems of operating in inflation. (Houk)

Developing use of cash flow analysis through computer simulation. (Nyhart)
Encouraging development banks to play a more active role in their country's development, undertake riskier ventures. (Blair, Engle, and Diamond)

5. Governmental Relations: Determination of the Change in Government's Role Over Development Finance Institution's Life Span. (Adler)

- Improvement of Schemes for Limiting Risk in Undertaking Projects Desired by Government. (Nyhart)
- Creation by Government of a climate beneficial to development of a private capital market. (Diamond)

6. Professionalism: Creation of a professional class of development bankers among the economists, accounts, engineers, and civil servants now staffing development finance institutions. (Nyhart)

- Conflict of public and private interests among board members of development finance institutions. (Widdicombe)
- Training managers and staff. (Nyhart, Widdicombe)
- Inside and outside role of professional staff. (Widdicombe)
- Requisite level of professionals to man development finance institutions. (Davenport, Diamond, Nyhart et al)

7. Organization: Proper position of supporting services for development finance institutions. (Davenport)
What needs to be done?

General goals. Five general goals toward which an institution of the character of the Development Centre should be expected to work if it is to forward the practical knowledge and understanding of development institutions are:

1. It should use its advantageous position to develop and gain acceptance of commonly recognized objectives for development finance institutions. The range of objectives should be broad enough to relate meaningfully to the many diverse functions of different development finance institutions operating under different economic and political environments. Yet, they should be stated specifically enough to permit quantitative means of measuring performance toward the achievement of these objectives wherever possible.

2. The work of gathering global data in a comparable form, begun in the OECD Development Centre Directory, should be continued. This implies providing means for preserving and up-dating the data currently being gathered, plus adding new data relating to problems of primary importance. Perhaps the first addition should concern the status of trained personnel in development finance institutions.

3. Related to the above goal is that of making good use of the new body of data being gathered in the directory and by so doing, giving emphasis to the importance of hard, comparative data in widening the body of knowledge on development finance institutions.

4. The Centre should begin active examination of one or more problem areas drawn from either those set out above or others, so long as problem criteria suggested below are met.

5. The Centre should also maintain the active support and cooperation not only of the international sources, but also of the development finance institutions themselves. The first step in this direction is the publication and distribution of the directory eliciting of development finance institutions' views on problems of concern to them and on means of measurement.
Criteria for Selecting Problem Areas. The choice of problem areas for Development Centre research activity on development finance institutions should be measured against the following criteria:

1. Work should be of a problem-solving nature, oriented toward the solution of specific problems. It should be understood that within such a framework, a subsidiary goal would be the collection and preservation of data in comparable, usable form. This emphasis on hard data is not meant to diminish in the least the importance of qualitative, intuitive insight. The necessary qualitative judgments can be better made when based on better documentation.

2. The problem areas should be selected with an eye to providing high leverage. The problems deserving work first are those which will provide high benefits -- substantial and long-ranging results. The questions here should be: Are there opportunities to score a breakthrough that would move performance to a higher plateau? How many development finance institutions might be affected by the results of the work?

3. Future work should involve the development finance institutions themselves and the international sources. The directory has provided an example which should be continued.

4. The development of case studies should continue, but they should be made on a comparative basis.

5. The planning of problem area work should include provision for actual implementation of the results of the study. Thought should be given at the outset as to means to avoid having research studies stay on the shelf. The cooperation of the development finance institutions and the international sources will help assure that the work that is undertaken is of sufficiently practical emphasis to permit later experimentation and finally trial implementation of any recommendations.

Specific Activities. The development finance institutions' own views as to their real objectives, their successful progress toward their objectives and their means of measuring this progress should be elicited by means of a questionnaire. Their ranking of their major problems should be obtained by the same means. The design of the questionnaire should be agreed upon. The timing of its submission should be set for the end of June or mid-July, providing this did not interfere with the progress of the Directory. Analysis of the results of the questionnaire should be completed by the end of the year. The data should be taped and associated with the programmed data in the directory.
During the same time work should be initiated on the establishment of criteria for development finance institution performance, hopefully by supporting the consultant's work on evaluation and management. This work would include a comparative study of the means presently used by the international and bilateral aid sources in evaluating the institutions in which they have an interest.

Finally, consideration must be given to the selection of problem areas for extended research, discussion and experimentation from among those suggested in this paper, by the international and bilateral sources and by the development finance institutions themselves.
July 22, 1965

Mr. B. H. Shin  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Shin:

We have now received all of your draft listings for the development finance institution directory. I want to congratulate you on the excellent job you have done. The listings reflect the great deal of work you have put into them. I have asked Mr. Diamond if we could circulate one or two not only to the other sources cooperating with us, but also to all of the finance institutions when we send the individual draft listings out for review.

I have not yet had a chance to go over all of your listings in detail and expect that I will have some comments or queries when I have a chance to do so. I will write further then. Until that time, many thanks for an excellent job.

Best regards,

J. D. Nyhart

JDN:nl

cc: Mr. Diamond
Professor J. D. Nibart
Fifty Memorial Drive
Cambridge, Massachusetts 02139

Dear Professor Nibart:

This is to acknowledge receipt of your letter of June 23, to Mr. Diamond who has been currently abroad on business. I will assure you that your letter will be brought to his attention upon his return.

With regard to the draft listings for the Directory referred to in your letter, I will send you seven listings out of the seventeen in the next few days and the rest will have been sent to you by mid-July as you requested.

With kind regards,

Yours sincerely,

B. H. Shin

cc: Diamond/Stillings
June 2

Mr. Diamond,

We received blank sheets for filling out the directory on May 3 but haven't started yet. The reason is that data on DFCs for the October conference currently under preparation will provide the best source to be utilized for the directory, too. To kill two birds with one stone.

Unless you tell me otherwise, I would rather wait for the completion of the conference materials.
May 27, 1965

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

Dear Bill:

I will be at the EDI for three days beginning next Wednesday, June second, and hope to take this opportunity to spend some time with you or Bob reviewing the progress of the directory listings, discussing any problems that may have arisen in their completion, and also discussing possible next steps for Development Centre work.

At the end of the following week I will fly to Paris for several days of discussions with Edmond Janssens and people from the European institutions involved in the project. Hence, I am looking forward to the chance to meet with you, George, and Pepe Menendez prior to going. I will give you a ring sometime in the afternoon of Wednesday to see what your schedule is.

Mr. Shin wrote me a note commenting on the draft piece I had sent you, and I am enclosing a copy of my reply. Also, some time ago Henry Thomas asked for copies of my report to the Ford Foundation on the establishment of small credit institutions in Nigeria. At that time I mentioned a simulation model we were working on and he asked for a more extensive description of it. A reply to that letter is enclosed also.

I'll be looking forward to seeing you and/or Bob next week.

Very best regards,

J. D. Nyhart

JDN:nl
Enclosures 2
May 10, 1965

Dear Dan:

In the absence of Bill, who is abroad on official business, I am acknowledging receipt of your letter of April 30 to him and the supply of blanks for directory listings as well as revised instructions mailed under separate cover.

I am sure Bill will appreciate your receptiveness to his suggestions regarding the directory format, and the revised instructions. We will proceed now to fill out the forms for the seventeen development finance companies as you requested, and will send them on as soon as possible.

Thank you for sending a copy of your paper on the use of team appraisal of projects by development finance institutions, which we will study with great interest. We shall let you know if we have any comments.

Best regards.

Yours sincerely,

Robert F. Skillings  
Deputy Director  
Development Finance Companies

Professor J. D. Nyhart  
Fifty Memorial Drive  
Cambridge  
Massachusetts 02139
Mr. William Diamond, Director  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433  

Dear Bill:

Yesterday under separate cover I sent you a supply of blanks for filling out the directory listings, as well as revised instructions. We sent approximately twice the number of working sheets as blanks, one for a first draft and one for a final typed draft. We are looking to the IFC to complete listings on all of the banks on the list of "Development Finance Companies with which the World Bank Family is Associated" enclosed in your April 15 letter, with the exception of those in Austria and Finland--countries which are not on the Part II IDA list.

On the instructions, we have included your suggestions and those of George Wyeth. You will note that in Item 24 "advances" has been added. We took care of market value of shares and volume of transactions by making them a part of the notes that will appear opposite Item 18. This correction appears on page 9. It seemed better to add it there rather than making a completely separate item elsewhere. On the breakdown of assets, you are quite right; and I had intended to make a distinction between institutions whose loans and investments will be wholly or primarily within the manufacturing sector and those with widespread investments over many primary sectors. In the first case, I think we should go to the second layer of sectoral divisions and have so indicated in the note on page 11. I think that these cover your points.

George Wyeth pointed out that we were fouled up on our numbers of Items 20, 21, and 22, and that has been straightened out. One of the men from his regions also suggested that we include technical services and industry studies in the textual description where development banks have actually provided these services. We have amended sub-clause (4) on page 4 to cover this.

I stand in constant admiration of the ability of you and your shop to come up with the latest and most precise data! I appreciate very much Dr. Shin's up-dating of the list of institutions. We are incorporating these in our official working list. I still have to sit down and figure out the differences between our models and the corrected ones you sent back. These listings have got to be as accurate as possible, and I appreciate very much the care with which I know the IFC listings will be completed.
I have had a letter from Edmond Janssens which indicates that both CDC and CCCE have been pleased generally with the progress on the directory so far, so I think things seem to be going ahead satisfactorily on the other side of the ocean.

I am enclosing a paper I have recently completed on the use of team appraisal rather than separate departmental appraisal in institutions that make project appraisals. It beats a narrow point, but one that I think is significant since many institutions seem to chop up their appraisal into separate reports by men who do not seem to have adequate communication with each other during the process. I would welcome any critical comments you might want to make on the paper. Incidentally, I enjoyed very much your article in the current issue of the "International Development Review." I am submitting this paper to them for consideration.

Best regards,

J. D. Nyhart

JDN:nl
Enclosure
The Case for Team Appraisal of Projects - Experience

In the Development Banking Field

J. D. Nyhart

Most project appraisals require the skills of an economist, a financial analyst, and an engineer. It has usually been assumed that once these specialists have acquired appropriate techniques of evaluation, the battle of appraisal is won. But good project appraisal is not completed until their diverse views have been merged. This article is concerned both with the means to achieve this merger and the character of the merger itself.

Development banks regularly meet the problem of how best to combine these various skills. Two basic methods have evolved. The first is the separate departmental method in which the economist, the financial analyst, and the engineer work separately. One of them or a fourth individual blends these reports at the end. In the second method, team appraisal, the three specialists work together and submit one report. A third possible alternative, appraisal by one man acting alone, is rarely found in the developing countries.

There is little evidence bearing on the comparative effectiveness of different appraisal methods, since most attention has been given the substance of appraisal rather than its procedure. However, discussions with a large number of development bankers suggest that many—perhaps even a majority—of these financial institutions are using the separate departmental approach rather than the team appraisal approach advocated here. The two different approaches can be seen in appraisal procedures practiced in 1962-1963 by four very good development finance institutions which are examined below. The advantages and disadvantages of both approaches are weighed. A rough measure of the efficiency of the different appraisal methods is offered.
Team appraisal appears to be considerably more effective than separate department appraisal in evaluating development bank projects. It forces each specialist to give more thorough consideration to the way closely related facts outside his own particular competence affect those within it. It gets the job done more efficiently. It stimulates a quicker transformation of the economist, the engineer and the financial analyst into professional development bankers. It may be used under most administrative structures that development banks have evolved in establishing departmental organizations. Finally, team appraisal minimizes several negative attributes believed inherent in separate departmental appraisal.

Approximately three hundred development finance institutions plus many planning ministries and regional development authorities throughout the developing world are charged with project appraisal responsibilities. It is hoped that an examination of their own methods for blending the professional skills at their disposal will be stimulated by the experiences traced here.

The Flow of Projects in Four Private Development Finance Companies

The Industrial Development Bank of Turkey (IDB/T), the Industrial and Mining Development Bank of Iran (IMDBI), the Pakistan Industrial Credit and Investment Corporation (PICIC), and the Industrial Credit and Investment Corporation of India (ICICI) are similar in many respects. All are privately owned with a relatively dominant commercial orientation, are strongly supported by the International Finance Corporation and other external aid sources, operate as a major source of foreign exchange within their countries and tend to concentrate on comparatively larger loans. Within the wide spectrum of development finance institutions in the developing countries, these four institutions are part of a small, fairly comparable group known as private development finance companies. Because they are among the very best development finance institutions, their
experience is worth examining.

1. In the Industrial Development Bank of Turkey a full appraisal is carried out by three departments: Financial Analysis, Engineering and Economic Research. After a preliminary, formal check by another department to assure the application material is in required form, a new project is routed to the Engineering Department which undertakes both technical feasibility and profit potential. A departmental report is prepared. The file then goes to the Economic Department and Financial Analysis Department for separate investigations by each. The Finance Department chief merges parts of the other two reports into his final report which is sent to the Finance Committee. Hence, the flow of the loan appraisal under this consecutive separate departmental appraisal is as follows:

   Engineering Department → Economic Research Department → Financial Analysis Department (Coordination) → Recommendation and Decision

2. A loan application in the Industrial and Mining Development Bank of Iran is coordinated by its Loans Department. After classification by a Loans Committee as to priority or likelihood of approval, the Loans Department, the Economic Development and the Technical Department each work on separate reports which are then coordinated by the Loans Department for presentation to the Loans Committee. (In 1963, the Technical Department was merged with the Loans Department.) This pattern, which might be termed simultaneous separate department appraisal, may be represented as follows:

   Loans Department (Coordination) → Recommendation and Decision
   Technical Department
   Economic Development Department

3. At Pakistan Industrial Credit and Investment Corporation, after a loan application has cleared initial preliminary screening hurdles, the Chief of
Operations assigns new projects to an engineer and a financial analyst, both of which are in his own Operations Department. A marketing expert from the Economics and General Department forms the third member of the team, although in fact he starts his investigations slightly before the others on the theory that if no prospective market is found, the investigation should stop. The three work as a team although they initially prepare separate, related reports. The Chief of Operations then works with the three men hammering out one project appraisal which is presented to the Project Appraisal Committee. The flow in this team appraisal is as follows:

<table>
<thead>
<tr>
<th>Operations Department - (Coordination)</th>
<th>Recommendation and Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Analysis</td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td></td>
</tr>
<tr>
<td>Economics</td>
<td></td>
</tr>
</tbody>
</table>

4. The Industrial Credit and Investment Corporation of India uses the same team approach as PICIC, but omits the economics member, evidently due in part to its view that determination of long range prospects for a particular industry is properly the responsibility of the planning wing of the government and in part to the very pragmatic belief that since India is currently and prospectively a seller's market, what can be produced locally can be sold.

**Critique of Separate Departmental Appraisal**

According to a department head of the IDB/T, the separate department approach has several defects. Time is lost when a file moves from one department to the next, where it waits until the staff member assigned to the case finishes the task he is currently working on. Frequently, by the time the appraisal file reaches the last department, changes in the applicant's business or economic conditions may require amendment to the earlier department reports. Finally, there is inevitable overlap among the reports. The Engineering Department for
example, would make its own cost estimates, while the Financial Analysis Department would sometimes alter the sales estimates of the Economics Department.

Although not explicitly stated, it would also seem that the possibility of one department's becoming a chronic bottleneck in the appraisal process and the possibility of sustained rivalry among departments would be greater than in team appraisal because of the emphasis on the different professions' separate assessment of the projects.

Both the IDB of Turkey and Iran's IMDBI have moved away from strict separate departmental appraisal in the past two years. The former now passes files through the Financial Analysis and Economic Research Departments on their way to the first full department report by the Engineering Department. This procedure makes possible early designation of case officers in each department and allows them to begin collection of data. In Iran, the Loans Department has been made responsible for appraisal of projects (presumably on a pattern similar to PICIC's). The Technical Department has been merged into it. A joint financial-technical team prepares a report covering these two aspects of an appraisal. The Economics Department will, as required, prepare a separate report considering the marketing aspects of the project. Thus, Iran is two-thirds of the way toward a full team appraisal approach.

The Advantages of Team Appraisal

Team appraisal offers four major advantages over separate department appraisal. First, it lets the appraisers collectively consider the many economic, financial and technical aspects of a project as parts of a whole. The intricately interrelated nature of the components of a project is brought out in the following passage from the United Nations' Manual on Economic Development Projects:

"It is obvious that the volume of demand to be satisfied will have a very considerable influence ... on the decision as to the capacity of the new productive unit. But the size of the market will depend, among other things, on the location
of the enterprise, so that there is a definitive relationship between size, location, and the market. On the other hand, selling prices will sometimes greatly influence the volume of demand. These are almost invariably dependent upon production costs, which in turn are a function of the scale of production and location."

Second, there is evidence that suggests that team appraisal gets the job done more quickly. Engle in 1962 reported average processing times for the four institutions discussed above as follows: PICIC - 3 months, ICICI - 3-4 months, IMDBI - 5-6 months, and IDB/T 5-6 months. Although these data alone do not prove that team appraisal results in faster appraisal, they do raise a strong inference that this is so. A claim for greater efficiency, as well as speed, is presented below.

Third, team appraisal contributes in many ways to the growth of a truly professional development banker. Each team member is encouraged to consider aspects of appraisal which are foreign to his basic training. This experience gradually transforms an economist, accountant or engineer into a development finance expert. (The Industrial Development Corporation of South Africa recognized the importance of this evolution four years ago by changing the descriptive title of their development heads. The financial, technical and marketing managers all became managers, implying ability to handle project problems across the board, regardless of professional background.) More immediately, team appraisal permits a development bank to undercut outside personal and political influence on its appraisal processes. First, it requires open group discussion of the case on its merits; second, it provides collective strength to the professional estimates and recommendations of a bank's technical staff. As a result, political pressure is elevated to the decision-making level, where it more properly belongs. Finally, the team approach would seem to minimize
rivalry and misunderstanding among the three disciplines, thereby further encouraging professionalism in development banking.

Fourth, team appraisal is compatible with any of the three major patterns evolved for administrative organization of development banks. The first of these, the **functionally oriented** pattern, forms departments around the major functions involved in lending: an Appraisal Department (frequently with responsibility for follow-up); a Loans Administration Department and a Secretarial/Legal Department (these may be separated). Staff members concerned with appraisal are usually in one department. PICIC, ICICI and the major development finance institutions in Ghana, Nigeria, Thailand, and Egypt are among those that fall into this pattern or have built more elaborate administrative structures based on it.

The second pattern, **discipline oriented**, emphasizes the three fields of finance, engineering and economics by forming a major department around each group. Members of each department contribute manpower to the appraisal task, as well as to other work falling naturally within its scope. For example, in the Industrial Development Corporation of South Africa, the Chief Accountant's Office is responsible for loan administration and auditing, as well as the financial aspects of appraisal and follow-up. The Marketing Section carries out long range market research and statistical accumulation, as well as the economic side of appraisal. Both Turkey's IDB and Iran's IMDBI had strongly discipline oriented structures, which have been modified in recent years.

The third pattern, **loan purpose oriented**, forms basic departments according to the purposes for which credit is granted. For example, the Banque Camerounaise de Développement divides its Direction des Opérations into three major offices---one for industrial loans, one for joint ventures with foreign investors, and one for social credit loans (e.g., housing, small equipment, furniture, and other
consumer item loans. The Development Bank of the Philippines and the Banque de Credit Agricole et Foncier of Lebanon also appear to fall within this category, although specific departments differ.

For the purposes of this analysis, loan purpose orientation does not require much further elaboration. First, banks with a loan purpose orientation make a number of different kinds of loans, some of which by their nature do not require full appraisal, e.g. consumer or social credit loans, secured housing or real estate loans, etc. Second, where full appraisal is required, the responsibility for appraisal apparently rests either at the senior management level or within the several lending departments. Either way, the problems of appraisal method are analogous to those discussed under the functional and discipline patterns. There are the same alternatives of team versus separate appraisal and of functional versus discipline oriented departmental structures, but they appear at a sub-departmental level.

A short diversion is necessary for an appreciation of the flexibility offered by team appraisal.

Team appraisal has been most frequently associated with a functional departmental structure, which groups the three professions together. The Industrial Development Corporation of South Africa, however, uses team appraisal with discipline oriented departments through an appraisal team consisting of one man from each of the three departments. This flexibility is important since some development banks may find a discipline oriented departmental structure more attractive than a functionally oriented one. The former helps staff to retain their professional identity by grouping them into economics, technical, and financial departments. In some institutions in some countries, protecting this interest may be more valuable than submerging professional
background and creating a professional development banker. The combination of team appraisal with discipline oriented structure also permits professionals to intersperse other work between appraisal assignments. The revolving of assignments makes economic use of scarce manpower while at the same time broadens the staff. Thus an economist may collect long run economic data, or a finance man work on loans administration, along with appraisal and follow-up work. Finally, since most banks with functional orientation separate their preliminary appraisal and follow-up functions into separate departments as they grow, it may be that discipline oriented structure is in practice better suited to provide continuity of personnel over the life of a loan. The same team that makes the preliminary appraisal can continue on the project if full appraisal is made and then can become responsible for continuing follow-up during the life of the loan.

Use of Team Appraisal in the IBRD and IDB

Among the concrete testimonials for team appraisal is its use by both the World Bank and the Inter-American Development Bank in appraising their own projects. The experience of the former undoubtedly influenced the successful introduction of team appraisal in PICIC, ICICI, and other private development finance companies which the World Bank and its affiliate, the International Finance Corporation, support.

A potential weakness of team appraisal needs to be raised at this point. If the appraisal function is located in a department which also has negotiation responsibility, there arises a danger of subordinating the independent judgment needed for the former to the operational desires of the latter. For example, the Inter-American Development Bank has an Operations Department containing engineers and financial analysts, as well as loan officers or negotiators. The Bank also has a separate Technical Department staffed with economists.
On appraisal an economist joins an engineer and financial analyst to form a team working under the coordination of a loans officer who reports to the operations chief. One anonymous commentator has noted that "while generally satisfactory, the result often is that the economist is brought into the project analysis process after the Operations Department has become so committed to a project that it is difficult or impossible for the economist to suggest rejection or major changes to the project." Similar pressures on the engineers and financial analysts, who are members of the same department as the loan officers, would also seem likely. In Iran, the combination in IMDBI's Loan Department of the coordinating responsibility with two of the three appraisal functions would seem to raise the same possibility. In PICIC, similar thinking separates the economist from the Operations Department whose operations chief also served as coordinator. Hence, one problem in team appraisal under the functional approach is the subordination of the appraiser's independence to the natural desires of the negotiators.

The problem can be avoided in at least two ways. First, strict adherence to the principle of functional orientation would separate the appraisers from the negotiators. In the World Bank, for example, the appraisers in the Project Department are distinctly separate from the negotiating departments. The Project Department's autonomy makes it difficult or impossible for the operating staff to become independently committed to a project. The second solution would be the rotation of the coordinating and primary negotiating functions among the senior men in each speciality, according to the nature of the case. This approach has been used effectively in the Industrial Development Corporation of South Africa under a discipline-oriented departmental structure. There, when an appraisal term is formed, the specialist whose field is anticipated to present the most difficult problem in a proposal is assigned as "chaser" or coordinator. The
senior manager supervising that specialist has overall supervision for the progress of the project also. Thus, no one department or officer becomes a permanent, exclusive operations or loans officer.

**Measuring Appraisal Effectiveness**

Is there a means of comparing the effectiveness of project appraisal under the two different approaches discussed here? A measure relating method to effectiveness would be helpful to many financial institutions in assessing their own procedures.

A start may be made by examining the rate at which project appraisals are completed in a development finance institution. In terms of efficiency, one might say that the goal of project appraisal is to examine and make recommendations on a maximum number of proposals as quickly as possible, using as little of the bank's scarce professional manpower as is necessary. Thus, the number of appraisals made is the product of the number of men working on appraisal, the average time it takes to make an appraisal and the rate at which they are made, or:

\[ N = M \times T \times R \]

where:
- \( N \) = Number of full appraisals completed in a year
- \( M \) = Number of professional men working on appraisals
- \( T \) = Average time in months required to process a loan
- \( R \) = Appraisal rate

Determining the Appraisal Rate - \( R = \frac{N}{M \times T} \). This formulation takes no account of the quality of the appraisals.

Table 1 provides illustrative Appraisal Rate data for the Industrial Development Bank of Turkey and the Industrial Credit and Investment Corporation of India in 1962, and 1963 figures for the Industrial Development Corporation of South
Africa. These institutions used, respectively, separate departmental appraisal, team appraisal, and team appraisal with a discipline-oriented departmental structure. Team appraisal is associated with the highest two appraisal rates.\(^5\)

<table>
<thead>
<tr>
<th></th>
<th>IDB/T</th>
<th>ICICI</th>
<th>IDC/SA (1963)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>218</td>
<td>99</td>
<td>120</td>
</tr>
<tr>
<td>M</td>
<td>24</td>
<td>9</td>
<td>35</td>
</tr>
<tr>
<td>T</td>
<td>5.5</td>
<td>3.5</td>
<td>1.5</td>
</tr>
<tr>
<td>R</td>
<td>1.65</td>
<td>3.14</td>
<td>2.28</td>
</tr>
</tbody>
</table>

It must be said quickly that such numbers can only supplement the arguments for team appraisal already presented. The concept is offered as a useful, but necessarily crude, tool.

Ideally, measurement of the appraisal process must take quality of appraisals into consideration. Appraisal Rate reflects the efficiency of the process but says nothing of the overall desired effect, e.g., the maximum number of appraisals of a satisfactory quality. A component reflecting the number of defaults or significantly slow loans, or better yet, reflecting the record of the appraisals in accurately forecasting the operations of the projects, including ability to repay, would provide a measurement of appraisal effectiveness. The formulation then would be: \(N \times Q = M \times T \times E\), where \(Q\) (quality) is a factor considering the percent of loans in default or significantly in arrears and \(E\) (appraisal effectiveness), is a postulated factor of effectiveness arising from the procedures used to marshall the professionals' appraisal skills, their experience and similar determinants.

Unfortunately, default and arrears experience, as well as wider comparisons of expectations with experience, is not often available. Some development finance
institutions are reluctant to divulge it; others are too young to have developed it. Thus, frequently Appraisal Rate must be used rather than Appraisal Effectiveness.

There are other reasons for using either measurement with care.

The determinants for Appraisal Rate (R) may be affected by forces unconnected with choice of appraisal procedure or may be less precise than desired, thereby distorting R's value for comparing procedures. For example: 1) Under the specialist discipline departmental structure of IDC/SA and IDB/T, some professionals (M) spend time on tasks other than appraisal; 2) Average time (T) given is for processing a loan, which includes time for making the decision in addition to appraisal; 3) T is also partially determined by the difficulty of the projects appraised, chiefly by their size and degree of prior knowledge of the borrower.

Nevertheless, either concept is useful provided the limitations discussed above are kept in mind. As we have seen, they can provide a rough index that may be used to compare appraisal operations of similar development finance institutions. Perhaps they can be used to focus attention on problem areas. For example, although IDB/T handled more than twice the applications appraised by ICICI, it did so with proportionately more men, requiring proportionately more time, resulting in a lower Appraisal Rate.

To return to the main point, world-wide capability in project appraisal is growing. Gradually, more and more institutions who invest funds are making sure that engineers, economists and financial analysts are examining proposed investments as a part of the decision process. The problem of how best to marshall these professionals and blend their views is an integral part of successful appraisal. By adopting the common sense approach of having these men work together, development finance institutions and similar agencies who have appraisal responsibility
can best assure effective evaluation of projects prior to the commitment of their scarce resources. This goal calls for the choice of the team appraisal approach over the separate departmental approach, for the reasons set forth here, which appear to be supported by limited operating data from five institutions analyzed in terms of their Appraisal Rates.

J. D. Nyhart
April 1965
FOOTNOTES

1 Assistant Professor of Industrial Management, Sloan School of Management, Massachusetts Institute of Technology.


5 Sources of Data:
   Assuming average time for 1961 was equal to the three months reported in 1962 by Engle (op.cit., p. 101), an Appraisal Rate of 2.28 can be approximated for PICIC in 1961. Similarly, IMDBI in 1962 shows an Appraisal Rate of 1.0, assuming number of applications equal or exceed number of appraisals made.
April 15, 1965

Professor J. D. Nyhart
Fifty Memorial Drive
Cambridge
Massachusetts 02139

Dear Dan:

Thank you very much for your letter of March 31, enclosing the list of development finance institutions and other material pertinent to the listing for the global directory of development finance institutions, which you have been preparing for the Development Center. Congratulations on the progress you have made on a tough job.

And now some comments.

First, the institutions you allocate to IFG number 18; these are presumed the ones with which the World Bank family is associated. But in the list I have found only 17 institutions checked and Indubank, in Spain, is not one of ours. Moreover, we have 19 in our family. Attached is the definitive and correct list of 19.

Secondly, with regard to the list of development finance institutions, Shin has tried to update and correct items which he knows to be outdated or wrong. Enclosed is a photostatic copy of the revised pages.

Thirdly, the format for the directory shows considerable improvement. It is simpler and clearer than your earlier draft. It is also easier to prepare, which is essential indeed for obtaining the information wanted from a large number of institutions, and it provides a useful thumbnail sketch. Nevertheless, I would like to suggest the inclusion of two additional items of information in the format. One is the market price of the shares of the company, where such information is relevant and available, and the volume of transactions. Perhaps this could be an Item 39.

The other matter concerns the sectoral breakdown. Would it not be useful to provide, in addition to your sectoral breakdown, a breakdown by principal fields of industry? I think you will find that your readers would welcome a footnote on Page 2, dividing "manufacturing" into several main categories. Incidentally, you might also consider another heading, "tourism."
Fourthly, regarding your instructions. I think they are pretty clear. However, I suggest that in Item 2b "advance" be included, as it is in Item 25, since advances may be long-term, too (e.g., ICICI and PIGIG).

Fifthly, we have reviewed the sample entries for IDB of Turkey, CFC (Caldas), Colombia, and DBF of the Philippines. I am enclosing photostat copies of each showing some proposed revisions. However, these revisions are as of the date shown in your draft. When we get them back for final work, we will bring them up to the latest date for which we have data available, which will be December 31, 1964 in most cases.

I hope the above suggestions will be of some help.

With best regards,

Sincerely yours,

[Signature]

William Diamond
Director
Development Finance Companies

Enclosures
### Development Finance Companies with Which The World Bank Family Is Associated

<table>
<thead>
<tr>
<th>Country</th>
<th>Company Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Oesterreichische Investitionskredit, A.G.</td>
</tr>
<tr>
<td></td>
<td>Am Hof 1</td>
</tr>
<tr>
<td></td>
<td>Vienna 1</td>
</tr>
<tr>
<td>Colombia</td>
<td>Corporacion Financiera Colombiana</td>
</tr>
<tr>
<td></td>
<td>Edificio Banco de Bogota</td>
</tr>
<tr>
<td></td>
<td>Carrera 10</td>
</tr>
<tr>
<td></td>
<td>Bogota</td>
</tr>
<tr>
<td></td>
<td>Corporacion Financiera Nacional</td>
</tr>
<tr>
<td></td>
<td>Apartado Aereo 1039</td>
</tr>
<tr>
<td></td>
<td>Medellin</td>
</tr>
<tr>
<td></td>
<td>Corporacion Financiera de Caldas</td>
</tr>
<tr>
<td></td>
<td>Apartado Aereo 460</td>
</tr>
<tr>
<td></td>
<td>Manizales</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Development Bank of Ethiopia</td>
</tr>
<tr>
<td></td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td></td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>Finland</td>
<td>Teollistamisrahasto Oy</td>
</tr>
<tr>
<td></td>
<td>Lonnrotinkatu 13, V. krs.</td>
</tr>
<tr>
<td></td>
<td>Helsinki</td>
</tr>
<tr>
<td>India</td>
<td>The Industrial Credit and Investment Corporation of India Limited</td>
</tr>
<tr>
<td></td>
<td>163 Backbay Reclamation</td>
</tr>
<tr>
<td></td>
<td>Bombay 1</td>
</tr>
<tr>
<td>Iran</td>
<td>Industrial and Mining Development Bank of Iran</td>
</tr>
<tr>
<td></td>
<td>P.O. Box 1801</td>
</tr>
<tr>
<td></td>
<td>Tehran</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>Banque Ivoirienne de Developpement Industriel, S.A.</td>
</tr>
<tr>
<td></td>
<td>B.P. 4470</td>
</tr>
<tr>
<td></td>
<td>Abidjan</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Nigerian Industrial Development Bank Limited</td>
</tr>
<tr>
<td></td>
<td>P.O. Box 2357</td>
</tr>
<tr>
<td></td>
<td>Lagos</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Malaysian Industrial Development Finance Limited</td>
</tr>
<tr>
<td></td>
<td>P.O. Box 2110</td>
</tr>
<tr>
<td></td>
<td>Kuala Lumpur</td>
</tr>
<tr>
<td>Morocco</td>
<td>Banque Nationale pour le Developpement Economique</td>
</tr>
<tr>
<td></td>
<td>Boite Postale 407</td>
</tr>
<tr>
<td></td>
<td>Rabat</td>
</tr>
<tr>
<td>Pakistan</td>
<td>The Pakistan Industrial Credit and Investment Corporation Limited</td>
</tr>
<tr>
<td></td>
<td>Jubilee Insurance House</td>
</tr>
<tr>
<td></td>
<td>McLeod Road</td>
</tr>
<tr>
<td></td>
<td>Karachi 2</td>
</tr>
<tr>
<td>Philippines</td>
<td>Private Development Corporation of the Philippines</td>
</tr>
<tr>
<td></td>
<td>CBTC Building</td>
</tr>
<tr>
<td></td>
<td>Ayala Avenue, Makati, Rizal</td>
</tr>
<tr>
<td></td>
<td>Manila</td>
</tr>
</tbody>
</table>
Spain
Banco del Desarrollo Economico Espanol
Principe 12
Madrid

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

Thailand
The Industrial Finance Corporation
of Thailand
491 Silom Road
Bangkok

Turkey
Industrial Development Bank
of Turkey
P.O. Box 17, Galata
Istanbul

Venezuela
G. A. Venezolana de Desarrollo
Apartado 11341
Chacao
Caracas

April 14, 1965
Mr. Shin,

I'd like you to review this carefully & quickly. Do we have any comments to make @ on the instructions & @ on the list that we are responsible for @ on anything else?

W. Employees.
March 31, 1965

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

Dear Bill:

I believe we have now completed the preliminary work on the global directory of development finance institutions that the Development Centre is preparing in conjunction with your office and the other major international sources and are now ready to enter into the production stage of drafting the listings for the directory. As was agreed at the October meeting in Paris, those banks for which particular source agencies have special knowledge or interest have been allocated to those sources for completion of the listing. We have allocated eighteen institutions to the International Finance Corporation. These are, of course, the private development finance companies in which you have an active interest. They are checked on the enclosed list of over 330 institutions tentatively selected for inclusion in the directory.

I am enclosing, in addition to the list, the following materials pertinent to completion of the draft listings:

1. A sample listing for the Industrial Development Bank of Turkey, illustrating the content, form, and size we anticipate the final listings will take.

2. Two sample listings, one for Corporacion Financiera de Caldas in Colombia and one for the Development Bank of the Philippines, showing the stage before photo reduction and back-to-back pasting of the two sides.

3. A work sheet for filling out the listings, filled out for the IDB of Turkey sample provided.

4. A blank copy of the work sheet.

5. A set of instructions covering each item in the listing.

The instructions have been prepared in detail in order that the many different people filling out the various listings will do so in as nearly the same manner as possible. Thus, although the length of the
instructions appears formidable, we have made every effort to make them clear and readily capable of being followed, with the intent of simplifying the work as well as providing comparability.

It has been suggested that the source agencies carefully review the instructions before actual work on completing the listings is begun. I hope that you will be able to do this so that we might clear up any ambiguities or make any really essential changes. Although the format of the listing has now been reviewed with most of the sources, I will, however, wait until I have heard from you after looking over the instruction sheet before supplying you with copies of the blank work sheets, in case any fundamental adjustments do need to be made.

In testing the present format, we have found that between 60-80% of the items can normally be obtained from the annual reports and other material published by the institutions. We hope that in filling out your listings, the IFC will supplement such materials with any other data you can provide without violating in any way your position of confidence with respect to your client institutions. Upon return of the draft listings by the sources, a typed-up draft will be sent to each institution (along with a fully completed model listing) for its review, up-dating, and completion of any remaining items.

As you predicted, our trial runs have shown that the completion of the textual description is the most difficult part. The other portion which annual reports and most other data are not likely to show is the sectoral breakdown of assets on a net outstanding basis. I discussed with Dr. Shin the use of net outstanding, i.e., balance sheet, figures as the basis for this breakdown; and we both agreed that this was the ideal. It may well be that we will have to go back in almost every case to the institution itself and ask them to provide this breakdown, however.

Approximately a third of the 339 institutions apparently receive no financial or other assistance from any of the major sources. These will be covered by the Development Centre. Other unsupported institutions are in Latin America; therefore, the Inter-American Development Bank already has relevant data and is filling out these listings.

Because of the number of banks involved, it is important to the completion of the directory that the source agencies return their listings as soon as they conveniently can. Our timetable calls for completion of this phase by the end of June.

As you quite rightly guessed, this is quite a task. But I believe it will come to fruition in good style. Your cooperation, as
Mr. William Diamond

March 31, 1965

well as that of the other major sources, is essential to its completion; and I want to thank you on behalf of the Development Centre, as well as myself personally, for your help. If questions arise or if I can be of help to the IFC in answering points regarding the work, please let me know.

Very best regards,

J. D. Nyhart

Enclosures

P.S. One point I failed to make above: there will probably be institutions now on our list that will be excluded as we find out more about them. They may be specializing in short-term credits—or may turn out to be non-existent now. Hence the list is a tentative one.
1. INDUSTRIAL DEVELOPMENT BANK OF TURKEY

2. Board of Directors:

- Bilalent YAZICI, Chairman (Ig. Bank, General Manager), Recep AKSAN, Vice Chairman (Ottoman Bank, General Manager); Suyuki ARGON (Neptun Ticaret, A.S., Chairman of the Board); Resid Serif EGELI (IDB, General Manager); Mehmet OLUÇ (Istanbul University, Dean of School of Economics); Uthman SOYAK (Consulting Mining Engineer); Nüstü KURAY (Turkish Airlines Auditor); John G. BEEVOR (International Finance Corp., Vice President)

3. Address: Necatibey Caddesi, Galata, Istanbul

4. Telephone: 

5. Cable Address: KALKINMABank

6. Ownership: private

7. Scope: national

8. Begin Operations: late 1950

9. Data as of: December 31, 1963

10. Reported in: LT. (Turkish Lira)=0.111

11. Description of Operations:

I. Objectives: The IDB was established in 1950 as a privately-owned institution for promoting the development of Turkish industry, both through direct assistance and the development of a local capital market. In pursuit of this objective, it has, since its inception, committed LT.370 million in local currency, medium- and long-term loans, LT.80 million in equity investments, LT.65 million in short-term credits, and $40 million in foreign currency operations. During 1963, the IDB committed about 106 million Turkish Lira (or equivalent) in long-term assistance; of this, LT.98 million was either direct foreign currency lending or the provision of Lira for the purchase of foreign exchange. Also in 1963 the Bank entered into new equity investments to the total of LT.16 million.

II. Portfolio: At the end of 1963, the Bank's portfolio stood at LT.4256 million, of which LT.40.8 million were in the form of short-term credits, LT.837.6 were long-term loans, and LT.29.6 were equity investments. The IDB lends for long periods at 8% and charges 10 1/2% to 12 1/2% for short-term credits; approximately 90% (by value) of the loans made during 1963 were for periods in excess of five years. The sectors in which it has been most active include textiles, processed foods, and the metals industries.

III. Other Significant Functions: Other activities include management of three administered separate funds (for which it was paid almost LT.4 million in 1963): the Marshall Plan Private Investment Fund (for making long-term investment loans) valued at LT.200.3 million; the Capital Participation Fund (for making equity investments) valued at LT.67.7 million; and the Industrial Export Working Capital Fund (credits for export financing) valued at LT.32.7 million. In this way, the IDB is mobilizing over LT.300 million in United States counterpart funds. Interest from LT. loans ......... 4.4 Direct Admin. .......... 6.7

IV. Evolution and Future: Today the IDB is still the only institution in Turkey providing long-term capital for private industry. In the field of medium-term finance, new private institution is now in existence with a second proposed. Recently the Bank has expanded the scope of its equity participation, this field having experienced a rate of growth which is significantly faster than that of the long-term loan portfolio.

12. Management:

- Resid Serif EGELI, General Manager; Mr. Orz and Mr. Kayalioglu, Assistant General Managers

13. Branches:

- Regional offices in Izmir and Adana.

14. Departments:

- The IDB's departments are divided into two main groups: those concerned with application appraisal and end-use supervision and those whose responsibilities include the administration of the Bank's operations and internal affairs. Each group is under the direction of an assistant general manager. In addition, the IDB has three 'working committees': the management committee (regulation of current operations); the financing committee (preparation of decisions relating to the Bank's portfolio), and the project development committee.

15. Juridical Basis:

- The IDB was set up as a private bank under the Turkish Commercial Code. It is, however, exempt from many of the Banking Law's restrictive provisions so long as it does not accept deposits.

16. Profit & Loss Statement: (for 1963)

<table>
<thead>
<tr>
<th>INCOME</th>
<th>EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td>EXPENSES</td>
</tr>
<tr>
<td>Income from s.t. credits .......... 4.4</td>
<td>Direct Admin. .......... 6.7</td>
</tr>
<tr>
<td>Interest from L.T. loans .......... 12.5</td>
<td>Capital Costs .......... 8.6</td>
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<tr>
<td>Dividends ............... 2.7</td>
<td>Taxes .......... 4.4</td>
</tr>
<tr>
<td>Fees, commissions, etc. .......... 3.9</td>
<td>Other Expenses .......... 2.4</td>
</tr>
<tr>
<td>Other sources .......... 0.1</td>
<td>Net Profit .......... 7.8</td>
</tr>
<tr>
<td>Income from Administered Funds ..... 6.0</td>
<td>LT. 29.6m</td>
</tr>
</tbody>
</table>

17. Report in: LT. (Turkish Lira)-S0.111
INDUSTRIAL DEVELOPMENT BANK OF TURKEY - Statement as of 12/31/63 (in millions of Turkish Lira)

**Capital & Liabilities:**

<table>
<thead>
<tr>
<th>Capital &amp; Liabilities</th>
<th>Sources</th>
<th>Turkish Government Funds</th>
<th>Turkish Private Funds</th>
<th>External Aid Agencies</th>
<th>Internal Funds</th>
<th>Other</th>
<th>TOTALS</th>
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</thead>
<tbody>
<tr>
<td>18. Capital Stock</td>
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<td>41.3</td>
<td>7.5</td>
<td>0.9</td>
<td>LT. 50m</td>
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<tr>
<td>19. Surplus</td>
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<td>3.6</td>
<td></td>
<td></td>
<td>3.6</td>
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<tr>
<td>20. Capital Reserves - legal reserve - Reserve for Future Losses Reserve for Contingencies</td>
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<td>4.3</td>
<td>2.5</td>
<td>9.0</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>21. Capital Reserves - legal reserve - Reserve for Future Losses Reserve for Contingencies</td>
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<td>4.3</td>
<td>2.5</td>
<td>9.0</td>
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<tr>
<td>22. Bonds and Debentures</td>
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<td>12.9</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>23. Loans - medium &amp; long term</td>
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<td>64.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>24. Loans - medium &amp; long term</td>
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<td>64.6</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>25. Loans - medium &amp; long term</td>
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<td>64.6</td>
<td></td>
<td></td>
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<td>26. Other Liabilities</td>
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<td>9.3</td>
<td></td>
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<tr>
<td>27. TOTAL LIABILITIES &amp; NET WORTH</td>
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<td>39.0</td>
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<tr>
<td>28. TOTAL LIABILITIES &amp; NET WORTH</td>
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<td>LT.294.6</td>
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</tr>
</tbody>
</table>

**Administered Funds:**

- Marshall Plan Private Enter. Fund
- Capital Participation Fund
- Indus. Export Working Capital Fund

**Grand Total**

*Denotes foreign currency obligation

**Notes:**

- a. 82.7% held by private Turkish interests, of which 19% Bank holds 20.7%.
- b. 15% held by Int. Finance Corp.
- c. 2.3% held by "other foreign" and "unknown".
- d. two LT.12.5m issues (1951 & 1954) @ 4 1/2 and 5% respectively; 15-year maturity, balance paid up; purchased by Central Bank and State Pension Fund.
- e. Two $9m IBRD loans (1950 & 1953) @ 3 3/4 and 4 7/8% respectively; length = 15 years balance repaid.
- f. DLF loan of $10m (1958) @ 6%; length = 10 years balance repaid.
- g. IDA loan of $5m (1962) @ 3 1/2%; length = 15 years balance not yet drawn.
- h. Loans from IBRD-Special Fund
- i. Equity participations contracted but not yet disbursed or paid up.
- j. All from U.S. AID counterpart funds.

**Assets:**

<table>
<thead>
<tr>
<th>Assets</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>31. Fixed Assets</td>
<td>LT. 3.5</td>
</tr>
<tr>
<td>32. Cash &amp; Equivalents</td>
<td>19.1</td>
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<tr>
<td>33. Cash</td>
<td>1.1</td>
</tr>
<tr>
<td>34. Liquid Assets</td>
<td>22.1</td>
</tr>
<tr>
<td>35. Loans Outstanding - Long &amp; medium term</td>
<td>40.8</td>
</tr>
<tr>
<td>36. Loans Outstanding - Short term</td>
<td>124.7</td>
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<tr>
<td>37. Equity Investments</td>
<td>235.9</td>
</tr>
<tr>
<td>38. TOTALS</td>
<td>LT.245.2</td>
</tr>
</tbody>
</table>

**Sector breakdown for currently outstanding loans, equity investments, guarantees, and loans under admin. funds:**


**Administered Separate Funds:**

- Marshall Plan Private Enter. Fund
- Capital Participation Fund
- Indus. Export Working Capital Fund

**Grand Total**

*Denotes foreign currency obligation
List of
DEVELOPMENT FINANCE INSTITUTIONS

Tentatively Selected for Inclusion in the Global Directory
Under Preparation by the Development Centre of the OECD

In Cooperation with: The International Finance Corporation,

J. D. Nyhart
March 1965
AFGHANISTAN

Agriculture and Cottage Industries Bank
Kandahar

ALGERIA

Algerian Development Fund
(Caisse Algerienne de Developpement)
Algiers
Mr. Smail Mahroug, Director General

ARGENTINA

Argentaria, S.A. de Finanzas
Canjallo 568
Buenos Aires
Sr. Julio E. Nunez, President

Banco de la Nacion Argentina
Plaza de Mayo, Bratolome Mitre 326
Buenos Aires
Almt. Lorenzo J. Arufe, President

Banco de la Provincia de Buenos Aires
San Martin 135
Buenos Aires
Dr. Alfred Prat, General Manager

Banco de la Provincia de Cordoba
San Jeronimo 166
Cordoba
Sr. Francisco Gonzalo Bobadilla,
Director Interventor

Banco Provincial de Santa Fe
San Martin 715
Santa Fe
Sr. Armando Torio, General Manager

Banco de la Provincia de Entre Rios
Canjallo 445
Buenos Aires
Sr. Ecio Bertellotti, President

Banco Industrial de la Republica
Argentina
25 de Mayo 145
Buenos Aires
Dr. Jose Luis Cantillo, Presidente

ARGENTINA (continued)

Compania General de Inversiones Sociedad
Anonima Financiera (CODINVER)
Esmeralda 320 - 5th & 6th Floors
Buenos Aires
Dr. Carlos A. Coll Benegas, President

BOLIVIA

Banco Agricola de Bolivia
Casilla 1179
La Paz
Sr. Humberto Salas Linares, Presidente

Banco de Desarrollo Industrial de Bolivia
La Paz

Banco do Fomento - BAHIA (BANFEB)

Banco Industrial, S.A.
Casilla 1290
La Paz
Sr. Jose Romero Loza, Presidente
Sr. Rene Ballizian Calderon, General Manager

Banco Minero de Bolivia
Casilla 1014
La Paz
Sr. Juan Haus Solis, Presidente

Corporacion Boliviana de Fomento
Apartado 1124
La Paz
Ing. Adolfo Linares, Presidente
Supervised Agricultural Credit

BRAZIL

Agricultural and Industrial Credit
Department of the Bank of Brazil
Avenida Rio Branco, 115
Rio de Janeiro, Guanabara

Banco de Credito Agricola do Espirito
Santo, S.A.

Banco de Fomento da Bahia
Salvador, Bahia
Sr. Joaquin Augusto Cavalcante-Bandeira,
Director
BRAZIL (continued)

Banco Regional de Desenvolvimento do Extremo Sul
Praca 15 de Novembro, 16 - 14o
Porto Alegre, Rio Grande do Sul
Sr. Ary Burgher, Presidente

Banco de Desenvolvimento do Estado de Santa Catarina, S.A.
Praca 15 de Novembro 1
Florianopolis, Sta. Catarina
Prof. Alcides Abreu, Presidente

Banco de Desenvolvimento do Estado de Minas Gerais
Edificio do Banco Mineiro da Producao
Belo Horizonte, Minas Gerais
Sr. Paulo Camillo de Oliveira Penna, Presidente

Banco de Desenvolvimento do Estado de Pernambuco
Avda. de Río Branco 23
Recife

Banco de Credito da Amazonia, S.A.
Largo das Mercedes
Belem, Para
Dr. Oswaldo de Castro Rebelo, Presidente

Banco do Brasil
(Carteirs de Credito Agricola e Industriel)
(CREAI)
Rua 1 de Marzo
Rio de Janeiro, Guanabara
Sr. Nestor Yost, Director

Banco do Nordesto do Brasil
Rua Senador Panpeu 590
Fortaleza, Ceara
Sr. Raul Barbosa, Presidente

Banco Nacional do Desenvolvimento Economico
(BNDE)
Rua 7 de Septembro 48
Rio de Janeiro, Guanabara
Sr. Genival de Almeida Santos, Superintendente
Dr. Jose Garrido Torres, President

Caixa Economica do Estado de Mina Gerais

BRAZIL (continued)

Companhia de Desenvolvimento do Parana
Rua 15 de Novembro 270 - 6o andar
Curitiba, Parana

COPEG Development Bank
(Companhia Progresso do Estado da Guanabara)
Rua de Candelaria 9 - 10o andar
Rio de Janeiro, Guanabara

Financiadora Nacional, S.A. (FINASA)
Sao Paulo

BURMA

Industrial Development Bank, Ltd.
18 Phayre Street
Port Commissioners Building
Rangoon
Mr. Nyunt We, General Manager

Industrial Development Corporation
53 Halpin Road
Mr. Utha Kyan, Deputy Assistant Director

CAMEROUN

Banque Camerounaise de Development
P. O. Box 55
Yaounde
Mr. Laurent N'tamag, Director General

Cameroons Development Corporation
Bota, Victoria
Mr. V. E. Mukete, Chairman

Societe Nationale du Cameroun pour le Commerce, l'Industrie et le Developpement

Societe National d'Investissement
Yaounde
Mr. Betayene
CAMEROON (continued)

West Cameroons Development Agency
Buea
Mr. W. P. Lebaga, Chairman

CENTRAL AFRICAN REPUBLIC

Banque Nationale de Developpement de la Republique Centrafricaine
Bangui
Mr. Clement Hassen, President

CEYLON

Agricultural and Industrial Credit Corp. of Ceylon
P. O. Box No. 2051
Galle Face, Colombo 3
Mr. H. S. F. Goonewardena, General Manager

CHAD

Banque Developpement du Tchad
Fort Lamy
Mr. Georges Diguimbaye, President

CHILE

Banco del Estado
Alameda B. O'Higgins No. 111
Santiago
Sr. Luis Palacios, General Manager

CHILE (continued)

Corporacion de Fomento de la Produccion
Ramon Nieto 920
Casilla 3886
Santiago
Sr. Humberto Diaz, Gerente General

Corporacion de la Reform Agraria (CORA)

CENTRAL AFRICAN REPUBLIC

Banque Nationale de Developpement de la Republique Centrafricaine
Bangui
Mr. Clement Hassen, President

CHINA

Bank of Communications
China Development Corporation
101-5 Chung Shan Road, Sec. 2nd, Taipei
Mr. Felix S. Y. Chang, President

Overseas Chinese Commercial Bank
Small Industry Loan Fund

COLOMBIA

Banco de la Republica - Private Investment Fund
Avda. Jimenez y Carrera 7a
Bogota
Dr. Eduardo Arias-Robledo, Gerente General
del Banco de la Republica
Fondo de Inversiones Privadas

Banco Popular

Caja de Credito Agrario, Industrial y Minero
Carrera 8a y Calle 14, Bogota
Sr. Jose Elias del Hierro, Gerente General

Corporacion Financiera Colombiana de
Desarrollo Industrial (CFC)
Apartado Aereo 11843
Dr. Guillermo Herrera Carrizosa, Presidente

Corporacion Financiera de Caldas
Apartado Aereo 460
Manizales
Dr. Roberto Ocampo Mejia, Presidente
COLOMBIA (continued)

**Corporacion Financiera de Desarrollo Economico**
Tunja, Boyaca
c/o Dr. Gustavo Romero Hernandez, Governor of Boyaca

**Corporacion Financiera del Norte**
Apartado Aereo 2747, Barranquilla
Sr. Karl C. Terrish, Jr., Presidente
Sr. Alvaro Jaramillo Vengoechea, Pres.

**Corporacion Financiera Nacional (CFN)**
Edif. Banco Comercial Antioqueno 8º Piso, Medellin
Apartado Aereo 1039, Medellin
Sr. Jose Gutierrez Gomes, Presidente

**Financiera de Fomento Industrial y Agropecuario (Financiera Valle)**
Apartado Aereo 4902, Tunja, Boyaca
Dr. Luis Bernardo Salcedo, Gerente General

**Instituto de Desarrollo y Diversificacion de Zonas Cafeteras y Federacion Nacional de Cafeteros**
Bogota, Apartado Aereo 13, No. 19-51
Sr. Felipe Zapata C., Sub Gerente Administrativo

**Instituto de Credito Territorial Bogota**
Colombiano de Instituto Agraria Reforma (INCORA), Bogota, Centro Administrativo Nacional Via Aeropuerto Eldorado

**Instituto de Fomento Industrial**
Apartado Aereo 4222, Bogota
Sr. Hernando Franco Bravo, General Manager

**Inversiones Esso de Colombia**
36-45, Carrera 7ª, Oficina 7ª, Bogota
Sr. Bernardo Mendez V., General Manager

**Congo**

Banque Nationale de Developpement du Congo, Brazzaville
Mr. Banza Bernard Bouiti, Director General

**Congo** (Leopoldville)

Banque Congolaise de Developpement (Leopoldville)
Societe de Credit aux Classes Moyennes et a l'Industrie (inactive)

**COSTA RICA**

National Bank (Banco Nacional de Costa Rica)
San Jose
Sr. Elias Quiros, Gerente General

Banco Anglo-Costarricense
San Jose
Ing. Claudio A. Volio, Gerente General

Banco de Costa Rica
San Jose
Sr. Mariano Zuniga, Gerente General
Sr. Rodolfo Quiros Gonzalez, Presidente

Banco de Credito Agricola de Cartago
San Jose
Sr. Guillermo Masis, Gerente General

Corporacion Costarricense de Financiamiento Industrial, S.A. (COFISA)
Apartado 1911 C F, San Jose
Lic. Rodrigo Madrigal Nieto, Presidente

**CYPRUS**

Cyprus Development Corporation Ltd.
P. O. Box 1415, Nicosia, Cyprus

**DAHOMEY**

Banque Dahomeenne de Developpement Cotonou
Mr. Stanislas Kpognon, General Manager
DOMINICAN REPUBLIC

Banco Agricola de la Republic Dominicana
Santo Domingo, D.N.
Dr. Rafael Jorge, Administrator General

Corporacion de Fomento Industrial de la Republica Dominicana
Apartado 1472
Santo Domingo, D.N.
Sr. Hector Inchaustegui Cabral, Presidente

Instituto de Desarrollo y Credito Cooperativo de la Republica Dominicana
Santo Domingo, D.N.
Dr. Jose Selig Hernandez, Presidente

Agricultural & Industrial Credit Bank

EL SALVADOR

Instituto Salvadoreno de Fomento Industrial
Av. Cuscatlan, No. 317
San Salvador
Sr. Ramon de Clairmont-Duenas, Presidente

ETHIOPIA

Development Bank of Ethiopia (D.B.E.)
P. O. Box 1900
Addis Ababa
His Excellency Ato Araya Ogbagzy, Managing Director

Investment Bank of Ethiopia
Addis Ababa
Mr. Ato Alemu, General Manager

ECUADOR

Comision Nacional de Valores de Ecuador
(Corporacion Financiera Nacional)
Apartado 2653
Quito
Dr. Luis Ayora A., General Manager

Compania Financiera Ecuatoriana de Desarrollo Industrial, S.A.
Casilla 156,
Quito
Sr. Jose Antonio Correa, Executive President

Banco Nacional de Fomento
Apartado 685
Quito
Sr. Luis Ernesto Borja, General Manager

Sistema de Credito de Fomento
Apartado 685
Quito
Sr. Galo Plaza L., Presidente

EL SALVADOR

Financiera de Desarrollo e Inversiones, S.A.
San Salvador
Sr. Francisco de Sola

GREECE

Economic Development Financing Organization
8 Dragatsanionu Street
Athens

Agriculture Bank of Greece
23 VenezaL
Athens
GREECE (continued)

Greek Investment Bank, S.A.
c/o Commercial Bank of Greece
Sophocles Street
Athens
Prof. Stratis G. Andreadis, Chairman

Hellenic Industrial Development Bank
Athens
Mr. N. Rogenis, General Manager

National Investment Bank for Industrial Development, S.A.
6 Sophocles Street
Athens
Mr. George Gondicas, General Manager

GUINEA (continued)

Credit National pour le Commerce, l'Industrie et l'Habitat
Guinea
Societe de Developpement Economique

HAITI AND HONDURAS

Institut de Developpement Agricole et Industriel
Boite Postale 1313
Port-au-Prince
Mr. Jean Delej, General Manager

National Investment Bank for Industrial Development,
S.A.
6 Sophocles Street
Athens
Mr. George Gondicas, General Manager

Industrial Development Corporation (renamed into Hellenic Industrial Development Bank)

GUATEMALA

Banco de Guatemala
Guatemala
Dr. Arturo Perez Galliano, Presidente

Banco Nacional Agrario
Quinta Avenida #10-64 - Zone I
Sr. Cipriano Castaneda Toca

Financiera Guatemala, S.A. (proposed)

Financiera Industrial y Agracepecuaria, S.A.
Ciudad de Guatemala

Instituto Nacional de Fomento de la Produccion
9a, Calle 9472, Zona 1
Guatemala City
Lic. Jose A. Perez Calderon, Presidente

GUATEMALA

Banco de Guatemala
Guatemala
Dr. Arturo Perez Galliano, Presidente

Banco Nacional Agrario
Quinta Avenida #10-64 - Zone I
Sr. Cipriano Castaneda Toca

Financiera Guatemala, S.A. (proposed)

Financiera Industrial y Agrepecuaria, S.A.
Ciudad de Guatemala

Instituto Nacional de Fomento de la Produccion
9a, Calle 9472, Zona 1
Guatemala City
Lic. Jose A. Perez Calderon, Presidente

ICELAND

Iceland Bank of Development
Hverfisgata 6
Reykjavik
Dr. Benjamin Eiriksson, General Manager

INDIA

Industrial Credit and Investment Corporation of India, Ltd.
163 Backbay Reclamation
Bombay 1
Mr. G. L. Mehta, Chairman
Mr. H. T. Parekh, General Manager
INDIA (continued)

Industrial Development Bank of India
Reserve Bank Building
Bombay 1
Mr. K. C. Mittra, General Manager

Industrial Finance Corporation of India (IFCI)
Reserve Bank Building
Parliament Street
P. O. Box 363
New Delhi
Mr. A. Baksi, Chairman
Mr. D. R. Madhok, General Manager

National Industrial Development Corporation
Maulona Azad Road
New Delhi
Mr. K. B. Rao, Managing Director

National Small Industries Corporation Ltd.
5-E Rani Jhansi Road
New Delhi
Mr. Maraganthan Chandrasekhar, Chairman

Refinance Corporation for Industry
Reserve Bank Building
Poon and Bombay
Bombay
Mr. K. C. Mittra, Managing Director

Small Scale Industries Board
114 Sunder Nagar
New Delhi
Mr. Manubhai M. Shah, Chairman

Andhra Pradesh State Financial Corporation
Chapel Road, Gunfoundry
Hyderabad (A.P.)
Mr. Humayun Yar Khan, I.A.S., Managing Director

Assam Financial Corporation
"Glenerquart House"
Ward Lake Area
Shillong
Mr. K. P. Barooah, Managing Director

Bihar State Industrial Development Corporation

INDIA (continued)

Bombay State Financial Corporation

Gujarat State Financial Corporation
Navroz-villa, First Floor
Mirzapur, Ahmedabad

Jammu and Kashmir State Financial Corporation
P.W.D. Buildings
Residency Road
Srinagar (Kashmir)
Mr. M. L. Bhalla

Kerala State Industrial Development Corporation

Madhya Pradesh Financial Corporation

Shiv Vilas Palace
Indore City
Mr. B. K. Chatterjee, Managing Director

Madras Industrial Investment Corporation
23, Hungambalam High Road
Madras 34

Maharashtra State Financial Corporation
United India Building
Pherozeshan Mehta Road
Fort, Bombay 1
Mr. P. S. Mokashi

Mysore State Financial Corporation
No. 7 First Main Road
Gandhinagar, Bangalore-9
Mr. C. M. Kempanna, Managing Director

Punjab Financial Corporation
25-C Sector 5
Chandigarh
Mr. S. R. Varma, Managing Director

Rajasthan Financial Corporation
Surya Niwas, C-18
Bhadwandas Road
Jaipur
Mr. G. S. Puchit, Managing Director

Uttar Pradesh Financial Corporation
7/154 Swarajnagar
Kanpur
Mr. Bharat Bhushan
Managing Director
INDIA (continued)

West Bengal Financial Corporation
23, Rajendra Nagar
Mukherjee Road, 5th Floor
Calcutta-1
Mr. M.K. Adhikari, Managing Director

Industrial Development Bank of Israel Limited
23, Allenby Road
Tel Aviv
Dr. Abraham Neaman, Managing Director

Discount Bank Investment Corporation, Ltd.

IVORY COAST

Agricultural Bank of Iran
Banque Ivoirienne de Developpement Industriel
Abidjan
Mr. Paul-Francois Blanc, General Manager

Caisse Nationale de Credit Agrigole
Credit de la Cote d'Ivoire
Abidjan
Dr. Vilasco, President

Fonds d'Investissement
Societe Nationale de Financement
B.P. 1591
Abidjan
Mr. Guy Cambot, Director

Societe d'Urbanisme et de Construction
de la Cote d'Ivoire

IRAQ

Industrial Bank of Iraq
Ministry of Finance
Sa'doun Street
Baghdad
Dr. Hassan Thamir, Director General

JORDAN

Agriculture Credit Corporation of Jordan
Amman

Agriculture Loan Fund
Development Bank of Jordan, Ltd.
P.O. Box 645
Amman
Mr. Hugh C. Dunn, General Manager

IRELAND

Industrial Credit Co., Ltd.
26 Merrion Square
Dublin
Dr. J. P. Beddy, Managing Director
JORDAN (continued)

Industrial Development Fund of Jordan

KUWAIT

Kuwait Investment Company
Kuwait
Mr. Abdul Hamid Al-Muzidi, Chairman

KENYA

Agricultural Finance Corporation
Development Finance Company of Kenya Limited
Nairobi
Mr. A. H. Stoneham, General Manager

LAOS

Credit National Lao
Vientiane
Mr. Souban Sinbandhit, Director

KENYA

Industrial Development Corporation
P. O. Box 30158
Nairobi
Mr. E. T. Jones, Executive Director

LEBANON

Joint Loans Board of Kenya
Ministry of Commerce and Industry
The Land and Agricultural Bank of Kenya

KOREA

Industrial Development Corporation
Korea Reconstruction Bank
Seoul
Mr. Seung-Hi Hong, Governor

LIBERIA

Medium Industry Bank
Seoul
Mr. Jin Su Suh, Governor

KUWAIT

Kuwait Fund for Arab Economic Development
P. O. Box 2921
Kuwait
Sheikh Jaber al Amed al Sabah, Chairman

LIBERIA

The Agricultural & Industrial Credit Corporation
56 Broad Street
Monrovia
Mr. Romeo Horton, Secretary

KUWAIT

The Liberian Development Corporation
The Treasury Building
Monrovia
Mr. Lafayette K. Morgan, Executive Officer
LIBYA

Libyan-American Reconstruction Commission
P. O. Box 252
Benghaze
Mr. Abdul Rasak Shagluf, Managing Director

National Agriculture Bank
Federal Compound
Tripoli

The Organization of Industrial Development
Tripoli
Mr. Ageli, Chairman

MALAYSIA

Sarawak Development Finance Corporation
P. O. Box 400
Kuching, Sarawak
Mr. M. R. Read, Manager

South East Asia Development Corporation Ltd.
Lee Wah Bank Building
10-14 Medan Pasar
Kuala Lumpur
Mr. B. L. Mathews, Manager

Industrial Promotion Board

MALAGASY REPUBLIC

Société Malgache d'Investissement et de Credit
Tananarive, Madagascar

Banque Nationale Malgache de Developpement
Tananarive
Mr. Goasy Barthelemy, President

MAURITANIA

Banque Mauritanienne de Developpement
Nouakchott
Mr. Mohamed Salem Ould M'Khaittirat,
President

Société d'Urbanisme et de Construction de Nouakchott

MALAYSIA

Borneo Development Corporation Ltd.
Kuching
Sarawak
Mr. Shim Kah Foo

Economic Development Board
Singapore
Mr. Hon Sui Sen, Chairman

MEXICO

Bolsa de Valores de Mexico
Mexico 1, D.F.
Sr. Don Joaquin Casasus, President

A. Juarez 14-209
Mexico, D.F.
Sr. Carlos Trouyet, Director
MEXICO (continued)

Casasus, Trigueros y Cia., S.A.
Av. Juarez 100-Piso 2
Mexico, D.F.

Compania General de Aceptaciones, S.A.
Apartado 787
Monterrey, N.L.
Sr. Jorge Morales Trevino, General Manager
Sr. Francisco F. Maldonado, Director General

Corretajes e Inversiones Bursatiles, S.A.
I. la Catolica 43-801
Mexico, D.F.

Credito Americano de Mexico, S.A.
Ateñas 56-A
Mexico, D.F.

Credito Bursatil, S.A.
Banco Nacional de Mexico, S.A.
Isabel la Catolica 44
Mexico, D.F.
Mr. Manuel Belaunzaran, General Manager

Credito Mexicano, S.A.
I. la Catolica 43-Piso 7
Mexico, D.F.

Credito Minero y Mercantil, S.A.
Paseo de la Reforma 144-Piso 6
Mexico, D.F.
Sr. Hector Flores

Financiera Bancomer, S.A.
Edificio Banco del Comercio
Apartado 1087
Mexico 1, D.F.
Sr. Don Luis P. Estrop, Director General

Financiera Cafetalera, S.A.
Reforma 51-60 Piso 1
Mexico 1, D.F.
Mr. Fernando Villareal Prado

Financiera Colon, S.A.
Paseo de la Reforma 185-Piso 2
Mexico, D.F.

Financiera Comercial Mexicana, S.A.
V. Carranza 48-Piso 5
Mexico, D.F.

Financiera y Fiduciaria Mexicana, S.A.
Bolivar 8, 108
Mexico, D.F.

Financiera Metropolitana, S.A.
Av. Juarez 42-Piso 8
Mexico, D.F.

Financiera Mexico S.A.
Avda. 5 de Mayo No. 23
Mexico, D.F.
Sr. Arg. Juan Cortina Portilla, Executive President

Gibbon Alonso y Cia, S.A.
San Juan de Letran 13-1208
Mexico, D.F.

Impulsora Comercial e Industrial, S.A.
Edificio Central America, 3-9th Floor
Avenida Juarez 42
Mexico 1, D.F.
Mr. Jack Kalb, General Manager

Impulsora de Valores, S.A.
Martin Mendelde 1350
Mexico, D.F.

Interamericana de Arrendamientos, S.A.
Mexico 1, D.F.
Sr. Don Luis Echevarria, Director

Intercontinental, S.A.
Paris 15, 3er Piso
Mexico, D.F.
Mr. Bruné Pagliai, President

Lopez Velasco, Watson y Cia., S.A.
Uruguay 58-Piso 5
Mexico, D.F.

Nacional Financiera, S.A.
Apartado Postal 393
Mexico 1, D.F.
Mr. Jose Hernandez Delgado, General Manager
MEXICO (continued)

Pablo Scherer, S.A.
Uruguay 74-Piso 4
Mexico, D.F.

Padua y Cia., S.A.
Madero 47-201 al 206
Mexico, D.F.

Promociones y Corretajes, S.A.
Uruguay 68 - Piso 7
Mexico, D.F.

Sociedad Financiera de Industria y Descuento, S.A.
Madero 47
Mexico, D.F.

Sociedad Mexicana de Credito Industrial, S.A.
V. Carranza 54
Mexico, D.F.

Sr. Rafael Nunez Colmenar, Director
Sr. Quirino Ordaz Rocha, Director General

Supervised Agriculture Credit (Bank of Mexico)

MEXICO

NICARAGUA

Banco Nacional de Nicaragua
Managua
Sr. Federico E. Lang, Presidente

Corporacion Nicaraguense de Inversiones
Managua
Sr. Jorge Montealegre, Gerente

Instituto de Fomento Nacional (INFONAC)
Apartado 629
Managua, D.N.
Ing. Alfredo J. Sacasa
Presidente y Gerente General

NIGER

Societe Nigerienne d'Urbanisme et de Construction Immobiliere

MOROCCO

Banque Nationale pour le Developpement Economique
Boite Postale 407
Rabat

Mr. Mohammed Amine Bengeloun, Director General

National Agricultural Credit Bank

NEPAL

Nepal Industrial Development Corporation
Judha Road
Kathmandu

Mr. B. B. Pradhan, General Manager

NIGERIA

Development Corporation (West Africa) Ltd.
Akuro House
5, Custom Street
Lagos

Eastern Nigeria Development Corporation
Enugu
Dr. G. G. Moomuge, Managing Director

Federal Loans Board
Broad Street Building
Lagos

Mr. A. K. Lonhson, Managing Director
NIGERIA (continued)

Fund for Agricultural and Industrial Development
Eastern Nigeria

Industrial and Agricultural Company Ltd.
P. O. Box 367
Enugu
Mr. L. Piper, General Manager

Nigerian Industrial Development Bank Limited
Tinubu Square
P. O. Box 2357
Lagos
Mr. James S. Raj, General Manager

Northern Nigeria Investments Ltd.
P. O. Box 138
Kaduna
Mr. H. Leman Westgate, Chairman
Hon. Alhaji Muhammadu Ladan, M.B.E.
Dan Iyan Zazzau, Chairman

Revolving Loans Fund for Industry
Western Nigeria Development Corporation
C/o Secretariat
Ibadan
Mr. A. O. Rewane, Chairman

Western Region Finance Corporation
Private Mail Bag 5119
Ibadan
Mr. E. A. Bablola, Chairman

PAKISTAN

Industrial Development Bank of Pakistan
Kandawala Building
P. O. Box 7300
Karachi
Mr. M. Raschid, Managing Director

Pakistan Industrial Credit and Investment Corporation
Jubilee Insurance House
McLeod Road
Karachi 2
Mr. N. M. Uquaili, Managing Director

West Pakistan Industrial Development Corporation (WPIDC)
PIDC House
Kutchery Road
Karachi 4
Mr. Haji Iftikhar Ahmad, Chairman

PAKISTAN

East Pakistan Industrial Development Corporation
"EPIDC House"
Motijheel
Dacca 2
Mr. Hafizuddin, Chairman

East Pakistan Small Industries Corporation
Dacca
Mr. Azizul Haque, Chairman

PAKISTAN

Desarrollo Industrial, S.A. (DISA)
Apartado 7201
Panama City
Mr. Carlos Velarde, General Manager

Financiera Centroamericana de Desarrollo Industrial, S.A.
Apartado 4469
Panama City
Mr. Carlos Velarde, General Manager
Mr. Alvaro Schaverini, G. Vice President

PARAGUAY

Banco Nacional de Fomento del Paraguay
Independencia Nacional y 25 de Mayo
Asuncion
Dr. German Jara Lafuente, Presidente
PERU

Agricultural Bank
Banco de Fomento Agropecuario
Casilla 2638
Lima
Ing. Ramon Remolina, Gerente General

Banco Industrial del Peru
Casilla 1230
Lima
Sr. Tulio de Andrea, Gerente General

Banco Minero
Jiron Lampa 450
Lima
Sr. Juan Mariano Velasco, Presidente

Financiera Peruana, S.A.
Jiron Huallaga 320, Oficina 405
Lima
Sr. Giulo Canessa, Manager

Instituto of Agrarian Reform & Colonization
Lima

Inversiones Abancay, S.A.
Apartado 150
Lima
Sr. Enrique Novak, President

Peruano-Suiza de Fomento e Inversiones, S.A.
(PERUINVEST)
Casilla 4425
Lima
Sr. Don Marus Wallenberg, Chairman

PHILIPPINES

Development Bank of the Philippines
David Street
Manila
Mr. Pablo Lorenzo, Chairman

Industrial Guarantee & Loan Fund (IGLF)
Central Bank
Manila

National Development Company
National Investment and Development Corporation
Manila

Pampanga Development Bank
Guagua, Pampanga
Mr. Monico Mercado, Manager

Pasay City Development Bank
Pasay City
Mr. Irineo P. Sia, First Vice President
Assistant Manager

Private Development Corporation of the Philippines
CBTC Building, Ayala Avenue
Makati, Rizal
Mr. J-V Paulding, Executive Vice President

Quezon City Development Bank
Quezon City
Mr. Recio M. Garcia, Chairman of the Board
President and General Manager

Quezon Development Bank
Luzon City
Mr. Benjamin M. Campomanes, Vice President

Rural Bank of Laguna
First Rizal Development Bank
Caloocan City
Mr. Joaquin S. Armbulo, Assistant Vice President
and Treasurer

Small Industries Loan Fund (Central Bank)

Third Rizal Development Bank & Tropical Homes, Inc.
Matai, Rizal
Mr. Felixberto M. Serrano, President and Chairman of the Board

Portugal

Banco de Fomento Nacional
Rua Braincamp 5
Lisbon

SAUDI ARABIA

Agricultural Development Bank

PHILIPPINES (continued)
SENEGAL

Banque Nationale de Developpement du Senegal
Dakar
Mr. Ibrahima Tal, Director General
Credit Populaire Senegalais

SIERRA LEONE

Sierra Leone Investments Limited
Mr. N. G. Rennie, General Manager
Development of Industries Board
Agricultural Credit Board

SOMALIA

Credito Somalo
Mogadiscio
Mr. Dahir Nur Herzi, President

SPAIN

Banco Europeo de Hegocios
C/ O Banco Popular
Alcala 40
Madrid

Banco de Credito Industrial
Carrera de San Jeronimo 40
Madrid
Mr. Jose Gonzalez Robatto, Managing Director

Banco del Desarrollo Economico Espanol S.A.
Apartado de Correos 50460
Principio 12
Madrid

SUDAN

Agricultural Bank

Industrial Bank of Sudan
P. O. Box 1722
Khartoum
Mr. Abdel Aziz Omer El Amin, Chairman and Managing Director

SPAIN (continued)

Banco de Fomento
C/ O Banco Central
Calle de Alcala 49
Madrid
Mr. Episario Ridruejo, Jr., General Manager

Banco Industrial de Bilbao
Gran Via 12
Bilbao

Banco Industrial de Granada, S.A.
Granada

Banco Industrial de Leon
Leon

Banco del Noroeste, S.A.
La Coru
Mr. Joaquin Menendez Ponti, Managing Director

Banco Urquijo
Alcala 47
Madrid
Mr. Juan Llado, Managing Director

Corporacion Espanola de Financiacion Internacional, S.A.
Alcala 47
Madrid
Mr. Yoes Brossolet, Manager

Indubank
C/ O Banco de Vizcaya
Gran Via 1
Bilbao

Banco de Financiacion Industrial
Madrid
SYRIAN ARAB REPUBLIC

American Middle East African Development Company (AMADCO)

Industrial Development Bank of Syria

Mr. Nasib Shueibkany, Chairman

TANZANIA

Mwananchi Development Corporation Ltd.
P. O. Box 2092
Dar es Salaam
Mr. A. C. Faraji, Managing Director

Tanganyika National Development Company

Tanganyika Development Corporation
Dar es Salaam
Mr. R. K. Stott, General Manager

Tanganyika Development Finance Company Ltd.
P. O. Box 2478
Dar es Salaam
Mr. L. R. C. Lethbridge, Manager

THAILAND

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

TOGO

Credit du Togo
Lome
Mr. Paul Dovi-Akue, President

TUNISIA

Banque d'Escompte et de Credit & Industrie en Tunisie (purely commercial bank)

TUNISIA (continued)

Banque Nationale Agricole
19 Avenue de Paris
Tunis
Mr. Hassan Belhadj, Prés. & M. G. D.

Societe Nationale d'Investissements
Rue de Grece 63 Avenue Habib Bourguiba
Tunis
Mr. Abdelkader Khadda, Président

Societe Tunisienne de Banque
Tunis 1 Avenue Habib Bourguiba
Mr. Abdelaziz Mathari, President and General Manager

TURKEY

Agriculture Bank of the Turkish Republic
(ZI.RA.AT Bankasi)
Ankara

Industrial Credit and Investment Bank
(Sinai Yatirim ve Kredi Bankasi)
Eminonu, Istanbul
Dr. Vecdi Udal, Director General

Industrial Development Bank of Turkey
(Turkiye Sinai Kalkinma Bankasi A.S.)
Necati Bey Caddesi 241-247
Tophane, Istanbul
Mr. Resid Serif Egeli, General Manager

The State Investment Bank
(Devlet Yatirim Bankasi)
Ankara
Mr. Nedin Rustu Aksal, Director General

UGANDA

Development Finance Company of Uganda Ltd.
Uganda Development Corporation Ltd.
P. O. Box 442
Kampala
Mr. S. Nyangi, Chairman
UNITED ARAB REPUBLIC

Agricultural Credit & Cooperative Bank
Egypt

Industrial Bank
El Galaa Street
Cairo, Egypt
Mr. Mohamed L. El Baqqa, Chairman

UPPER VOLTA

Banque Nationale de Developpement de la Haute-Volta
Ouagadougou
Mr. Salon Diallo, President

URUGUAY

Banco de la Republica Oriental del Uruguay
Calles Cerrito, Zabala, Solis y Piedras
Montevideo
Dr. Pedro Aramendia, President
Sr. Francisco Podesta Milans, Presidente

VENEZUELA

Banco Agricola y Pecuario de Venezuela
Salvador de Leon a Socarras
Caracas
Dr. Hermagoras Homez
Director Gerente

Banco Industrial de Venezuela
Avenida Universidad
Caracas
Dr. Alfredo Gosen, Presidente

C.A. Venezolana de Desarrollo (Sociedad Financiera)
Apartado 11341
Caracas
Sr. Eugenio Mendoza, Presidente
Sr. Luis Wallennilla Menaes, President (†)
Mr. Manuel Delgado Rovati, General Manager

COMPANIES

VENEZUELA (continued)

Compania de Inversiones Creole
Apartado 889
Los Chaguaramos
Caracas
Sr. Frank Amador, Gerente General

Corporacion Venezolana de Guayana
Caracas
General Rafael Alfonso Ravard

Development Corporation (Corporacion Venezolana de Fomento)
Apartado 1129
Caracas
Sr. Eddie Morales Crespo, Presidente

Inversiones Shell de Venezuela
Edificio La Estancia, Piso 7, Oficina 762
Urb. Chuao, Caracas
Dr. C. A. Wagner, Presidente

Sociedad de Financiamiento Occidental
C/o Banco Nacional de Descuento
Maracaibo
Sr. Cesar Casa Rincones, Presidente

VIET NAM

Industrial Development Center
Saigon
Mr. Nguyen-Huu Hiep, Director General

Societe Financiere pour le Developpement de l'Industrie au Viet-Nam
Pham Hieu Nguyen, Director-General

YUGOSLAVIA

Investment Bank
(Yugoslovenska Investiciona Banka)
Terazije 7-9
Beograd
Mr. Zoran Zager, General Manager
BARBADOS

Barbados Development Board
P. O. Box 250
Bridgetown
Mr. K. C. Bath, Manager

BRITISH GUIANA

British Guiana Credit Corporation
41 Brickdam
Georgetown
Mr. Eton Luck, Manager

GAMBIA

Farmer's Fund
Loand Fund

JAMAICA

Industrial Development Corporation
20 Oxford Road
Kingston 5
Mr. G. P. Hea, General Manager

Jamaica Development Finance Corporation
15 Oxford Road
P. O. Box 616
Kingston
Mr. B. A. Watkis, General Manager

Small Business Loan Board
Kingston

Agricultural Development Corporation

NEW CALEDONIA

Credit de la Nouvelle-Caledonie
Noumea

PAPEETE

Credit de l'Oceanie
Papeete, Agence a Utuera

PUERTO RICO

Government Development Bank for Puerto Rico
P. O. Box 4591
San Juan
Dr. Rafael Rico, Presidente

Industrial Development Company
P. O. Box 2672
San Juan
Mr. Hector E. Pineiro, General Manager

RHODESIA

African Loan & Development Company Ltd.
P. O. Box 249
Salisbury
Mr. Colin Kirkpatrick, Chairman

Anglo-American Rhodesian Development Corp.

Industrial Development Corporation Ltd.
Century House, Cairo Road
P. O. Box 1935
Lusaka

Industrial Promotion Corporation, Central Africa Ltd.
Salisbury
Mr. A. C. Bartrum, General Manager

Southern Rhodesia Industrial Assets Co.

African District Loans Board (Should be under MALAWI)

Mauritius Development Bank
Mauritius

Agricultural Credit Board
SURINAM

Surinam Industrial Development Foundation

Surinam Development B.nk

Paramaribo

TRINIDAD & TOBAGO

Industrial Development Center

P. O. Box 949

Port-of-Spain, Trinidad

Sir Alan Reece, President

ZAMBIA

ZIDEC

African Farm & Equipment Company Ltd.

Zambia Industrial Loans Board

Land and Agricultural Bank of Zambia

Industrial Development Corporation

REGIONAL BANKS

African Development Bank, AFRICA

Abidjan

Chief Festas Sam Okotie-Eboh, Chairman

Banco Centroamericano de Integracion Economica,

CENTROAMERICA

Edificio Banco Central

Tegucigalpa, Honduras

Dr. Enrique Delgado, Presidente
1. **Development Bank of the Philippines**

3. **Address:** Manila, Republic of the Philippines

4. **Telephone:** 5. **Cable Address:** PHILDEBANK

6. **Ownership:** Public

7. **Scope:** National

8. **Began Operations:** 1947 (as Rehabilitation Finance Corporation)

9. **Data as of:** 6/30/62

10. **Reported in (currency):** Peso $0.26

11. **Description of Operations**

I. **Objectives:** The Bank's stated objective is "...the mobilization of credit resources to implement the Administration's socio-economic program for the country." It seeks to accomplish this through a dual program of both supporting the investment needs of entrepreneurs and directing the flow of investment funds into critical sectors of the economy. In pursuing its development objectives, the Bank has tapped (through trust agreements) funds from the Postal Savings Scheme, the Government Service Insurance Scheme, the Bank of the Philippine Islands, and other similar sources. It has, since its inception in 1947, approved over $45 million, including $20 million approved in the 1962 financial year.

II. The Bank's Portfolio: The Bank's portfolio stands at $659.9 million in loans and $12.3 million in equity investments. In 1962, the average size of loans approved was $39,086, up 100% between 1961 and 1962. The following are (in decreasing order of importance) the sectors in which the Bank has been most active: 1) industry; 2) agriculture; 3) real estate.

III. Other Activities: The Bank actively supports local private development banks and has promoted a system of rural banks through the purchase of their stock. In addition, it has created a Small Loans Division to encourage the small farmer and entrepreneur. The Bank has a very active training program for its own employees which includes classes for clerical personnel, a lecture series for management, and advanced training abroad for key personnel.

IV. Evolution & Growth: The Bank was founded in 1947 as the Rehabilitation Finance Corporation, with the objective of accelerating recovery from World War II. In 1958, it was reorganized to form the current DB/P, and in the following five years, its funding policy has changed from total reliance on the Philippine Government and external aid to the use of alternative local sources whenever possible. The Bank is now in a period of growth in both assets and portfolio, with the former up 35% and the latter 15% between 1961 and 1962. Profits during the same period, however, fell 15% due primarily to increased personnel costs.

12. **Board of Governors:**

Pablo Lorenzo, Chairman; Enrique B. Llanes, Governor; Amelia A. Castro, Governor; Eugenio Eusebio, Governor; Florencio M. Garcia, Governor (part time); Rufino G. Hechanova, Governor (part time); Lorenzo Hernandez, Governor (part time). NOTE: Except where indicated, all directors are full time.

13. **Management:**

Pablo Lorenzo, Chief Executive Officer; Vicente Coloso, Executive Officer, Office of the Chairman.

14. **Branches:**

Isabela, Dagupan, Cabanuan, Naga, Legazpi, Roxas, Tacloban, Iloilo, Bacolod, Cebu, Butuan, Cagayan de Oro, Ozamiz, Cotabato, Davao.

15. **Depot Structure:**

Credit Dept. (_professional staff); Real Estate Dept. (_); Govt. Loans & Assets Acquired Dept. (_); Private Development Bank Dept. (_); Agricultural Dept. (_); Accounting Dept. (_); Industrial Dept. (_); Treasury Dept. (_); Administrative Dept. (_); Secretarial Dept. (_).

16. **Juridical Basis:**

Formerly the Rehabilitation Finance Corporation, created by Republic Act No. 85, approved October 29, 1946. Replaced by the Development Bank of the Philippines, created by Republic Act No. 2081, approved June 14, 1958.

17. **Profit & Loss Statement:**

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Loans</td>
<td>$28,798,886</td>
</tr>
<tr>
<td>Income from Bonds and Dis-</td>
<td></td>
</tr>
<tr>
<td>counted Notes</td>
<td>596,740</td>
</tr>
<tr>
<td>Dividends</td>
<td>207,934</td>
</tr>
<tr>
<td>Other Sources</td>
<td>2,352,534</td>
</tr>
<tr>
<td>Profit</td>
<td>$1,577,855</td>
</tr>
</tbody>
</table>

2. **Philippines**
## DEVELOPMENT BANK OF THE PHILIPPINES - Statement as of 6/30/62 (in $ millions)

### Capital & Liabilities

<table>
<thead>
<tr>
<th>Sources</th>
<th>Philippine Govt. Funds</th>
<th>Philippine Private Funds</th>
<th>External Aid Agency</th>
<th>Internal Aid Funds</th>
<th>Other</th>
<th>TOTALS</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>18. Capital Stock</td>
<td>107.4$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$107.4m</td>
<td>a.</td>
</tr>
<tr>
<td>19. Surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>45.9</td>
<td></td>
</tr>
<tr>
<td>20. Accrued Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Estimated Taxes Payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>and Advances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>153.2</td>
<td></td>
</tr>
<tr>
<td>22. Loans - medium &amp; Long term</td>
<td>36.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>153.2</td>
<td>c.</td>
</tr>
<tr>
<td>and Advances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>36.3</td>
<td></td>
</tr>
<tr>
<td>23. Advances - Short term</td>
<td>53.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>53.0</td>
<td></td>
</tr>
<tr>
<td>24. Deposits: (Time)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.3</td>
<td></td>
</tr>
<tr>
<td>25. Other Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Agricultural &amp; Industrial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.6</td>
<td></td>
</tr>
<tr>
<td>Bank Transfer Account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.6</td>
<td></td>
</tr>
<tr>
<td>26. TOTAL LIABILITIES &amp; NET WORTH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$765.5m</td>
<td></td>
</tr>
<tr>
<td>27. Administered Trust Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>167.6</td>
<td></td>
</tr>
<tr>
<td>28. GRAND TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$933.1m</td>
<td></td>
</tr>
</tbody>
</table>

### Assets

<table>
<thead>
<tr>
<th>TOTALS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>31. Fixed Assets</td>
<td>$12.3m</td>
</tr>
<tr>
<td>32. Cash &amp; Equivalents</td>
<td>9.8</td>
</tr>
<tr>
<td>33. Assets not covered below:</td>
<td></td>
</tr>
<tr>
<td>Sinking Fund</td>
<td>38.2</td>
</tr>
<tr>
<td>Bank</td>
<td>15.0</td>
</tr>
<tr>
<td>Other</td>
<td>18.0</td>
</tr>
<tr>
<td>34. Loans Outstanding</td>
<td>$659.9</td>
</tr>
<tr>
<td>No. of Loans =</td>
<td></td>
</tr>
<tr>
<td>Agric.</td>
<td>187.3</td>
</tr>
<tr>
<td>Mining</td>
<td>425.7</td>
</tr>
<tr>
<td>Fishing</td>
<td>46.7</td>
</tr>
<tr>
<td>Constr.</td>
<td>228.1</td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
</tr>
<tr>
<td>Commerce</td>
<td></td>
</tr>
<tr>
<td>Transp.</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>35. Equity Investments</td>
<td>12.3</td>
</tr>
<tr>
<td>No. of Equity Investments =</td>
<td></td>
</tr>
<tr>
<td>Agric.</td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td></td>
</tr>
<tr>
<td>Fishing</td>
<td></td>
</tr>
<tr>
<td>Constr.</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
</tr>
<tr>
<td>Commerce</td>
<td></td>
</tr>
<tr>
<td>Transp.</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>100.9</td>
</tr>
<tr>
<td>36. TOTAL ASSETS</td>
<td>$765.5m</td>
</tr>
<tr>
<td>37. Administered Trust Fund</td>
<td>167.6</td>
</tr>
<tr>
<td>38. GRAND TOTAL</td>
<td>$933.1m</td>
</tr>
</tbody>
</table>

* Denotes foreign currency obligation.

### Notes:

a. Capital Stock: Authorized ___, Paid Up ___, Dividend ___.
b. Bond Issues: Three - 2%, 4% (held by the Central Bank), and 5% (held by the GSIS and SSS).
c. Loans Payable: $60m line of credit (1961) with five U.S. commercial banks; $153.2 drawn.

This year's disbursements are shown above in parentheses.
1. CORPORACION FINANCIERA DE CALDAS

2. Address: Apartado Aereo 460, Manizales, Colombia
3. Telephone: 70-00 and 32-225. Cable Address: CORFINANCIERA, Manizales, Colombia
4. Ownership: Private
5. Scope: Provincial
6. Data as of: 12/31/63
7. Management:
   - President: Hugo BELALCAZAR L., Vice President.
9. Profit & Loss Statement: (as of 12/31/63)

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans</td>
<td>P$3,773,516</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>54,690</td>
</tr>
<tr>
<td>Other Sources</td>
<td>764,681</td>
</tr>
<tr>
<td>Total</td>
<td>P$49,183,766</td>
</tr>
</tbody>
</table>

10. Reported in: peso (P$) = US$0.07
11. Description of Operations:
   - Objectives: The Corporation's stated objective is "to promote new, economically sound, industrial enterprises, and to extend those which appear to have growth possibilities ..." within the Department of Caldas. Since its inception in 1961, the CFC has granted P$60 million in assistance (including P$2 million in equity investments); among its tangible accomplishments so far are the creation of over 5000 new jobs, an industrial park program for rural areas, and the promotion of firms in three basic industries.

12. Board of Directors:
   - Gabriel GOMEZ R. (General Manager, Banco Cafetero, Manizales); Bernardo ANGEL M. (Businessman, Pereira); Pedro URIBE M. (President, Comité Departamental de Cafeteros de Caldas); Jorge BOTE ROH. (General Manager, Banco del Comercio, Manizales); Luis PRIETO R. (General Manager, Tejidos Unica S.A.).
13. Alternate Members:
   - German VELEZ S. (General Manager, Industria Colombiana de Refrigeration S.A.); Guillermo OCAMPO M. (General Manager, Compañía Seguros Atlas, S.A.); Jaime RESTREPO M. (General Manager, Sucursales de José Jesús Restrepo, S.A.); Alberto ARANGO R. (General Manager, Industria Licorería de Manizales); Mario CALDERON R. (General Manager, Industria Colombo-Alemana de Lachotes, S.A.).
14. Membership:
   - Roberto OCAMPO M., President; Fernando VILLEGAS V., Vice President; Hugo BELLACAZAR L., Vice President.
15. Departmental Structure:
16. Jurisdictional Basis:
   - Incorporated on September 6, 1961, when charter was approved by the Superintendent of Banks. The Corporation is subject to all legal requirements related to the operation and organization of "Corporaciones Financieras" as provided in Law-Decrees No. 0336 of 1957 and 2369 of 1960.
17. Profit & Loss Statement: (as of 12/31/63)

18. Evolution & Growth: To date, the CFC has grown very rapidly, and a study by its management projects working assets and liabilities more than doubling between 1963 and 1968, while profits should rise 200% during the same period. Concurrently, the Corporation is expanding the scope of its operations from provincial to national.
### CONEJACIÓN FINANCIE~TA de CALDAS - Statement as of 12/31/63 (in P$ millions)

<table>
<thead>
<tr>
<th>Capital &amp; Liabilities</th>
<th>SOURCES:</th>
<th>Colombi an External</th>
<th>Interna l</th>
<th>Other</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Govt.</td>
<td>Private Aid</td>
<td>Agency</td>
<td>Funds</td>
<td>Col.</td>
</tr>
<tr>
<td>18. Capital Stock</td>
<td>P$ 33.9 a</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>19. Surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Capital Reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>legal reserve</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td></td>
</tr>
<tr>
<td></td>
<td>general reserve</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>reserve at disposition of directors</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>22. Bonds and Debentures</td>
<td>0.2 b</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Loans - medium and long term</td>
<td>17.4</td>
<td>2.6c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Loans &amp; Advances - short term</td>
<td>7.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27. Other Liabilities</td>
<td>1.6</td>
<td>0.02</td>
<td>1.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Assets:

<table>
<thead>
<tr>
<th>ASSET</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>31. Fixed Assets</td>
<td>P$ 0.3a</td>
</tr>
<tr>
<td>32. Cash &amp; Equivalents</td>
<td>1.2</td>
</tr>
<tr>
<td>33. Assets not covered below</td>
<td>3.6</td>
</tr>
<tr>
<td>34. Loans outstanding</td>
<td>16.4</td>
</tr>
<tr>
<td>sector breakdown for currently outstanding loans, equity investments, guarantees, and loans on admin. funds.</td>
<td></td>
</tr>
<tr>
<td>long &amp; medium term</td>
<td>9.4</td>
</tr>
<tr>
<td>short term</td>
<td>9.4</td>
</tr>
<tr>
<td>No. of loans</td>
<td>9.4</td>
</tr>
<tr>
<td>35. Equity Investments</td>
<td>4.9</td>
</tr>
<tr>
<td>No. of equity investments</td>
<td>4.9</td>
</tr>
<tr>
<td>36. TOTAL ASSETS</td>
<td>P$ 65.9a</td>
</tr>
<tr>
<td>37. Borrower Liabilities on Guarantees</td>
<td>6.6</td>
</tr>
</tbody>
</table>

### Memorandum Accounts:

- **Note:** *denotes a foreign currency obligation*
MATERIALS FOR USE IN PREPARING LISTINGS FOR
THE DIRECTORY OF DEVELOPMENT FINANCE INSTITUTIONS
Under Preparation By
The Development Centre of the OECD

J. D. Nyhart
March 1965
Instructions for Completing Entries for Listings in the OECD Development Centre Directory of Development Finance Institutions

NOTE: Numbers refer to appropriately marked items on the blank listing.

PAGE 1

Item:

1. Name: Enter name of institution in English, French, or Spanish. If generally written in a language other than the above three, enter this in brackets after the English translation.

2. Country: Enter country in which the institution is located.

3. Address: Enter institution's address.

4. Telephone: Enter the institution's head office telephone number.

5. Cable: Enter the institution's head office cable address.

6. Ownership: Indicate the nature of the institution's capital stock ownership: enter "private", "mixed", or "public", whichever is appropriate. If, in a mixed institution, control of the board of directors differs from capital stock control, please indicate so following "mixed".

7. Scope: Indicate the normal scope of the institution's operations, i.e. provincial (e.g. a sub-national unit), national, or regional (e.g. a multinational unit).

8. Began Operations: Enter the date on which the institution commenced. Use date of incorporation or enabling legislation if actual operation date not known. Use month or "early", "mid", or "late" followed by year if month not known.

9. Data as of: Enter date of data used in this listing, as indicated on annual report or other material.
10. Currency: Enter the currency in which the figures will be given and its U.S. dollar equivalent at the time the data were generated, e.g., 1 Rupee = U.S. $ .21.

11. Description of Operations: Summarize in not more than 325 words the institution’s operations, following the outline below insofar as relevant. Please be selective, presenting those facts most likely to describe the main aspects of the institution—particularly, but not exclusively, those operations not likely to be discerned from the other data in the listing. Try to let facts speak for themselves, substituting them for editorial opinion wherever possible.

In apportioning the limited space, roughly equal allotments to each para. would be desirable. Also please remember that many anticipated users of the directory will not be familiar with the specialized language of development finance institutions. Hence, terms should be self-explanatory insofar as possible.

Suggested outline:

Para. 1. Introduction.

A. Statement of bank’s objectives. (One or two sentences).

B. Total amount lent, invested or otherwise committed to the economy.

C. Amount committed in the most recently completed fiscal year.

Para. 2. Description of Primary Function.

A. Description of the most important phase of institution’s operations, providing factual summary along lines of following examples:
1) If major function is lending and provision of equity capital:

(a) Size of portfolio; its division between loans and equity (at book value unless otherwise specified).
(b) Summary of sectoral distribution.
(c) Ranges of most normally applied loan terms - length, interest rate, grace period, etc.
(d) Distribution of loans by size, average or typical size.

2) If major function is promotion, investment in, and/or management of enterprises (e.g. a fomento or development corporation type of institution):

(a) Summary of equity holdings in enterprises in which institution is a major shareholder.
(b) Non-equity financing made to same enterprises.
(c) Sectors in which institution has major holdings (indicate rough percentages of total holdings, where possible).
(d) General criteria employed in selecting areas for investment.
(e) Policy regarding participation by other investors and/or outside management.
(f) Any sale of holdings.

Para. 3. Description of Other Significant Functions.

A. Identification of other functions of special interest. Please provide where available data indicating extent of institution's commitment to these functions, in terms of either finance or personnel. Some examples follow:
1) Promotion of or assistance to other financial institutions, e.g. stock markets, investment funds, co-operative banks or other types of banking systems.

2) Special programs providing finance in co-operation with other financial institutions - participations, discounting services for commercial banks, guarantee of commercial banks' loans, etc.

3) Special programs offering financial services other than medium- or long-term credits or equity - working capital, hire-purchase, underwriting, guarantee of suppliers' credits, export financing, etc.

4) Promotion and project development.

5) Training and education of assisted enterprises' personnel, or own or other financial institutions' staffs.

Para. 4. Evolution & Growth

A. Predecessor institutions

B. Position in relation to other financial institutions - past and estimated future.

- uniqueness; other institutions performing same functions.

C. Changes in role or objectives since beginning of operations and in future.

D. Areas in which most growth anticipated.

Item:

12. Directors: List members of the board of directors or comparable body including where available in brackets after each name the man's major business, governmental, or institutional affiliation or representation. Identify the holders of positions such as Chairman, Vice Chairman, Managing Director, etc.
Item:

13. Management: List the names of the people who direct the institution's day-to-day activities; i.e. Chairman (if he is also the chief executive officer), General Manager or Managing Director and their deputies.

14. Branches: List the institution's branches giving the address of each (city in which located will suffice in the case of numerous branches) and the number of professional employees assigned to each.

15. Departmental: Indicate the institution's departmental structure by listing the major departments, their function (i.e. application appraisal, borrower supervision, accounting, etc.) and the number of professional (non-clerical) employees assigned to each.

16. Juridical Basis: In describing the institution's juridical basis, include whether organized under general companies act, by special legislation, or by executive decree. Specify laws by title, other identifying terms, and date where possible. Indicate directly pertinent regulative legislation or authority to which the institution is subject, e.g. banking codes, general development banking acts, etc.

17. P & L Statement: The Profit and Loss Statement should include the following entries where applicable:

Revenues
Interest on development loans outstanding and commissions, e.g. exclude here where possible income from assets listed under "liquid assets not covered below" on the balance sheet.
Dividends on shares held.
Other Revenue.
Excess of expenses over revenues.
17. Cont'd.  

P & L Statement

Expenses
- Direct Administrative (wages, office equipment, facilities, travel, etc.)
- Capital Costs
- Taxes
- Profit
- Other Expenses

NOTE: Please list separately where applicable amount of principal repaid during accounting period and on re-evaluation or writing-off of assets.

CAPITAL & LIABILITIES

NOTE: To the left of the liability totals are columns representing five possible sources of funds. The first, "Govt.", refers to the local government; the second, "Private", to funds from local private investors or credits from local suppliers, (fill in the country's name in both blanks). In the third column, enter funds from external aid agencies (e.g. IBRD, IFC, IDB, AID, CGCB, CDC, CDFC, KW, etc.). The fourth column refers to funds generated by the institution, itself, through its operations (e.g. reserves, surplus, etc.), while the fifth column should be used for all other sources (e.g. foreign private investors, etc.) For each item in this section, subtotals should be appropriately placed in these columns (on the same line as the entry total) to provide a source breakdown.
Item:

18. Capital Stock: In the TOTALS column list the value of paid-up capital stock, using a separate line for each class of common (or ordinary), preferred or other type of shares. Indicate in the proper column the amount held by each source.

19. Surplus: Enter here the unappropriated profits, earned surplus, or equivalent from the institution's operations; the source in this case is internal funds.

20. Grants: Indicate here any grants received by the institution from its government, an external aid agency or other source noting the source through an entry in the proper "source column". Include in this item only those funds which were acquired by the institution as outright gifts and are, therefore, part of its capital structure.

21. Capital Reserves: Enter here the value of those appropriations of the institution's gross earnings which remain part of its capital structure (i.e., reserves for contingencies, statutory reserves, etc.) and reserves whose formation and growth have resulted from a decrease in assets (i.e., accrued depreciation, allotment for bad debts, etc.). Do not include in this item "reserves" which are more appropriately labeled "accrued liabilities" (i.e. reserve for taxes payable); these are entered under Item No. 22. Both here and in No. 22, use a separate line for each major reserve.
Item:

22. Reserves
   Enter here the value of appropriations from the institution's gross earnings which are held in reserve for the payment of future liabilities (i.e. pension plan or provident fund, reserve for dividends payable, reserve for taxes payable, etc.). With regard to sources, these and the reserves listed above in Item No. 21 are usually generated from internal funds. This should be indicated by entering the amounts in the proper source column.

23. Bonds & Debentures
   Indicate the value of bonds and debentures outstanding and show the amount held by each source of funds.

24. Loans - Medium & Long Term:
   Enter here the value of loans received by the institution for periods in excess of one year. Give a breakdown by source through entries in appropriate source columns.

25. Loans - Advances: Short Term:
   Follow the same procedure as outlined in No.24, but this time for advances, overdrafts, and loans received for periods less than one year.

26. Deposits:
   On separate lines list the time, demand, or other deposits held by the institution. Please indicate sources by an entry in the proper source column.

27. Other Liabilities:
   Enter any liabilities not covered elsewhere in this section (i.e. accounts payable, dividends payable, etc.).

28. Total Net Worth & Liabilities:
   On this line, the sum of all liabilities and net worth entries should be placed in the TOTALS column.
29. Contingent Liabilities: Enter in the TOTALS column the sum of contingent liabilities resulting from guarantees, acceptances, letters of credit, etc.

30. Administered Funds: Enter on a separate line each trust or other separately administered fund, showing the amounts in the TOTALS column. Unlike grants (item no. 20), these funds are not gifts to the institution but, rather, placed in its care for some period of time with the institution frequently assuming liability for their proper and circumspect management. Often, they appear as balance sheet liabilities.

NOTES: The following notes should be made on the right side of page 2 opposite the above sections; they should begin on the same line as the item to which they refer:

Opposite 18: Indicate the value of authorized capital and issued capital if these differ from paid-in capital. Enter also dividend per share.

Opposite 23: Indicate separately each bond issue, noting the amount of the issues, interest rate paid, date issued, and date due.

Opposite 24: List each line of credit and major loan received (designating foreign currency loans with an asterisk), including for each: the total amount, its source (IBRD, AID, etc.), whether the balance separating the total amount from the amount currently outstanding (if any) is a "balance yet undrawn" or a "balance repaid", the interest rate, the date of agreement, the grace period, and the length of the loan.

Opposite 29: Explain the nature of the institution's contingent liabilities.

ADDITIONUM:
Each entry requiring an explanatory note should be assigned a footnote (i.e., lower case letters a, b, c, etc. placed to the right and slightly above the entry). The note (to the right of the TOTALS column and on the same line as the entry whenever possible) is then preceded with the same footnote to establish a positive link between it and the entry to which it refers. Examples of this notation technique may be found in the sample listings.
ASSETS

Item:

✓ 31. Fixed Assets: Enter here the total fixed assets carried on the institution's balance sheet (i.e. buildings, equipment, vehicles, etc.). Normally these will be at their current book or depreciated value.

✓ 32. Cash & Equivalents: On separate lines, enter first the institution's total cash position (both cash on hand and due from banks) and, then, its holdings of treasury bills, certificates of deposit, and other short term liquid assets. Also include here, on a separate line, the book value of any long term securities held to temporarily mobilize unused funds.

✓ 33. Assets Not Covered Below: List assets which are not covered elsewhere in this section (i.e. accounts receivable, judgments due, etc.).

✓ 34. Loans Outstanding: Enter in the TOTALS column on two successive lines, the values of loans extended for periods of more than one year (medium and long term) and those of one year or less (short term loans). These amounts should refer to actual disbursements, normally not loans approved or sanctioned though not yet paid. In the space provided, enter the total number of loans outstanding.

✓ 35. Equity Investments: Enter here the value of equity investments as carried on the institution's balance sheet, reflecting book value wherever possible. In the space provided, indicate the number of firms in which the institution has an equity position.
**Item:**

36. Total Assets: On this line, the sum of all asset entries should be placed in the TOTALS column.

37. Borrower Liabilities: Enter the total borrower liabilities which result from guarantees, letters of credit, acceptances, etc. Indicate the total number of transactions in the space provided.

38. Loans & Other Assets: Enter the value of loans outstanding and other assets held under administered separate funds. Indicate the number of loans outstanding under these funds in the space provided.

**NOTE:** To the right of the totals are columns in which the institution should show a breakdown among ten major economic sectors of each item 34-38; the breakdown items should appear on the same line as the TOTALS entry for the item. Wherever possible, the past year's commitments under each item should be shown in parentheses next to (or beneath) the net outstanding figure. The United Nations' International Standard Industrial Classification table should be used as the reference guide.
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### Board of Directors:
- Bulent YAZICI, Chairman (I. Bank Central Manager), Kapte Belediye, 12200, Istanbul, Turkey.
- BARO, Vice Chairman (A. Bank Central Manager).
- S. STAMBOULIS, President (I. Bank General Manager).
- R. REKERT, Director (I. Bank General Manager).
- M. KAYA, Director (I. Bank General Manager).
- K. CAKAL, Consultant (I. Bank General Manager).
- T. TORKUS, Auditor (I. Bank General Manager).
- T. OZMEN, Director (I. Bank General Manager).
- T. OZMEN, Director (I. Bank General Manager).

### Management:
- R. REKERT, General Manager.
- M. KAYA, General Manager.

### Branches:
- Regular Office in Izmir and Adana.

### Departmental Structure:
- The IBD's departments are divided into the main group.
- In total, the IBD includes 12 departments, including:
  - Administration
  - Personnel
  - Accounts
  - Credit
  - Operations
  - Risk Management
  - Research
  - Legal
  - Information Technology
  - Security
  - Finance
  - Human Resources

### Judicial Basis:
- The IBD was set up as a private bank under the Turkish Commercial Code. It is, however, exempt from many of the Banks' Laws' restrictions. Provisions as long as it

### Profit & Loss Statement:
- (For 1963 in L.T. millions)
- **Income from General Income from L.T. Loans Interest from L.T. Loans Capital Costs Interest on L.T. Loans**
- **Other Expenses Other Charges Other Charges**
- **Net Profit**

---

**Note:**
- The IBD, through its many branches, is the only institution in Turkey that has a second branch abroad. The branches have expanded the scope of its services and have increased its net income.
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Notes:
- Sector breakdown for currently outstanding loans, equity investments, guarantees, and loans under admin. funds.
January 5, 1965

Mr. Paul G. Hoffman  
The Special Fund  
United Nations  
United Nations Plaza  
New York, New York

Dear Mr. Hoffman:

A few weeks ago, Bill Diamond related to me by phone a conversation he had had with you regarding the prospective interest of the new Capital Development Fund in development finance institutions. I understand that he told you about the global directory of development finance institutions that I have undertaken (with Edmond Janssens of the OECD Development Centre, who was formerly with the U.N. Secretariat), and you expressed an interest in obtaining a list of the development finance institutions that have grown out of the compilation for the Directory.

The week following Bill's telephone call, I was in the Secretariat building and telephoned your office to say that I had anticipated returning during this current week and looked forward to bringing the lists with me. Unfortunately, an invitation to spend a week with the management of the Banco Nacional do Desenvolvimento Economico in Brazil caused me to postpone the visit to New York and so I am enclosing lists with this letter.

I am sending two lists. The first is compiled from several sources: a list put together by Diamond's office in the IFC, another compiled by DAC, still another from the Inter-American Development Bank, a record of the file titles from AID, and so on. The resulting compilation, the March 1965 list, is not an accurate representation of the situation today. Many institutions included on our original list were found to be non-existent or to have been merged with other organizations. The second list, included as an appendix in the September 10th interim report to the source agencies cooperating in the Directory, reflects some of the needed corrections. However, that list divides up the development finance institutions for the purposes of a status of work report and so all the development banks in one country are not collected together. Hence, neither list reflects the final compilation of institutions that will be reflected in the Directory.

I anticipate that within the coming month we will put together such a list, and I will make sure that you have a copy as soon as it is completed. In the meantime, I hope the enclosures are of value to you.
I understand also that the new development fund may become interested in possibilities of research into the more effective operation of development finance institutions. I have done some preliminary thinking on the need for and feasibility of research and development programs related to the improved effectiveness of these institutions on a global basis. These preliminary thoughts will be partially reflected in a study I am working on which, in addition to analyzing the data arising from the new Directory, will provide a framework for further research and will also take a crack at improvement of managerial policies. In addition, upon completion of the Directory it is anticipated that the OECD Development Centre will continue research in this field. At present, Jannesens and I foresee two projects for the coming year. One will be on mobilization of local capital and the other on effective managerial information systems and controls within development banks. I am also working as a consultant to Karl Lachmann in the preparation of a monograph on the role of financial institutions in the mobilization of private capital flowing toward the underdeveloped world. Finally, I hope that my visit this week to Rio may result in an opportunity to work with a national system of development banks in applied research designed to improve both the quality and quantity of management.

I would greatly welcome an opportunity to discuss this whole area with you and to be of help to you if it appears that I might be. Perhaps I might stop in your office when I am next meeting with Karl Lachmann on the work I have undertaken for him. In such case, I would telephone your office prior to coming to New York to see whether an appointment might be convenient.

I hope that I may have the pleasure of meeting you before long.

Sincerely,

J. D. Nyhart
Assistant Professor

JDN:nl

cc: Bill Diamond
December 14, 1964

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

Dear Dan:

Thanks for your letter of December 8. You will, by now, have had from Bill Diamond our comments on your draft format. We would certainly be happy to see the short but incisive textual descriptive summary which Mr. Engel agrees would be useful. We shall also be interested in seeing the model listings of representative banks when they are ready.

You asked about contacting someone at the Industrial Development Bank of Israel whom you might write to find out more about the means the Government of Israel has used to give special financial support to certain projects, or, as you have put it, to enable the bank to "make loans at subsidized rates of interest." Of course, beyond that, there is a whole range of Government support for the finance company in the form of subordinated share capital (not unlike what we have called "quasi-equity" in other institutions). For detailed information on this, I suggest you contact either Mr. Jeffries or Mr. Bose of this Department the next time you are in Washington, since they have just returned from Israel where they have appraised the institution for a possible World Bank loan. If you prefer to write directly, the Managing Director is:

Dr. Avraham Neaman  
Industrial Development Bank of Israel, Ltd.  
113 Allenby Road  
Tel Aviv, Israel

Hope to see you again soon. With kind regards,

Yours sincerely,

Robert F. Skillings  
Assistant Director of Operations  
Development Finance Companies

RFSkillings:ac  
cc: Messrs. Scott/Hilton/Bose    Circulation (2)
December 9, 1964

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

Dear Dan:

Thank you for your letter of November 25, together with a copy of the proposed format for the global directory of the development finance institutions. I am glad to know that the project is making progress.

I have studied the format with interest and found the overall layout well considered. I have the following suggestions:

1. As to II Operations:
   a. It seems that Items E, D, and F are rather overlapping. If you have Item F, don't you think you can forego E and D? As regards F, it might be better to give a rather detailed table, a model of which is attached for your consideration (Table A).
   b. Item E, Normal loan terms. The words *most frequently used* or *most common* seem easier to convey the meaning than the word normal.
   c. It might be desirable, somewhere, to describe certain operational policies of the institution, if they are for public dissemination, which is not always the case, e.g., the maximum investment it will make in a single enterprise, the maximum it will hold in equities, etc.

2. As to IV Statement of Resources and Assets:
   a. Liabilities. I think it would be desirable to have more information on borrowed resources. I attach herewith a sample table as Table B for your consideration. This Table could replace Items E, F, G, H, and I.
   b. I think it would be important to show dividends, and if shares are quoted on the market, share prices and yields.
Dear Mr. Smith,

Thank you for your interest in Mountain Service. I have found the opportunity to study the project in detail and am interested in participating.

I have pursued the project with increased enthusiasm and confidence.

I have the following suggestions:

1. As to Operation:

   a. It seems that I am not familiar with the operation. If you have any questions, I am available by phone.

   b. It seems that I am not familiar with the operation. If you have any questions, I am available by phone.

   c. It seems that I am not familiar with the operation. If you have any questions, I am available by phone.

2. As to Investment of Resources and Assay:

   a. I applaud your efforts to develop innovative methods of analysis. It is important to utilize the potential of the operation, which is not fully utilized at the moment. The maximum potential of the operation should be utilized. This will result in a significant increase in production.

   b. I applaud your efforts to develop innovative methods of analysis. It is important to utilize the potential of the operation, which is not fully utilized at the moment. The maximum potential of the operation should be utilized. This will result in a significant increase in production.

   c. I applaud your efforts to develop innovative methods of analysis. It is important to utilize the potential of the operation, which is not fully utilized at the moment. The maximum potential of the operation should be utilized. This will result in a significant increase in production.

Thank you for your consideration.
3. In IV, there is an item called "funds for lending". Funds can have other purposes; e.g., for share participation, in Turkey; for research and promotion in Morocco. Perhaps you should broaden your definition of "funds".

4. Finally, I wonder if there might not be an advantage in putting III Organization and Administration before II Operations. Although that seems more logical to me, you may have a better reason for the present order.

I'm not sure whether these few suggestions can be "computerized". In any event they do not add a great deal to your own proposal which, as I said at the start, is well done.

With best regards,

Yours sincerely,

William Diamond
Director of Operations
Development Finance Companies

Attachments 2

B: Shin WDiamond: lg
<table>
<thead>
<tr>
<th>Sector</th>
<th>A. Long-Term Loans</th>
<th>B. Medium-Term Loans</th>
<th>C. Short-Term Loans</th>
<th>D. Equity Investments</th>
<th>Total (A+B+C+D)</th>
<th>Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Agriculture</td>
<td></td>
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<tr>
<td>a. To farmers</td>
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<td>b. To plantations or projects</td>
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<tr>
<td>II. Infrastructure</td>
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<td>a. Transportation</td>
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<td>b. Power</td>
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<tr>
<td>c. Communications</td>
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<tr>
<td>III. Industry</td>
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<tr>
<td>a. Food</td>
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<tr>
<td>b. Beverage</td>
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<td>c. Tobacco</td>
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<td>d. Textile</td>
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<td>e. Wood and cork</td>
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<td>f. Paper and paper products</td>
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<tr>
<td>g. Printing and publishing</td>
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<tr>
<td>h. Leather and its products</td>
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<tr>
<td>i. Rubber products</td>
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<tr>
<td>j. Chemicals</td>
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<tr>
<td>k. Glass, clay and stone products</td>
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<tr>
<td>l. Basic metal</td>
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<tr>
<td>m. Machinery</td>
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<td>n. Electrical machinery</td>
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<td>o. Transport equipment</td>
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<tr>
<td>p. Miscellaneous</td>
<td></td>
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<tr>
<td>IV. Small Industry or Artisans</td>
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<td>(indicate how defined)</td>
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<tr>
<td>V. Mining</td>
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<tr>
<td>VI. Housing</td>
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<tr>
<td>VII. Hotels and Tourism</td>
<td></td>
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<tr>
<td>VIII. Trade or Commerce</td>
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<td>IX. Other (specify)</td>
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<tr>
<td>Total</td>
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<td></td>
</tr>
<tr>
<td>Sample Entry</td>
<td>Amount (in millions)</td>
<td>Duration-Grace Period (yrs.)</td>
<td>Sub-ordination</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>Source</strong></td>
<td><strong>Type</strong></td>
<td><strong>Foreign Currency</strong></td>
<td><strong>Local Currency</strong></td>
<td><strong>Date of Agreement</strong></td>
<td><strong>Interest Rate</strong></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>Bond</td>
<td>5 US$</td>
<td>5</td>
<td>Dec. '51</td>
<td>4%</td>
<td>15</td>
</tr>
<tr>
<td>Domestic</td>
<td>Debenture</td>
<td>10</td>
<td>10</td>
<td>June '54</td>
<td>5%</td>
<td>15</td>
</tr>
<tr>
<td>Govt.</td>
<td>Loan</td>
<td>50</td>
<td>50</td>
<td>June '54</td>
<td>2%</td>
<td>30-15</td>
</tr>
<tr>
<td>Domestic</td>
<td>Loan</td>
<td>10</td>
<td>10</td>
<td>Aug. '60</td>
<td>6%</td>
<td>5</td>
</tr>
<tr>
<td>Domestic</td>
<td>Time Deposit</td>
<td>6</td>
<td>6</td>
<td></td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>Demand Deposit</td>
<td>3</td>
<td>3</td>
<td></td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td><strong>II. Foreign</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>IBRD</td>
<td>Loan</td>
<td>6</td>
<td>60</td>
<td>July '63</td>
<td>5.5%</td>
<td>15-2</td>
</tr>
<tr>
<td>IDA</td>
<td>Credit</td>
<td>5</td>
<td>50</td>
<td>Oct. '64</td>
<td>5.50%</td>
<td>15-2</td>
</tr>
<tr>
<td>DLF</td>
<td>Loan</td>
<td>5</td>
<td>50</td>
<td>Oct. '64</td>
<td>5%</td>
<td>15-5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>16</td>
<td>2h</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1/ 60% was held by financial institutions including insurance companies.
2/ 60% was held by banking institutions and the rest by government.
3/ Mostly by commercial banks.
4/ Held by the public.
5/ Interest rate payable to government.
December 8, 1964

Mr. H. B. Ripman, Assistant Director
Department of Technical Operations
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Mr. Ripman:

I am considerably embarrassed that I let you have time to get the "black books" and other materials to me before you had received our thanks for the splendid job you did of laying out project appraisal before our class. It was a rare opportunity for the students to hear from one with the accumulation of experience that you have. They appreciated it and so did Professor Wilson and I.

I attended last week's meeting on development banks sponsored by the Inter-American Development Bank and had hoped to take that occasion to drop into your office. As it turned out, the only time I spent in your building was a meeting at the end of one day with the development bankers in the IFC. I will stop by the next time I am in.

Again, many thanks for sparing us time in your busy schedule and also for promptly sending along the materials. I will distribute the latter this afternoon.

Best regards,

J. D. Nyhart
Mr. Robert Skillings  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Bob:

I very much appreciated your taking time out of such a busy schedule last week to think about the OECD development bank directory.

I look forward very much to your comments on the draft format that I had sent to Bill Diamond. My discussions with Willi Engel, George Wyeth, and others on the staff of AID gave me many ideas which I shall combine with your remarks in producing a new draft. Willi Engel particularly emphasized the value in reverting to the textual descriptive summary of the banks' activities as presented in the draft Bill gave us in Paris. I think in retrospect that this is a much better idea than just merely identification of the fields of activity, as I had suggested in the draft you have. Willi also urged me to explore ways in which the length could be cut down, and I will do so; but I believe that the overall length of an actual bank listing will be far shorter than would appear from the length of the draft format. I will draft a few model listings of representative banks and circulate them.

You mention a scheme under which government enabled an Israeli development bank to make loans at subsidized rates of interest. I wonder if you could give me the name of someone at that institution whom I might write to find out more about that idea.

I look forward to receiving Dr. Shin's list as soon as it has received Bill's and your approval.

Again, many thanks for your help.

Best regards,

J. D. Nyhart

JDN:nl

would you please draft a paragraph I could use in a reply to Nyhart.
November 25, 1964

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

Dear Bill:

I am enclosing the proposed format for the individual development bank listings in the global directory that we will be putting together. I think the data requested in these listings is fairly straightforward. Where there have been problems, I have noted them in the cover note.

I would like very much to have your comments on the proposed format so that we might proceed to the next stage of the project. As I think you know, we have proposed that the format be such that the information can be programmed on OECD's computer to facilitate later research. I have proposed to the Development Centre that we spend some time the first part of next month considering this format from the point of view of its being programmed. This may simplify the form of the data we have asked for here. If this is so, it will be reflected in the final format; but I would like very much your reactions at this point.

I look forward to hearing from you.

Best regards,

J. D. Nyhart

JDN:nl
Enclosure
NOTE:

The proposed listing is divided into four sections.

Part I contains general information, such as, name, address, etc.

Part II is designed to give a summary view of the operations of the individual bank. Most of it is descriptive, identifying the framework within which the bank operates as to scope, sector, function, etc. A major part of Part II will be a table showing the use of its financing facilities by the various sectors in which the bank is active. Although the space taken up by Part II in this format is lengthy because of the listing of many items that may or may not be applicable to a given bank, the final listings will be considerably condensed.

Part III is information concerning the bank's organization and staff and is fairly straightforward.

Part IV contains a financial summary and is the most complicated section. The aim here is to set out in distinguishable categories the different major forms of finance for funding development banks. In many cases a bank's capital and its debt are the major forms, but for many banks grants, special funds, and in some cases deposits form major sources. In addition to these categories, it is important to identify the actual sources: government, international and bilateral aid sources, domestic-private and foreign-private sources, etc. Hence, the statement of resources is in fact the capital and liabilities side of a balance sheet, although in more detail than is normal. The assets side is fairly straightforward.

A number of problems were encountered. Some funds carry with them the liability to preserve or pay back over a period of time. I have asked that these be identified where possible. The handling of guarantees varies among those banks that have been so involved. The Development Bank of Japan shows its liability of guarantees as a negative or subtracted item on the liabilities side of the balance sheet and then does not include a contra entry among its assets. The guarantee commitments are reported separately outside the assets. China Development Corporation and Peruinvest, as well as others, show the liability on guarantees among the liabilities and then have a contra item of debtors' liabilities on the assets side. Although the Japanese approach is more conservative in that it indicates there is backing for the contingent liability of the guarantees, I have followed the other approach here because it makes clearer the extent to which guarantees have been granted.
and have formed a part of the development bank's financial activity. Another problem was that the best way to identify the resources available through the possibility of non-recourse refinancing by governments, central banks, or other facilities. I have indicated this by requesting a note at the point of totaling the resources of the bank. These were the major problems that I ran into.

Your criticism and comments of this format would be welcome. The attempt is to get at the non-secret material that would be most useful to laymen and outsiders and yet to avoid an extremely extensive listing.

J. D. Nyhart

JDN:n1
November 25, 1964
I. General Description

Status as of:

Name of Institution:

Address:

Cable Address:
Telephone:

Date of Commencement of Operations:

Ownership: (Public, Private, or Mixed)
II. Operations: Underscore where applicable, e.g., where institution actively involved.

A. Geographic Scope: National, regional (sub-national)

B. Sectors of Operations:
   Industry
   Small industry or artisans (indicate how defined: ____________)
   Agriculture - farmer credits
   Agriculture - plantations or projects
   Transportation
   Housing
   Trade or commerce
   Hotels and tourism
   Other (please specify: ________________)

C. Recipient sectors: Private, public

D. Financing facilities:
   Long-term credits (6 years and above)
   Medium-term credits (over 2 to 6 years)
   Short-term credits (2 years and under)
   Equity investments
   Underwriting
   Guarantee of client's obligations
   Refinancing of other lender's notes

E. Normal loan terms:
   Interest rate: ____________
   Commitment negotiation or service charges: ____________
   Term: ____________
   Grace periods: ____________
   Prepayment allowed: yes / no
   Prepayment charge: ____________
   Maximum loan size: ____________
   Minimum loan size: ____________
   Approximate average size of credits: ____________

F. Breakdown of Loans, Investments, and Guarantees by Sector

   Indicate by table the number and dollar or local currency amounts of activities of institution to date as follows:

   Major Financing Facilities as in II.D.:

<table>
<thead>
<tr>
<th>Sector as in II.B.</th>
<th>Long-term Credits</th>
<th>Medium-term Credits</th>
<th>Short-term Credits</th>
<th>Equity Investments</th>
<th>Guarantees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number - Amounts</td>
<td>Number - Amounts</td>
<td>Number - Amounts</td>
<td>No. Amounts</td>
<td>No. Amounts</td>
</tr>
<tr>
<td>Infrastructure</td>
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<tr>
<td>Industry*</td>
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<tr>
<td>Etc.</td>
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</tr>
</tbody>
</table>

   * Where possible, indicate breakdown by major industries, e.g., textiles, food processing, mechanical & electrical industry, chemicals & pharmaceuticals, cement, etc.
II. Operations: (continued)

G. Non-financing activities:  Development of projects on own account
                              Development of projects on request of government
                              Assistance to borrowers in development of projects
                              Assistance to borrowers in operation of business
                              Operational management of projects
                              Economic studies
                              Training or educational courses
III. Organization and Administration

**Board of Directors or other controlling entity:**

Name of Chairman:
Number of members:
Names and positions of members (and group or interest represented if applicable):

**Management:**

Name of President and/or General Manager:
Name of Deputy General Manager:

**Staff:**

Major departments, with number of professional staff (e.g., lending officers, accountants, engineers, management graduates, etc., as opposed to clerical) and a very brief description of department's responsibilities:

**Branches:**

Address:

Function:
IV. Statement of Resources and Assets:

A. Capital and Lending Funds

Authorized capital: (list special classes if applicable)

Paid in capital: (appellé)

**Common or ordinary:**

1. Domestic government or its agencies
2. Domestic private institutional investors (insurance companies, pension funds, banks)
3. Domestic private individual investors or business firms
4. International or bilateral aid agencies (IFC, CDC, KN, etc.)
5. Foreign private investors
6. Other (identify)

**Preferred:** (identify terms)

1 through 6

**Other Classes:** (identify)

1 through 6

B. Reserves, surplus, retained earnings (Provisions)

(Identify; include sinking funds, retirement funds, contingency funds, etc.)

C. Grants (A,B) (Identify by source and date)

D. Funds (for lending)

(Identify by name, date of establishment, source, and where possible, legal basis establishing fund, and institution's obligation to repay or preserve funds, if any.)

E. Bonds, debentures

- Domestic currency (identify by major purchasers, e.g., public, treasury, central bank, etc.)

NOTES:

A. Excluding grants in aid, subventions, annual appropriations, etc., to cover deficit of operating income over expenditure. These should be footnoted here where possible.

B. Including annual grants or appropriations to fund loans or investments listed among assets.
IV. Statement of Resources and Assets: (continued)

Liabilities:

✓ E. Bonds, debentures
  - External currency (Identify by major purchasers)

✓ F. Long-term borrowings (over 6 years term) other than the above
  - Domestic currency (Identify by source, length of term and date)
  - External currency (Identify by source, length of term and date)

✓ G. Medium borrowings (over 2-6 year term)
  - Domestic currency (Identify by source)
  - External currency (Identify by sources; indicate if repayable in domestic currency)

✓ H. Short term loans and advances (2 years and under)
  (identify by source)

✓ I. Deposits
  1. Time
  2. Demand
  3. Other (specify)

  (Indicate where possible nature of major depositors, e.g., private individuals and businesses, private institutions, government, governmental agencies, etc.)

J. Miscellaneous Creditors

K. Other Liabilities

L. Contingent Liabilities on Guarantees

Total Resources

NOTES: C. Contra, asset item "Debtor or customer liability under guarantees."

D. Indicate in notes non-recourse refinancing facilities available to institution and extent employed to date.
STATEMENT OF ASSETS

A. Fixed Assets (land, office building and equipment, vehicles, etc.)

B. Investments in bonds (and debentures other than normal loans to clients, C & D) (Identify by major issuers)

C. Long-term credits (over 6 years)

D. Medium-term credits (over 2-6 years)

E. Short-term credits (2 years and under)

F. Equity investments or participations

G. Short term income-earning investments not included above (government bills, amounts on deposit, etc.)

H. Debtors' Liabilities on Guarantees

I. Cash

J. Other assets.
Material to be requested from the co-operating sources (where available) or from the development banks concerned. (2 copies of each):

1. Charter, Articles and Memorandum of Association, By-laws, or legislative statutes or regulations legally establishing the institution.

2. Last three annual balance sheets.

3. Last three annual profit and loss (income and expenditure) statements.

4. Last three annual reports, plus putting on mailing list for 2 copies of future annual reports and other materials.

5. Table of organization where available.
November 4, 1964

Dear Dan:

Thanks for your letter of October 28. It was an interesting meeting.

We will prepare and send you the list of institutions you asked for. However, it will be hard to indicate those for which we have "a reasonable amount of data." It depends on what data you want. We will indicate those with which we are affiliated, which means those for which we have a great deal of data. As for the others, when we have your proposed format, we can say which additional institutions we can help you with.

The procedure in your paragraph 3 does make sense to me.

As for our "research" in development financing institutions, I hope I did not mislead you. We do have someone, Mr. Byong Shin, whom you have met, working on some cross-the-board comparisons and problems. So far, however, he has been working on comparative data on the 20-or-so institutions affiliated with us. I don't think this falls - yet - in the category you have in mind. In any event, it will be limited to our affiliates for some time to come. By all means keep in touch with Mr. Shin.

All the best.

Sincerely yours,

William Diamond
Director of Operations
Development Finance Companies

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

cc: Mr. Shin

WDiamond/dea
October 28, 1964

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

Dear Bill:

First, I want to thank you again for your good support at Paris for the idea of serious research on development banking problems. Your entry into the afternoon session provided a much needed leavening, as well as several good ideas for research which I hope may come to fruition if the Center's research project gets under way.

On the directory, Edmund Janssens and I agreed that the first step was to collect the names and addresses of all the banks we can. I would appreciate your sending to me, within the next two weeks if convenient, as complete a list as your office has. I remember that Henry Thomas was working on this project for you at one time and hope that we may take up where you left off. It would be helpful if there could be an indication of the banks for which you have a reasonable amount of data.

We will soon have a proposed format for the listings out to you and the other major sources for your comment and approval. Following that, we propose to allocate the "known" banks to the major sources to avoid duplication and will send you forms for completion. I hope this procedure makes sense to you.

Janssens also asked me to do a note summarizing recent or current research in development banking. You mentioned that you now had a man working on research full time. I wonder if you could either send me a note describing what he is doing or put me into direct contact with him, so that I might include it in the note for the Center.

I really hope that we have taken the first steps in pulling together a body of data that may serve as a useful base for those interested in research on development banking problems. The directory is, I think, a useful starting place and I am glad the Development Center has undertaken the job of coordinating the efforts of the major sources.

I look forward to hearing from you.

Best regards,

J. D. Nyhart
Definition of Institutions to be Covered by Directory

We suggest that the range of institutions to be included in the Directory be narrowed down to those institutions in less developed countries which devote the major part of their resources to providing finance for private enterprises in the industrial sector, by means of medium and long-term loans or equity investments.

To clarify further:

1. The institution must be an autonomous entity organized and registered as a juridical person pursuant to either commercial code or special law. It should include all such entities regardless of ownership - private, mixed and government-owned. A branch or a similar set-up of federal or local governments which is in itself not an autonomous entity would be outside the scope of the Directory.

2. The institution should function mainly as a provider of medium and long-term funds (3 years or more). Institutions engaged principally in short-term lending operations would be excluded.

3. The institutions covered would be those providing finance to industrial firms, the manufacturing and mining enterprises. An institution making only agricultural credits would be excluded. However, multipurpose institutions may be included if a substantial volume of their transactions is related to manufacturing and mining industries.

4. The Directory should cover institution in less developed countries only.
   For example, the Directory might cover all countries except IDA's "Part I" countries.
Part I - General Description

1. Address of Head Office
2. Date of establishment: under what law (commercial code or special law)
3. Special status, if any
4. Objective and functions
5. Fields of operation
6. Share capital and ownership
   a. Authorised capital, issued capital, or paid-in-capital
   b. Kind of share; common or preferred
   c. Important shareholders; institutions and nationality
   d. Frequency of meeting and structure of voting powers
7. Organisation
   a. Board of Directors
      Number (number, how chosen, frequency of meeting and names)
   b. Management (names and method of choice)
   c. Staff (organisation and number)
8. Branches

Part II - Financial Resources (of what date; currency; fiscal year)

1. Equity
   a. Paid-in share capital
   b. Reserves and surplus

DRAFT
Oct. 13, 1964
2. Debt
   a. Short-term
   b. Long-term (source, amount, date of agreement, interest, maturity, subordination)

Part III - Operations

1. General Discussion (A brief note, characterizing the institution's policies and operations, including loans, equity participations, underwriting and guarantees, promotion, agency activity, etc.)

2. Summary of loan and investment operations (breakdown by size, term and industrial group, and geographical distribution, etc.) Aggregate totals and most recent full year.

3. Normal lending terms

4. Other relevant material

Part IV - Financial Results (for the past three years)

   A descriptive statement, with annexes as follows:

1. Income statements
2. Distribution of profits; dividend record
3. Balance sheets
4. Price of shares
Form of Entry

Part I - General Description

1. Name of institution
2. Address of Head Office
3. Date of establishment: Relevant law (commercial code or special law)
4. Objective and powers or functions
5. Share capital and ownership
   a. Authorized capital, issued capital, or paid-in capital
   b. Kind of share; common or preferred
   c. Important shareholders; institutions and nationality
   d. Frequency of meeting and structure of voting powers
6. Management
   a. Board of Directors
      Number (appointed by Government), powers and meetings and names
   b. Name: President and General Manager
   c. Number and organization of staff

Part II - Financial Resources

1. Equity
   a. Paid-in
   b. Reserves and surplus
2. Debt
   a. Short-term
   b. Long-term (source, amount, date of agreement, interest, maturity and others)
Part III - Operations

1. Brief note, characterizing the institution's policies and operations (loans, equity participations, underwriting and guarantees, promotional activities)

2. Summary of loan and investment operations (breakdown by size, term and industrial group, and geographical distribution, etc.)

3. Normal terms

Part IV - Financial Results for the last Three Years

1. Income statements

2. Distribution of profits

3. Price of shares

4. Balance sheets
Mr. William Diamond  
c/o Hotel Continental  
3, rue Castiglione  
Paris

Dear Mr. Diamond:

Mr. Coffin and I will meet you at your hotel after breakfast at approximately 9 a.m. on Tuesday morning. We will be able to talk about 45 minutes before preceding to the Caisse Centrale.

In the event you would like to contact Mr. Coffin at home on Monday evening, his phone number at home is PASsy 55-25.

Sincerely,

E. Morgan Gilbert
OUTGOING WIRE

TO: FRANK COFFIN
US MISSION TO OECD
2 RUE DE LA FAISANDERIE
PARIS

DATE: OCTOBER 8, 1964

US MISSION TO OECD
2 RUE DE LA FAISANDERIE
PARIS

COUNTRY: FRANCE

TEXT:

THANKS YURLET OCTOBER 2 AND OTHERS WHICH I FOUND ON RETURN FROM FAR EAST STOP

ARRIVING PARIS MONDAY NIGHT STOP WILL CALL ON YOU TUESDAY MORNING BEFORE

PROCEEDING CAISSE CENTRAL IF CONVENIENT FOR YOU STOP PLEASE LEAVE MESSAGE

HOTEL CONTINENTAL STOP REGARDS

DIAMOND

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME WILLIAM DIAMOND

DEPT. IFC-DEVELOPMENT FINANCE COMPANIES

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
WDiamond/dea

CLEARANCES AND COPY DISTRIBUTION:

FOR USE BY ARCHIVES DIVISION

ORIGINAL (FILE COPY)

(IMPORTANT: See Secretaries Guide for preparing form)
Mr. William Diamond
Director of Operations
Development Finance Companies
International Finance Corporation
1818 H Street, N. W.
Washington 25, D. C.

Dear Mr. Diamond:

I should like to remind you of our October 13 meeting on the subject of development banks and to suggest an informal agenda which might serve as a guide for our discussion. The meeting, as you know, will be held at 10 a.m. on the eighth floor of the Caisse Centrale, 233 Boulevard St. Germain, Paris 7e. I should be pleased if the participants would be my guests at lunch at a nearby restaurant between the morning and afternoon sessions. (I am attaching our list of expected participants.)

I have conferred with Mr. Postel-Vinay of the Caisse Centrale regarding the scope and substance of the meeting, and we have agreed that no formal agenda is necessary. However, we envisage the discussion as encompassing two general areas:

The directory of development banks including the questions of sponsorship, definition, form of entry, range of coverage, and method of developing the data, and how the countries and institutions represented at our meeting can best cooperate on such a project.

I trust you will take this opportunity to explain the work and planning which your organization has done to date toward such a directory.
Mr. William Brown
Director of Operations
Development Assistance Corporation
International Economic Cooperation
1818 H Street, N.W.
Washington, D.C.

Dear Mr. Brown:

I should like to remind you of our October 13 meeting on the subject of development efforts and to request an opportunity to
present my findings to the Executive Committee on the status of our development efforts. I hope that you will agree to the meeting on
October 24. In the meantime, I will send you a summary of the meeting and a
description of the current status of development efforts.

Yours sincerely,

[Signature]

CC:
Mr. Brown
Director of Operations
Development Assistance Corporation
International Economic Cooperation
1818 H Street, N.W.
Washington, D.C.

[Date]
The matter of a questionnaire, perhaps to be administered by the OECD Development Centre, addressed to development finance institutions. Originally this was discussed as a technique in developing a rather detailed directory. If, however, this is not deemed either necessary or feasible, Mr. Postel-Vinay and I have thought it very well worth while discussing a questionnaire aimed at eliciting some statements of experience in various fields, which could then be of use to the institutions, to the donor countries and the Development Centre itself as a basis for further studies.

Since a Washington official of the Inter-American Development Bank will attend, we shall have the opportunity of learning about its December meeting of western hemisphere development banks and of exploring areas of common interest.

Needless to say, I look forward very much to seeing you on October 13 at what all of us hope will be a very useful meeting.

Sincerely,

Frank M. Coffin
Minister
U. S. Permanent Representative
to the Development Assistance Committee
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<td>Mr. Lord (Eng.)</td>
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Remarks

From:
September 22, 1964

Mr. William Diamond  
Director of Operations  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N. W.  
Washington 25, D. C.

Dear Mr. Diamond:

I want to thank you very much for confirming the date of the 13th of October for our meeting. I have notified the others. We shall convene at the Caisse Centrale, 233 Boulevard St. Germain, Paris 7e., at 10 a.m., and probably reconvene at 3:30 p.m. Undoubtedly, we shall lunch together also. I shall send along any further thoughts concerning the details of the meeting.

In the meantime, your own suggestions and materials would be most welcome.

Needless to say, we all appreciate very much the effort you are making to participate and we hope very much that the meeting and any understandings reached will be helpful to you.

With kind personal regards,

Sincerely,

Frank M. Coffin  
Minister  
U. S. Permanent Representative to the Development Assistance Committee
September 13, 1964

Mr. John D. Miller
Director, European Office
International Bank for Reconstruction
and Development
4 Avenue d'Iéna
Paris 16e, France

Dear Johnnie:

Enclosed is a further exchange of correspondence with Mr. Coffin about the proposed meeting on development banks. I have cabled Mr. Coffin that Bill will be available for such a meeting on October 13.

Best regards,

Yours sincerely,

Robert F. Skillings
Assistant Director of Operations
Development Finance Companies

Enclosures

cc: Circulation (2)
OUTGOING WIRE

TO: FRANK COFFIN
US MISSION TO OECD
2 RUE DE LA FAISANDERIE
COUNTRY: PARIS (FRANCE)

DATE: SEPTEMBER 17, 1964
CLASS OF SERVICE: LT

TEXT: REUR LETTERS SEPTEMBER 1 AND 15 DIAMOND WOULD BE PLEASED TO ATTEND PROPOSED MEETING ON OCTOBER THIRTEENTH

SKILLINGS
CORINTFIN

MESSAGE AUTHORIZED BY:
NAME: Robert F. Skillings
Assistant Director of Operations
DEPT.: Development Finance Companies
SIGNATURE: Robert F. Skillings

CLEARANCES AND COPY DISTRIBUTION:
cc: Circulation (2)
Mr. Miller

ORIGINAL (File Copy)
(IMPORTANT: See Secretaries Guide for preparing form)
September 16, 1964

Mr. Frank M. Coffin
Minister
U.S. Permanent Representative to
the Development Assistance Committee
U.S. Mission to the Organization for
Economic Cooperation and Development
2 Rue de la Faisanderie
Paris 16, France

Dear Mr. Minister:

This is to acknowledge your letter of September 1 to
Mr. Diamond, who is at present in the Far East. We have
cabled to Mr. Diamond asking him which of the dates which
you have proposed for an informal meeting on development
finance companies would be suitable to him, and we will
let you know his preference by cable.

We are still considering the "definition" of institu-
tions to be covered by the proposed Directory, as well
as the draft "form of entry". We shall try to send you
something soon; if possible, in advance of the October
meeting.

Sincerely yours,

Robert F. Skillings
Assistant Director of Operations
Development Finance Companies

RF Skillings:erc

cc: Messrs. Diamond (in Manila, with cc of incoming)
Miller
Demuth
Shin
TO: WILLIAM DIAMOND
GRAND HOTEL
TAIPEI
COUNTRY: (TAIWAN)

TEXT:
UPON RETURN FOUND LETTER FROM COFFIN PROPOSING EITHER OCTOBER THIRTEEN
FOURTEEN OR FIFTEEN FOR OECD MEETING DEVELOPMENT BANKS WHICH YOU PROMISED
TO ATTEND STOP REQUESTS YOU INDICATE DATE MOST CONVENIENT FOR YOU STOP
I NOW FIND I SHOULD LEAVE FIFTEENTH FOR BANGKOK STOP SHOULD I SUGGEST
THIRTEENTH TO COFFIN

REGARDS
SKILLINGS
Mr. William Diamond  
Director of Operations  
Development Finance Companies  
International Finance Corporation  
1818 H Street, N.W.  
Washington 25, D.C.

Dear Mr. Diamond:

Thank you very much for your most helpful letter of August 6. This will be a brief reply, reserving substantive discussion for our October meeting.

Either October 13, 14, or 15 would be agreeable to my French, British, and German colleagues who attended the first informal meeting on development finance companies early in June. These men were most pleased to hear that you might be able to join us in an informal meeting in October. They also welcomed the possible attendance of a representative of the Inter-American Development Bank and of a representative of the O.E.C.D. Development Center. If you could indicate the date most convenient for you, I shall proceed to notify the others and settle upon a precise time and place.

As you know, there is no prejudgment here as to sponsorship of the Directory. We would be pleased to support your efforts in any way we can. I think the question is really one relating to the coverage. And it may be that there is a place for two such works complementing each other. That is, you may feel it advisable to have, as you indicated, a simple Directory, more or less along the lines of your last edition. In our conversations and correspondence we have tended to think of a more detailed document reporting on problems and progress in various spheres of activity (agricultural, real estate, industrial, crafts), with the hope that not only would we have an informative document but also the basis for identifying areas for further discussion and study.
United States Mission
To the Organization for
Economic Cooperation and Development

2 rue de la Casanodière
Paris, France
September 1, 1949

Dear Mr. Dimond:

Thank you very much for your most helpful letter of August 10.

This will be a partial reply. As requested, I am forwarding an excerpt from our October meeting.

William D. Ellsworth
Director of Operations
Development Finance Corporation
1101 13th Street N.W.
Washington 5 D.C.

We appreciate your interest in the Inter-American Development Bank and its participation in the work of the Organization of American States. Our O.A.S. Development Committee is considering ways and means of possibly increasing our contributions for 1950. I shall be pleased to notify you of any agreement we may come to.

As you know, the United States Development Act of 1945 states that we would be pleased to support our efforts in any field where we may be asked to participate. I think the cooperation is really a matter of our interest in the Inter-American Development Bank and its activities. I am sure that if you made it clear to the President and your Congress how much the Inter-American Development Bank has done to promote economic development and welfare in the United States and how important it is to continue this work, you would get the necessary approval.

We are in constant communication with representatives of the United States government about the work of the Organization of American States and the Inter-American Development Bank. We have continued to work in various ways on the basis of friendly cooperation and we believe that our work is essential to the progress of the Americas.
This question is, of course, open and we shall look forward to your own views. If you could send on your suggested "form of entry", it would be helpful in advancing our own thinking.

I share your view that we ought to be able to come to a satisfactory agreement on the kind of institution that ought to be covered in the Directory. Any suggestions you have for definition would be most helpful.

The question of a questionnaire will depend on resolution of the character of the Directory. I think we all realize that, to the extent we wish other information than that which we ourselves can provide, a questionnaire might well have to be supplemented by follow-up correspondence and visits. It may be that our O. E. C. D. Development Center might be sufficiently interested to be of some help in this process—especially if it wishes to undertake some studies in this field. On the other hand, this more lengthy undertaking need not delay the expeditious preparation of a simpler Directory.

Your own suggestions for the agenda—sponsorship, method of developing the data, range of coverage, time limit—adequately embrace everything we had in mind discussing. They imply defining the ways in which all of us can cooperate in advancing the use and effectiveness of these important development institutions.

As soon as I hear from you, I shall be able to send further details. Needless to say, it will be a great pleasure to have you here.

Sincerely,

Frank M. Coffin
Minister
U. S. Permanent Representative to the Development Assistance Committee
August 6, 1964

Dear Jonnis:

Enclosed herewith you will find a copy of a letter I sent today to Frank Coffin about DAC. I hope nobody gets the impression from this letter that we consider Coffin and DAC as being synonymous, and I hope you will do whatever may be necessary to avoid such an impression should it arise. The fact is that I had a good talk with Coffin, at George Woods' suggestion, on the general subject of development bank activities, late in June and the letter I wrote today simply sums up that conversation.

I look forward to seeing you in Tokyo.

With best regards,

Sincerely yours,

William Diamond
Director of Operations
Development Finance Companies

Enclosure

Mr. John D. Miller
Director
International Bank for Reconstruction
and Development
4 Avenue d'Iena
Paris 16e, France
Dear John:

Enclosed herewith you will find a copy of a letter I sent today to Frank Collin, Equal ADG. I hope both letters the impression from this letter that we will not burden you and DC with another redaction, and hope you will nit to reassure me.

Do not necessary to match your impression as you’d like. In the 30th I read a book talk with Collin’s staff, and the Mob’s experience on the current impact of development park activities. Late in June and the letter I wrote today strongly.

I look forward to seeing you in Tokyo.

With best regards

Sincerely yours,

William Diamond
Director of Operations
Development Finance Committee

[Signature]

Mr. John D. Miller
Director
International Bank for Reconstruction
and Development

Ira Arasheged
Finance

1965-ADG-7-RM-35

[Stamp: Administration of the German Republic]
August 6, 1964

Mr. Frank M. Coffin
Minister
U.S. Permanent Representative to the
Development Assistance Committee
U.S. Mission to the Organization for
Economic Cooperation and Development
2 Rue de la Faisanderie
Paris 16, France

My dear Mr. Minister:

Thank you very much for your kind letter of July 15. I should have written to you, first; and I hope you will forgive my delay.

We talked of five matters during your visit. First your proposed meeting on development banks. I said I could visit DAC for a meeting in October, but not the week of October 5, when IFC's Advisors will meet here. Since then, Mr. Woods has called his regular annual special meeting of senior staff on October 23 and 24; and I shall therefore have to be available at that time. I think, therefore, that you ought to count me out for the periods October 5 to 8 and October 21 to 26.

Second, the Directory Project. We talked about several alternatives. DAC might take the lead in doing the job, in which event we would be happy to help it do so by providing information for the Directory, and by helping it get information from the development finance companies we are associated with. Or, we could take the lead, while DAC and its members and associates help us with information and through their connections. I think that with DAC's help and with the stimulus which its interest has given, we could get on with the job more quickly than I had expected; and we would therefore be glad to take on the responsibility of sponsoring the Directory, if DAC would like us to do so.

Third, the contents of the Directory. I said I thought the Directory ought to be simple. We can't expect a single document to cover everything everybody is interested in; nor can we expect it to give a potential leader or investor all he needs to make a decision. But we can, in short order, give enough to provide a rough idea of what the institution is like and hence enough to let interested parties decide whether they are interested in further study or not. We are now working on a brief "form of entry" along these lines, which I shall be glad to send to DAC in due course.
Fourth, range of coverage. Although it is difficult to define a development finance company and although interest in them differs widely, I think we can come to a satisfactory agreement on the kind of institution that ought to be covered in the Directory. I will send a suggested definition with my note on the form of entry.

Fifth, the work of preparing these entries. I thought that for the development finance institutions we deal with, the work ought to be done by us and by DAC's members, rather than by sending questionnaires to the institutions themselves. It seems to me that we ought to know enough about the institutions to which the Bank family has provided funds to provide all that is needed for the Directory; and the same holds for DAC's members. For other institutions, we can use questionnaires. If this is right, the Directory could be finished quite quickly.

I will send you soon a proposed "form of entry" and definition and would appreciate DAC's staff's comments. Perhaps the other items - sponsorship, method of developing the data, range of coverage and time limit - could be put on the agenda of the October meeting. I should think everyone concerned could quickly reach agreement.

Let me say again that we appreciate DAC's taking the initiative in this matter of the Directory, which we consider will be a very useful document. We also appreciate your and DAC's general interest in development finance companies, to which the Bank family attributes very great importance.

With best wishes,

Sincerely yours,

William Diamond
Director of Operations
Development Finance Companies

cc: Messrs. Woods, Rosen, Demuth, Miller, Skillings
Circ. (2)

W.Diamond mbc
July 15, 1964

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

Dear Mr. Diamond:

I have just returned to Paris to resume my duties here and want to say how much I appreciated our conversation together in Washington. I shall be very interested in knowing your most recent thinking as to the way in which we can work most effectively with you on the Development Bank Directory project. I have also noted that you might be able to come to Paris to participate in a substantive discussion on Development Banks in October, except for the week of the 5th. Just as soon as my colleagues and I have a clearer picture of our planning, we shall be sure to let you know.

With all best personal wishes,

Sincerely,

Frank M. Coffin
Minister
U. S. Permanent Representative to the Development Assistance Committee
Dear Mr. Dimond,

I have just returned to Paris to resume my official duties and want to say how much I appreciated our conversation together in Washington. I shall be very interested in knowing your most recent thinking as to the way in which we can work most effectively with you on the Development Bank Directors' Project. I have also noted that you might be able to come to Paris to participate in a seminar from Government on Development Banks in October, except for the week of the 10th. Let us set an early date so colleagues and I have a clearer picture of our planning. We shall be sure to let you know.

With all best personal wishes,

[Signature]

[Name]

U.S. Government Representatives

to the Development Assistance Committee
Development Banks

The World Bank, International Finance Corporation (IFC) and Agency for International Development (AID) are channeling increasingly substantial assistance to developing countries through the medium of local development banks. These banks, either government-owned or private, make medium- and long-term investments, loan and/or equity, in industrial, mining and agricultural projects of a developmental nature.

The World Bank, for example, lent $40M to development banks in 1962. In several countries, such as India, Malaya and the Philippines, it has actively assisted in the establishment or reorganization of such banks. A special Department of Development Bank Services has been set up in I.F.C. A.I.D. has made a number of important loans to development banks and is prepared to enter into a special guarantee agreement with American banks covering 50% of loans made to such banks.

For convenient reference in keeping up with development bank developments, the following material has been assembled (amendments and additions will be circulated from time to time):

List A - Notes on Privately-owned Development Banks.


List C - Development Banks and other Intermediate Credit Institutions to which A.I.D. has authorized Loans and Guarantees.

Appendix A - Model A.I.D. Guaranty Agreement (for loans made by American banks to foreign development banks).

March 15, 1963
Notes on Privately-owned Development Banks

I - Wholly Privately-owned Development Banks

A. India - Industrial Credit and Investment Corporation of India Ltd. (ICICI)
B. Iran - Industrial and Mining Development Bank of Iran (IMDBI)
C. Pakistan - Pakistan Industrial and Credit and Investment Corporation (PICIC)
D. Philippines - Private Development Corporation of the Philippines
E. Thailand - Industrial Finance Corporation
F. Turkey - Industrial Development Bank of Turkey
G. Spain - Banco de Desarrollo Economico Espagnol (Bandesco)
H. Colombia - Corporación Financiera Colombiana de Desarrollo Industrial

II - Development Banks with Mixed Ownership, Private Majority

A. China - China Development Corporation
B. Malaya - Industrial Development Finance Corporation Ltd.
C. Syria - Industrial Bank
D. Union of South Africa - Industrial Finance Corporation of South Africa
E. Israel - Industrial Development Bank of Israel (IDBI)

III - Development Banks with Mixed Ownership, Public Majority

A. India - Industrial Finance Corporation of India (IFC)
B. Ireland - Industrial Credit Company
C. Jordan - Development Bank
D. Mexico - Nacional Financiera, S.A.
E. Morocco - Banque Nationale pour le Développement Economique (BNDE)
F. Pakistan - Industrial Development Bank of Pakistan
G. Peru - Banco Industrial del Peru
H. Tunisia - National Investment Corporation
I. UAR (Egypt) - Industrial Bank
INDIA

**Name:**
Industrial Credit and Investment Corporation of India Ltd. (ICICI)

**Address:**
163 Backbay Reclamation
Bombay 1, India

**Date of Establishment:**
1955

**Purpose:**
To assist private industrial enterprises in India by long- and medium-term loans and equity participations, sponsoring and underwriting new issues of shares and securities, guaranteeing loans from other private sources, furnishing or obtaining managerial, technical and administrative services for Indian industry.

**Capitalization:**

<table>
<thead>
<tr>
<th>Authorized Capital:</th>
<th>Rs.250MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-up: Rs.50MM ($10.5MM) as follows:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share Distribution:</th>
<th>Million Rs.</th>
<th>$MM</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private placement:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in India</td>
<td>20</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>in U.K.</td>
<td>10</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>in U.S.</td>
<td>5</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Public issue in India</td>
<td>15</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>50</td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

**Other Resources:**
- G.O.I. interest-free advance. Rs.75MM ($15.7MM) (counterpart of U.S. gift of steel)
- IBRD loans equivalent to $40MM
- Total resources: $89MM equivalent in 1960
Foreign Participation:

US: (Rs. 5MM or $1MM)
- Bank of America
- Rockefeller Bros.
- Olin Mathiesen Chemical Corp.
- Westinghouse International Corp.

UK: (Rs. 10MM or $2MM)
- Commonwealth Development Finance Co. Ltd.
- 8 Eastern Exchange Banks
- 30 insurance companies
- 5 industrial corporations

Profitability:

Dividends:  
Rs. per share (100Rs.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>4 (tax-free)</td>
</tr>
<tr>
<td>1958</td>
<td>4 (tax-free)</td>
</tr>
<tr>
<td>1959</td>
<td>5</td>
</tr>
<tr>
<td>1960</td>
<td>5.75</td>
</tr>
<tr>
<td>1961</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Share value (per Rs.100 share):

<table>
<thead>
<tr>
<th>Year</th>
<th>Net worth</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>103</td>
<td>69.80</td>
</tr>
<tr>
<td>1958</td>
<td>105</td>
<td>78</td>
</tr>
<tr>
<td>1959</td>
<td>108</td>
<td>88</td>
</tr>
<tr>
<td>1960</td>
<td>115</td>
<td>71</td>
</tr>
<tr>
<td>1961</td>
<td>125</td>
<td>82</td>
</tr>
</tbody>
</table>

Other:

IBRD and George Woods advised and assisted in setting up of this bank.

Tom Coughan of B of A told AM this investment provides good direct returns, little collateral advantage.
IRAN

Name:
Industrial and Mining Development Bank of Iran (IMDBI)

Address:
204 Karaj Boulevard
Teheran, Iran

Date of Establishment:
1959

Purpose:
To provide foreign and domestic financing for private industrial and mining operations in Iran through medium- and long-term loans, guarantees, investments and technical and managerial assistance.

Capitalization:
Started with resources equivalent to $42.4MM: 400MM rials ($5.3MM) in share capital (60% Iranian, 40% foreign); advance of 600MM rials ($8MM) from GOI; a GOI loan portfolio equivalent to $18.7MM which IMDBI manages in return for use of proceeds; GOI advance of 600MM rials ($8MM); a loan of $5.2MM from DLF; and a loan of $5.2MM from IBRD.

Foreign Participation:

US:
Lazard Freres
Chase International Investment Corp.
IBEC
First Boston Corp.

UK:
Lazard Brothers
Lloyd's Bank Ltd.
Midland Bank Ltd.
English Electric Co. Ltd.
Simon-Carves Ltd.

Belgian:
Sofina
Profitability:

Dividends of 6% in first year, 9% in second and 12% thereafter, were projected at time of foundation.

Other:

In 1957 Government of Iran invited Chase International Investment Corporation to sponsor a private industrial credit and investment bank. IBRD advised and assisted in establishment of this new institution.
PAKISTAN

Name:

Pakistan Industrial Credit and Investment Corporation (PICIC)

Address:

Insurance House No. 2
Habib Square, Bunder Road
Karachi

Date of Establishment:

1957

Purpose:

To assist in expansion and modernization of small- and medium-sized industries and help create new ones by loans, equity investments, underwriting and distributing securities and by obtaining managerial, technical and administrative services and advice.

Capitalization:

At December 31, 1962, PICIC's resources amounted to Rs.482.2MM ($101.2MM), made up of Rs.30MM of paid-in share capital, of which 60% is held by Pakistani investors and the balance by American, British, Canadian, German and Japanese private interests; Rs.60MM in advances from the Pakistan Government; Rs.5.7MM of surplus derived from earnings; and Rs.386.5MM ($81.2MM) of foreign exchange derived from the Bank's earlier loans ($29.2MM) and from loans by the U.S. ($29.2MM), Germany ($2.5MM), Japan ($5MM), France ($5MM) and the United Kingdom.

On February 13, 1963, IBRD made a $20MM loan to PICIC.
Foreign Participation:

US: (Rs.3MM)
Bank of America
Henry J. Kaiser Co.
IBEC
Transoceanic Development Corporation Ltd.
John D. Rockefeller III
David Rockefeller

UK: (Rs.3MM)
Eastern Exchange banks
Insurance companies
4 industrial concerns
Commonwealth Development Finance Company Ltd.

Japan: (Rs.2MM)
12 Japanese foreign exchange banks

Germany:
Part of Rs.10MM new ordinary share issue in 1961.

Profitability:

Dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>60 paisa per Rs.10 share</td>
<td>(6%)</td>
</tr>
<tr>
<td>1960</td>
<td>50 &quot; &quot; &quot;</td>
<td>(5%)</td>
</tr>
<tr>
<td>1959</td>
<td>6 annas &quot; &quot; &quot;</td>
<td>(3 3/4%) tax-free</td>
</tr>
</tbody>
</table>

Other:

George Woods and IBRD officials helped set up PICIC.

Tom Coughan of B of A calls this relationship "good in collateral benefits and direct return."
PHILIPPINES

Name:
Private Development Corporation of the Philippines

Address:

Date of Establishment:
1963 (proposed)

Purpose:
To provide medium, long-term and equity financing; sponsor or underwrite issues or conversions of shares and securities; guarantee loans or other obligations; facilitate transfer of securities and shares, and revolving of investments and to furnish managerial and technical assistance.

Capitalization:
The initial capital of the company is planned at Pesos 25MM, P.17.5MM in Class A shares which may be held only by Filipinos, and P. 7.5MM in Class B shares which are unrestricted; both classes with a par of P. 10 and equal in voting rights. This 7-3/4 - 3-3/4 relationship will be maintained in any future capital increases. Class A will elect eight Filipino directors and Class B will elect three who may be foreigners. No stock options or special privileges will accrue to the founders.

In addition to the equity, the company expects a long-term loan from AID of P. 27.5MM, and a World Bank credit line of $15MM (P. 58.5MM) for total funds of P. 111MM.

The AID loan is to be subordinated to equity in its claims in case of liquidation. Subsequent lines from the World Bank will be negotiated as the initial one becomes exhausted. The initial line is to be a loan to the company through the Philippine National Bank, funds to be drawn on a project basis.
Foreign Participation:

Following foreign investors have indicated an interest:

- "67"
- Allen & Co.
- First Boston Corp.
- Deutschebank
- Chartered Bank
- Hongkong & Shanghai Banking Corp.
- Bank of America
- First National City Bank
- Morgan Guaranty
- Chemical
- Manufacturers Hanover
- First National Bank of Boston

Profitability (projected):

Estimated to be 10% per annum.

Other:

George Woods and World Bank representatives assisted in planning this enterprise.
In 1959 draft legislation had been prepared in Thailand, and reviewed by the IBRD, to establish the INDUSTRIAL FINANCE CORPORATION as successor to the Industrial Bank. The Corporation would be authorized to start operations when Baht 5 million of its authorized Baht 20 million ($1MM) share capital has been paid in. Subscribers would be Thai and foreign banks and other private investors in Thailand. ICA has earmarked Baht 15 million ($750,000) out of counterpart funds to be lent to the IFC on a long-term interest-free basis. It is also expected that ICA would meet the cost of foreign advisers who would help in organizing the IFC and give technical advice on projects. The Industrial Bank would be liquidated and its net assets transferred to the IFC. The Corporation would be authorized to provide managerial and technical advice as well as financial assistance to private industrial enterprises.

IFC proposals for the bank's reorganization are now (March 1963) under study in Thailand.

Tom Coughan, EVP of Bank of America International, which has a participation, says it is too early and too new a bank to judge how useful the relationship can be.
TURKEY

Name:
Industrial Development Bank of Turkey

Address:
P. O. Box 17
Galata, Istanbul, Turkey

Date of Establishment:
1950

Purpose:
To finance private industrial enterprises, largely through medium- and long-term loans but also by participations.

Capitalization:
Initial share capital was T.L. 12.5MM, subscribed by private banks, industrialists and a trade association. Authorized capital at the end of 1958 was T.L. 25MM, all of which has been paid in. The shares are held by about 400 shareholders. The IDB has borrowed from the Central Bank, the State Pension Fund and the IBRD and, in 1958, obtained a loan of $10MM from the DLF. It acts as agent in administering a fund for loans to private enterprise constituted out of Marshall Plan counterpart funds and also sells foreign exchange out of ICA grants to private industrialists. (*U.S. $2.8MM)

Foreign Participation:

Profitability:

Other:
IBRD helped establish IDB and made it two loans of $9MM each.
"67" account.
SPAIN

Name:
Banco de Desarrollo Economico Espagnol (Bandesco)

Address:

Date of Establishment:
1962

Purpose:
Investment in Spanish economy.

Capitalization:
No revealed.

Foreign Participation:
- IFC ($300M)
- Morgan Guaranty International Finance Corp.
- Barclay's Bank Ltd.
- De Rothschild Freres
- Deutsche Bank
- Banca Commerciale Italiana (Milan)

Profitability:

Other:
Spanish initiators, Banco Espagnol de Credito and its affiliate, Banco Guipuzcoano, are largest shareholders. Former's Chairman, Marques de Deleitosa, will head this bank.
Name: Corporacion Financiera Colombiana de Desarrollo Industrial

Address:

Date of Establishment: 1958

Purpose: To finance industrial development.

Capitalization: Original capital - Col$105MM ($U.S.10MM)

Foreign Participation:
- Manufacturers Hanover International Banking Corporation (subscribed Col.$6.6MM in February 1963)
- Deutsche Bank
- Dresdner Bank
- Ibero Amerika Bank
- Sal Oppenheimer Jr. & Cie.
- Barkhardt & Co.
- Bank of London and South America Ltd. (through affiliate Balfour Williamson & Cia.)

Profitability:

Other:

A number of Colombian banks are shareholders.
CHINA

Name:
China Development Corporation

Address:
181-5 Chung Shan Road N, 2nd Sec.
Taipei, Taiwan, Republic of China

Date of Establishment:
1959

Purpose:
To grant medium- and long-term loans for production purposes; to assist productive enterprise by investment; to guarantee underwrite and/or sell corporation bonds; to negotiate for foreign investments in Taiwan; to provide technical assistance and engage in trust business.

Capitalization:
Paid in capital: NT$800MM (US$20MM), owned 76% by private investors, 24% by three government banks.

Received DLF loan of US$10MM of which $9MM was not yet drawn down in March 1962) and an IDA credit for US$5MM in 1961. Also borrowed US$7.5 from U.S. Counterpart Fund.

Foreign Participation:
Morgan Guaranty International Banking Corporation has an equity participation.

Profitability:
Paid dividends of 6% in 1960 and 12% in 1961.

Other:
"67" account.
Malya

Name:
Malayan Industrial Development Finance Ltd.

Address:

Date of Establishment:
1960

Purpose:
To assist Malayan industry by long- and medium-term loans and direct investment, encouraging association of local and overseas firms, underwriting share issues, managing capital.

Capitalization:

Authorized capital: M$15MM in 25M "A" shares and 125M "B" shares of $100 each

Issued capital:
25,000 "A" shares, $35 paid 875,000
125,000 "B" shares, $35 paid 4,375,000
M$5,250,000

According to charter proposed in 1959, capital of M$15MM was to come: M$5MM from 5 government banks (40% from Chartered Bank); M$5MM from other banks, insurance companies and general public, and Malaya Developments Ltd., local subsidiary of Colonial Development Corporation; M$2.5MM from the government.

Foreign Participation:
Bank of America International
Morgan Guaranty International Banking Corporation
Profitability:

Loans in first year totalled M$2,154M and commitments M$8,85MM. Earnings only M$18.8M in initial year.

Other:

In 1960-61, MIDFL entered into an arrangement with Dunlop Rubber Co. to sponsor and underwrite a public flotation for a new Malayan company to make tires at Petaling Jaya.

Has an arrangement with IFC to cooperate on projects.

Tom Coughan of B of A told AM it was too early to see whether this was a profitable investment.
SYRIA

Name: Industrial Bank

Address: Damascus

Date of Establishment:

Purpose:
To grant medium- and long-term loans to industry, to participate in establishing new companies.

Capital:
$3.5MM subscribed by Treasury, Central Bank and public.
UNION OF SOUTH AFRICA

Name:

Industrial Finance Corporation of South Africa

Address:

Corporation Building
105 Commissioner Street
Johannesburg

Date of Establishment:

1957

Purpose:

To provide long-term finance in loans and equity participations for private industrial development, primarily large enterprises, in cooperation with other domestic and foreign institutions.

Capitalization:

As of March 1959, authorized capital of five million shares of £1 each has been subscribed by 32 shareholders, including the South African Reserve Bank, the Industrial Development Corporation, leading South African insurance companies, mining and investment houses, banks and the U.K. Commonwealth Development Finance Company. The first two have subscribed to 32% of the total capital. The paid-up capital consists of £500,000, representing 2 s. for each share. To supplement its resources the Corporation may borrow in South Africa and abroad, although no borrowings have yet been made. (*US$1.4MM)

Foreign Participation:

UK:
Commonwealth Development Finance Company has equity participation.

Profitability:

Other:
ISRAEL

Name:

Industrial Development Bank of Israel

Address:

22 Rothschild Boulevard
Tel Aviv, Israel
INDIA

Name:

Industrial Finance Corporation of India (IFCI)

Address:

Reserve Bank Building
Parliament Street
New Delhi 1, India

Date of Establishment:

1948

Purpose:

To raise funds through sale of bonds, make loans, issue guarantees for deferred payments for imported machinery, underwrite stock.

IFCI makes loans at 6% or 7% with a rebate of 1% for payment of interest and principal on due dates.

Capitalization:

Authorized: Rs.100MM

Resources in 1959: $68.5MM  Assets in 1962: Rs.461MM

Shareholders are insurance companies, investment trusts, two cooperative banks, two scheduled banks, Reserve Bank and Central Government.

IFC may issue bonds up to ten times its paid-up capital and reserves, borrow at short-term from the Central Government, and accept fixed deposits from the government and public.

Foreign Participation:

None

Profitability:

Other:
Name: Industrial Credit Company, Limited

Address:
26 Merrion Square
Dublin, Ireland

Date of Establishment:
1933

Purpose:
To finance industry by subscribing for or underwriting shares issued by public or private companies, giving loans or guarantees, advising on means of raising capital.

Capitalization:

Share capital:
Authorized - £5MM. Paid in - £2MM (£25.6MM December 1958)

In 1958, Minister for Finance held £1,998,723 of total of issue capital. Increase was expected in 1959. Shares are quoted on Dublin Stock Exchange.

Foreign Participation:

Profitability:

In period 1933-58, company provided £6,250,000 in loans and guarantees, and underwrote public and private issues of £11,147,521. Profits to 1958 totaled £1,579,608 of which 36% went to taxes, 33% to dividends and remainder to reserves.

In 1958 the Company invested £354M and spent £300M in loans and advances.

Other:
JORDAN

Name:
Development Bank

Address:
Amman, Jordan

Date of Establishment:
1951

Purpose:
To make loans (normally for 7-8 years) to industrial and agricultural enterprises, mainly to those which provide employment for refugees, and equity investments.

Capitalization:
The bank was established by UNRWA (400,000 shares) in association with the Jordan Government (50,000 shares) and commercial banks (30,007 shares). Shares valued at JD 1 each. Paid-up capital in 1958 was JD 423,757 ($1.2MM), of which JD 350,000 came from UNRWA.

Foreign Participation:
UNRWA (see above)

Profitability:
Private shareholders are guaranteed 5% annual dividend.

Other:
MEXICO

Name:
Nacional Financiera, S.A.

Address:
Venustiano Carranza No. 25
Mexico 1, D.F.

Date of Establishment:
1934 (reorganized in 1941 and 1947)

Purpose:
To establish and extend credit (short- medium- and long-term) to enterprises of basic importance to the economy and to negotiate foreign public loans for development. It has invested in most of Mexico's large industrial corporations, frequently acquiring a controlling interest. It originates and promotes new projects.

Capitalization:
 Authorized: Ps.200MM, of which the government holds a small majority. Financial and investment companies, insurance companies and stock exchanges are required to subscribe to shares to a specified proportion of their capital and reserves.

Financiera borrows locally by issuing participation certificates (representing co-ownership of a fund of securities it holds as trustee) and by issuing bonds. In 1956 it had borrowed $578.6MM from Eximbank and IBRD.

Foreign Participation:
None

Profitability:

Other:
MOROCCO

**Name:**

Banque Nationale pour le Développement Economique

**Address:**

Rabat, Morocco

**Date of Establishment:**

1959

**Purpose:**

To make medium-term loans and take share participations.

**Capitalization**

In December 1962 IBRD loan of $15MM equivalent and IFC investment of DH7.5MM ($1.5M) in new stock issue, raised total resources to DH185MM ($37MM).

**Foreign Participation:**

Compagnie d'Outremer pour l'Industrie et la Finance (Brussels) has an interest, through Banque Lambert, in this bank.

Morgan Guaranty has participation through its Edge corporation, Morgan Guaranty International Banking Corporation.

**Profitability:**

**Other:**
PAKISTAN

Name:
Industrial Development Bank of Pakistan (successor to Industrial Finance Corporation).

Address:
Kandawalla Building, Garden Road
Karachi, Pakistan

Date of Establishment:
1961

Purpose:

Capitalization:

Foreign Participation:

Profitability:

Other:
Managing Director Muhajir told AM in 1960 "67" would be principal U.S. correspondent. CB learned in 1961 that Chase was only New York account, got a promise that "67" would get an account when business expanded.
PERU

Name:

Banco Industrial del Peru

Address:

Jiron Ucayali 388
Lima, Peru

Date of Establishment:

1936

Purpose:

To make loans to small- and medium-sized industrial enterprises, particularly to those in the Provinces, for 5-10 years, at relatively low interest rates, 6-8%.

Capitalization:

Authorized capital is 400MM soles (about $16MM). Capital and reserves totaled 72.3MM soles in 1958. 50% Government owned.

Foreign Participation:

Profitability:

An appraisal of this bank, following its reorganization on basis of IBRD recommendations, is now being prepared at IBRD in connection with a loan proposal.

Other:

IFC is interested in participating in a new private financiera to be established from merger of two existing ones with additional capital from two foreign banks.
TUNISIA

Name:

National Investment Corporation

Address:

Tunis, Tunisia
Name: Industrial Bank of Egypt

Address: El Galaa Street, Cairo

Date of Establishment: 1948

Purpose:

To make short-, medium- and long-term secured loans to industry; participate in establishment and promotion of industrial enterprises; invest surplus funds in shares of industrial companies - "the major source of industrial credit for small and medium sized Egyptian industries."

Capitalization:

Authorized and paid in: LE1.5MM, made up of 375,000 shares of LE4 each. Government holds 51%; individuals, banks, chambers of commerce, insurance companies and industrial firms hold the rest. Bank has borrowed LE3.5MM, can issue bonds equal to its capital. Got $7MM DLF loan in 1960.

Foreign Participation:

Profitability:

A minimum dividend of 3½% is guaranteed by the government.

Other:
## Data on Development Banks

<table>
<thead>
<tr>
<th>Country</th>
<th>City</th>
<th>Bank</th>
<th>Form of Financing</th>
<th>Equity Investment</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Buenos Aires</td>
<td>Industrial Bank</td>
<td>X</td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Congo</td>
<td>Leopoldville</td>
<td>Agricultural and Industrial Credit Corporation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>Rio de Janeiro</td>
<td>National Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kuwait</td>
<td>Kuwait</td>
<td>Credit Corporation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ruanda</td>
<td>Rangoon</td>
<td>Industrial Development Corporation</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td>Quito</td>
<td>National Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>Santiago</td>
<td>Development Corporation</td>
<td>X</td>
<td></td>
<td>private</td>
</tr>
<tr>
<td>China</td>
<td>Taipei, Taiwan</td>
<td>Development Corporation</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Cuba</td>
<td>Havana</td>
<td>Agricultural and Industrial Development Bank</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Havana</td>
<td>Economic and Social Development Bank</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td>Quito</td>
<td>National Development Bank</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>El Salvador</td>
<td>San Salvador</td>
<td>Development Institute</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Addis Ababa</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federation of Rhodesia and Nyasaland</td>
<td>Lusaka</td>
<td>Northern Rhodesia Industrial Loans Board</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>Accra</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Greece</td>
<td>Athens</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td>Guatemala City</td>
<td>Development Institute</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Haiti</td>
<td>Port-au-Prince</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honduras</td>
<td>Tegucigalpa</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iceland</td>
<td>Reykjavik</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>Bombay</td>
<td>Development Bank</td>
<td>X</td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>India</td>
<td>New Delhi</td>
<td>National Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Diakarta</td>
<td>Development Bank</td>
<td></td>
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</tr>
<tr>
<td>Indonesia</td>
<td>Djakarta</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iran</td>
<td>Tehran</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iraq</td>
<td>Tehran</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>Dublin</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>Tel Aviv</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Kingston</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Tokyo</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Jordan</td>
<td>Amman</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>Seoul</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lebanon</td>
<td>Beirut</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>Kuala Lumpur</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Mexico, D.F.</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Morocco</td>
<td>Rabat</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Managua</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>Lagos</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>Kuala Lumpur</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Mexico, D.F.</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Morocco</td>
<td>Rabat</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Managua</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>Lagos</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>Karachi</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Peru</td>
<td>Lima</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
<tr>
<td>Philippines</td>
<td>Manila</td>
<td>Development Bank</td>
<td></td>
<td></td>
<td>mixed; majority pub.</td>
</tr>
</tbody>
</table>

1. The table reflects various forms of financing and equity investments associated with development banks across different countries.
<table>
<thead>
<tr>
<th>Country</th>
<th>City</th>
<th>Bank</th>
<th>Form of Financing</th>
<th>Loan</th>
<th>Equity Investment</th>
<th>Ownership1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puerto Rico</td>
<td>Manila</td>
<td>Industrial Development Center</td>
<td>Extended</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>San Juan</td>
<td>Industrial Development Company</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>San Juan</td>
<td>Government Development Bank</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>Singapore</td>
<td>Industrial Promotion Board</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>Bangkok</td>
<td>Industrial Finance Corporation</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Trinidad and</td>
<td>Port of Spain,</td>
<td>Industrial Development Corporation</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Tobago</td>
<td>Trinidad</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tunisia</td>
<td>Tunis</td>
<td>National Investment Corporation</td>
<td></td>
<td>X</td>
<td></td>
<td>mixed; majority public</td>
</tr>
<tr>
<td>Turkey</td>
<td>Istanbul</td>
<td>Industrial Development Bank</td>
<td></td>
<td>X</td>
<td>X</td>
<td>private</td>
</tr>
<tr>
<td>Uganda</td>
<td>Kampala</td>
<td>Development Corporation</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Union of South</td>
<td>Johannesburg</td>
<td>Industrial Development Corporation</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>mixed; majority private</td>
</tr>
<tr>
<td>United Arab</td>
<td>Johannesburg</td>
<td>Industrial Finance Corporation</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Republic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>Cairo</td>
<td>Industrial Bank</td>
<td></td>
<td>X</td>
<td>X</td>
<td>mixed; majority public</td>
</tr>
<tr>
<td>Syria</td>
<td>Damascus</td>
<td>Industrial Bank</td>
<td></td>
<td>X</td>
<td>X</td>
<td>mixed; majority private</td>
</tr>
<tr>
<td>Venezuela</td>
<td>Caracas</td>
<td>Development Corporation</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Viet Nam</td>
<td>Saigon</td>
<td>Industrial Development Center</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>Belgrade</td>
<td>Investment Bank</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 The listing does not include institutions in the highly industrialized countries of Western Europe, in the United States, Canada, and Australia, or in countries which are not members of the International Bank.

*Wholly government-owned, unless otherwise indicated.*
DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON 25, D. C.

DEVELOPMENT BANKS AND OTHER INTERMEDIATE CREDIT INSTITUTIONS TO WHICH A.I.D. HAS AUTHORIZED \$ LOANS AND GUARANTIES (G)
(April 4, 1958 - January 1, 1963)

COUNTRY OF OPERATION | NAME AND PRINCIPAL ADDRESS OF INSTITUTION
--- | ---
I. DEVELOPMENT BANKS |  
Latin America  
Brazil  
| COPEG Credito e Financiamento  
Rua da Candelaria 9  
Rio de Janeiro  

Central America  
| Central American Bank for Economic Integration  
Tegucigalpa, Honduras  

Chile  
| Chilean Development Corporation (CORFO)  
(Corporation de Domento de la Produccion)  
Santiago  

Ecuador  
| National Securities Commission  
Quito  

Guatemala  
| Banco de Guatemala  
Ciudad de Guatemala  
Guatemala City  

Peru (G)  
| PERUINVEST  
(Peruano Suiza De Fomento E Inversiones S. A.)  
Lima  

Africa and Europe  
Ethiopia  
| Development Bank of Ethiopia  
P. O. Box 1900  
Addis Ababa  

Liberia (G)  
| Bank of Monrovia  
Monrovia  

Morocco (G)  
| Banque Nationale pour le Developpement Economique  
Rabat  

Niger  
| Niger Development Bank  
Niamey  

Somalia  
| Credito Somalo  
Mogadiscio
<table>
<thead>
<tr>
<th>Country of Operation</th>
<th>Name and Principal Address of Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sudan</td>
<td>The Industrial Bank of Sudan, Khartoum</td>
</tr>
<tr>
<td>Tunisia</td>
<td>La Société Tunisienne de Banque (STB)</td>
</tr>
<tr>
<td></td>
<td>Palais Consulaire</td>
</tr>
<tr>
<td></td>
<td>1 Ave. Habib Thameur</td>
</tr>
<tr>
<td></td>
<td>Tunis</td>
</tr>
<tr>
<td>Uganda</td>
<td>Uganda Development Corporation</td>
</tr>
<tr>
<td></td>
<td>Post Office Box 442</td>
</tr>
<tr>
<td></td>
<td>Kampala</td>
</tr>
<tr>
<td>Near East-South Asia</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>Industrial Bank of Egypt</td>
</tr>
<tr>
<td></td>
<td>El Galaa Street</td>
</tr>
<tr>
<td></td>
<td>Cairo</td>
</tr>
<tr>
<td>India</td>
<td>The Industrial Credit &amp; Investment</td>
</tr>
<tr>
<td></td>
<td>Corporation of India, Ltd. (ICICI)</td>
</tr>
<tr>
<td></td>
<td>163 Backbay Reclamation</td>
</tr>
<tr>
<td></td>
<td>Bombay 1</td>
</tr>
<tr>
<td></td>
<td>Industrial Finance Corporation of India</td>
</tr>
<tr>
<td></td>
<td>Reserve Bank Building</td>
</tr>
<tr>
<td></td>
<td>Parliament Street</td>
</tr>
<tr>
<td></td>
<td>New Delhi</td>
</tr>
<tr>
<td></td>
<td>National Small Industries Corporation</td>
</tr>
<tr>
<td></td>
<td>5-е Rani Jhansi Road</td>
</tr>
<tr>
<td></td>
<td>New Delhi</td>
</tr>
<tr>
<td>Iran</td>
<td>Industrial &amp; Mining Development Bank of</td>
</tr>
<tr>
<td></td>
<td>Iran</td>
</tr>
<tr>
<td></td>
<td>204 Boulevard Abe-Karodj</td>
</tr>
<tr>
<td></td>
<td>P. O. Box 1801</td>
</tr>
<tr>
<td></td>
<td>Teheran</td>
</tr>
<tr>
<td>Israel</td>
<td>Industrial Development Bank of Israel</td>
</tr>
<tr>
<td></td>
<td>22 Rothschild Boulevard</td>
</tr>
<tr>
<td></td>
<td>Tel Aviv</td>
</tr>
<tr>
<td>Greece</td>
<td>National Bank of Greece</td>
</tr>
<tr>
<td></td>
<td>86 Eolou Street</td>
</tr>
<tr>
<td></td>
<td>Athens</td>
</tr>
<tr>
<td></td>
<td>Economic Development Financing Organization (EDFC)</td>
</tr>
<tr>
<td></td>
<td>8 Dragastaanion Street</td>
</tr>
<tr>
<td></td>
<td>Athens</td>
</tr>
<tr>
<td>COUNTRY OF OPERATION</td>
<td>NAME AND PRINCIPAL ADDRESS OF INSTITUTION</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------------------</td>
</tr>
</tbody>
</table>
| Lebanon              | Banque de Credit Agricole Industriel et Foncier (BCAIF)  
Riad El Solh Street  
P. O. Box 3696  
Beirut            |
| Nepal                | Industrial Development Corporation of Nepal  
Judha Road  
Kathamandu       |
| Pakistan             | Pakistan Industrial Credit & Investment Corporation, Ltd. (PICIC)  
Jubilee Insurance House  
McLeod Road  
Karachi         |
| Syria                | Industrial Bank of Syria  
Damascus, Syrian Arab Republic     |
| Turkey               | Industrial Development Bank  
Anadolu Sigorta Han  
Galata, Istanbul   |
| Far East             |                                           |
| Korea                | Reconstruction Bank of Korea  
Seoul                   |
| Philippines          | Central Bank of the Philippines  
Manila                  |
| Taiwan (L&G)         | China Development Corporation  
181-5 Chung Shan Road, North Sec.  
Taipei           |
| Taiwan               | Land Bank of Taiwan  
25 Haiang Yang Road  
Taipei            |

**SMALL INDUSTRY FUND**

(1) First Commercial Bank of Taiwan  
30 Chung Kung Sq. Road, Section 1  
P. O. Box 56  
Taipei  

(2) Chang Hua Commercial Bank  
53 Tsu Yu Road  
Taichung
<table>
<thead>
<tr>
<th>Country of Operation</th>
<th>Name and Principal Address of Institution</th>
</tr>
</thead>
</table>
| (3) Hua Nan Commercial Bank, Ltd.  
38 South Chung-King Road  
Taipei |
| (4) Central Trust of China  
96 Po-Ai Road  
Taipei |
| Latin America |
| Chile |
| Central Savings & Loan Bank  
(Caja Central de Ahorros y Prestamos)  
Santiago |
| Colombia |
| Instituto de Credito Territorial  
Bogota |
| Colombia (G) |
| Las Americas Housing Project  
Cali |
| Dominican Republic |
| National Housing Bank  
Santo Domingo |
| Ecuador |
| Ecuadorian Housing Bank  
(Banco Ecuatoriano de la Vivienda)  
Quito |
| Honduras |
| SITRATERCO  
(Sindicato de Trabajadores de la Tela Railroad Co.)  
La Lima |
| Panama |
| Caja de Ahorros  
Panama City |
| Peru |
| Association Mutual de Creditos para Vivienda "Peru"  
Jiron Huanacavelica 331  
Lima |
| Peru (G) |
| Apollo Peru S. A. Housing Project  
La Victoria  
Lima |
| Venezuela |
| Foundation for Community Development and Municipal Improvement  
Caracas |
<table>
<thead>
<tr>
<th>COUNTRY OF OPERATION</th>
<th>NAME AND PRINCIPAL ADDRESS OF INSTITUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venezuela</td>
<td>Foundation for Peoples Housing</td>
</tr>
<tr>
<td></td>
<td>(Fundacion de la Vivienda Popular)</td>
</tr>
<tr>
<td></td>
<td>Edificio las Fundaciones</td>
</tr>
<tr>
<td></td>
<td>Avenido Andres Bello</td>
</tr>
<tr>
<td></td>
<td>Local No. 6</td>
</tr>
<tr>
<td></td>
<td>Caracas</td>
</tr>
<tr>
<td></td>
<td>Banco Obrero</td>
</tr>
<tr>
<td></td>
<td>(National Housing Institute)</td>
</tr>
<tr>
<td></td>
<td>Caracas</td>
</tr>
</tbody>
</table>

### II. AGRICULTURAL CREDIT INSTITUTIONS

#### Latin America

- **Colombia**
  - Caja de Credito Agrario
  - Bogota

- **Costa Rica**
  - Banco Nacional de Costa Rica
  - San Jose, Costa Rica

- **Mexico**
  - Nacional Financiera, S. A. de Mexico
  - Venustiano Carranza No. 25
  - Mexico 1

- **Peru**
  - Institute of Agrarian Reform and Colonization
  - Lima

- **Venezuela**
  - Agricultural Livestock Bank
  - Caracas

#### Africa and Europe

- **Tunisia**
  - Banque Nationale Agricole (BNA)
  - 19 Avenue de Paris
  - Tunis
<table>
<thead>
<tr>
<th>COUNTRY OF OPERATION</th>
<th>NAME AND PRINCIPAL ADDRESS OF INSTITUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa and Europe</td>
<td>Dahomey Development Bank</td>
</tr>
<tr>
<td></td>
<td>Cotonou</td>
</tr>
<tr>
<td>Iceland</td>
<td>Iceland Bank of Development</td>
</tr>
<tr>
<td></td>
<td>Reykjavik</td>
</tr>
<tr>
<td>Near East-South Asia</td>
<td>Industrial Development Bank of Israel</td>
</tr>
<tr>
<td></td>
<td>Tel Aviv</td>
</tr>
<tr>
<td>Far East</td>
<td>The Private Development Corporation of</td>
</tr>
<tr>
<td></td>
<td>the Philippines /</td>
</tr>
<tr>
<td></td>
<td>c/o Sycip, Gorres &amp; Velayo &amp; Company</td>
</tr>
<tr>
<td></td>
<td>490 San Luis</td>
</tr>
<tr>
<td></td>
<td>Manila</td>
</tr>
</tbody>
</table>

January 8, 1963
Model Guaranty Agreement to be Used for Developmental Loans Made by a Private Bank

DLF GUARANTY NO.

GUARANTY AGREEMENT

Between

and the

Agency for International Development

Development Loan Fund

Dated:
GUARANTY AGREEMENT

AGREEMENT, dated ____________, 19__, between

__________________________, a corporation organized under the

laws of the __________________, (Hereinafter called the "Bank"),

and the DEVELOPMENT LOAN FUND, an agency of the Government of the

United States of America (hereinafter called the "DLF").

WITNESSETH:

WHEREAS, the Bank has agreed to embark on a program of making

up to $________ in developmental loans to private entities

to assist in financing projects in __________ which will con-

tribute to the economic growth of that country; and

WHEREAS, the DLF deems such a financing program to be desirable

and has agreed to guarantee fifty percent of the loans made by the

Bank as part of that program; and

WHEREAS, in order to carry out such a program, the Bank will

establish a memorandum account (hereinafter called the "DLF

Guaranteed Loan Account") to which it will charge loans made as

part of the program, and the DLF will guarantee loans charged

to the DLF Guaranteed Loan Account in the manner and to the extent

specified in this Guaranty Agreement; and

WHEREAS, the making of Loans of the type eligible for the DLF

Guaranteed Loan Account will assist, on the basis of self-help

and mutual cooperation, the efforts of the peoples of __________
to develop their economic resources and to increase their productive

capabilities;

Now, therefore, the Bank and the DLF agree as follows:

1. DLF GUARANTEED LOAN ACCOUNT

The Bank shall establish on its books a memorandum account to

be designated as the DLF Guaranteed Loan Account. For a period

of __________( ) years from the date of this Guaranty Agreement,

the Bank may charge the DLF Guaranteed Loan Account with up to

$________ in loans which makes to private entities to finance projects for economic

development in __________ which fall into such categories as the

Bank and the DLF may from time to time agree in writing. The term

of each of such loans shall not exceed __________( ) years and the
interest rate charged the borrower shall not, except as the DLF may otherwise agree in writing, exceed _______ percent (____) per annum. No loan or series of loans to the same person, corporation or entity in amounts exceeding an aggregate of ___________________ Dollars ($______) may be charged to the DLF Guaranteed Loan Account without prior written approval of the DLF. Within thirty (30) days after charging a loan to the DLF Guaranteed Loan Account, the Bank shall give the DLF notice thereof and provide the DLF with a brief description of the project. This description will cover the following points: name and address of the borrower, date of the loan, and the purpose and scope of the project. The Bank may at any time remove a loan from the DLF Guaranteed Loan Account by giving the DLF written notice thereof, and the GLA Liability of the DLF, as defined in Paragraph 3, shall be reduced by an amount equal to fifty percent (50%) of the unpaid principal amount of any such loan at the time of its removal. No loan may be charged to the DLF Guaranteed Loan Account after the date on which the Loan Agreement for such loan is fully executed, and no loan may be charged to the DLF Guaranteed Loan Account for which there is no Loan Agreement or for which disbursements were made prior to the full execution of a Loan Agreement. No loan which is made for purposes of refinancing may be charged to the DLF Guaranteed Loan Account.

2. GUARANTY

Subject to the terms and conditions of this Guaranty Agreement, the DLF hereby irrevocably guarantees the Bank collection of the unpaid principal amount of all loans which have been charged to the DLF Guaranteed Loan Account together with the interest due thereon which has accrued subsequent to the receipt of Notices of Default thereof by the DLF; provided, however, that the maximum amount payable by the DLF under this Guaranty Agreement shall not exceed fifty percent (50%) of the principal amount of all loans which have been charged to the DLF Guaranteed Loan Account nor shall it exceed the sum of ___________________ Dollars ($______); and provided, further, that the maximum amount payable by the DLF under this Guaranty Agreement at any time: (a) shall not exceed the sum of the GLA Liability of the DLF, as defined in Paragraph 3, plus the unpaid principal outstanding on all loans charged to the Defaulted Developmental Loan Account, as described in Paragraph 5, and (b) shall
not be less than the unpaid principal outstanding on all loans charged to the Defaulted Developmental Loan Account; and provided further, that the DLF shall only be required to make payments to the Bank with respect to loans charged to the Defaulted Developmental Loan Account, in accordance with the procedures described in Paragraph 8.

3. GLA LIABILITY OF THE DLF

The liability of the DLF for payment, under this Guaranty Agreement, with respect to loans charged to the DLF Guaranteed Loan Account (hereinafter called the "GLA Liability of the DLF") shall, subject to the adjustments specified in Paragraphs 1 and 5, equal fifty percent (50%) of the total amount disbursed on all loans which have been charged to the Guaranteed Loan Account less fifty percent (50%) of all amounts applied to payment of principal of all loans charged to the DLF Guaranteed Loan Account and less all amounts paid to the Bank by DLF pursuant to this Guaranty Agreement for unpaid interest on loans charged to the Defaulted Developmental Loan Account.

4. NOTICE OF DEFAULT

At any time while this Guaranty Agreement is in effect, the Bank may, with respect to any defaulted loan charged to the DLF Guaranteed Loan Account, give the DLF notice of the default. The notice shall specify the terms of the loan which is in default, the nature of the default of the borrower and any provisions of the loan agreement and notes relating to the loan which establish the rights of the Bank to effect collection.

5. DEFAULTED DEVELOPMENTAL LOAN ACCOUNT

The Bank shall establish on its books a memorandum account to be designated as the Defaulted Developmental Loan Account. Upon receipt of a Notice of Default by DLF with respect to any loan, the loan shall be removed from the DLF Guaranteed Loan Account and charged to the Defaulted Developmental Loan Account. The GLA Liability of the DLF shall be reduced by the amount of unpaid principal due on such loans from time to time. Loans may only be charged to the Defaulted Developmental Loan Account to the extent that there is available GLA Liability of the DLF to cover them. In the event that the unpaid principal of a loan, with respect to which the DLF has received a Notice of Default, exceeds the amount of GLA liability of the DLF, but there remains
some such liability, the loan shall be deemed to be charged to the Defaulted Developmental Loan Account to the extent of the GLA Liability of the DLF.

6. COLLECTION EFFORTS

For so long as this Guaranty Agreement shall remain in effect, the Bank shall use its best efforts in accordance with sound local banking practice to insure performance by the obligors of all loans charged to the DLF Guaranteed Loan Account of their obligation under their respective loan agreements, to make collection of all amounts due on loans charged to the Defaulted Developmental Loan Account and to cooperate with the DLF to avoid or mitigate loss to the DLF under this Guaranty Agreement. At the time of giving the DLF a Notice of Default in accordance with Paragraph 4, the Bank shall report to the DLF the procedures which the Bank is following to effect collection of the defaulted loan and to enforce performance of all terms of the loan agreement therefor. Such procedures shall be deemed to have been approved by the DLF, unless it notifies the Bank to the contrary within thirty (30) days after receipt of such notice. At any time prior to the assignment required under Paragraph 10, the Bank shall take such further steps to enforce collection as the DLF shall reasonably require, after consultation with the Bank. With respect to any loan charged to the Defaulted Developmental Loan Account, all liability of the Bank to pursue collection shall, except as the Bank and the DLF may otherwise agree in writing, cease upon payment made by the DLF in accordance with Paragraphs 8 or 9 and assignment made by the Bank in accordance with Paragraph 10. Except as the Bank and the DLF may otherwise agree in writing, all costs of collection will be borne by the Bank.

7. APPLICATION OF COLLECTIONS ON LOANS CHARGED TO THE DEFAULTED DEVELOPMENTAL LOAN ACCOUNT

The Bank shall notify the DLF on a monthly basis of all amounts collected on loans charged to the Defaulted Developmental Loan Account. Such amounts shall be applied first to the payment of unpaid simple interest accruing after the Notice of Default, then to the payment of unpaid simple interest accrued prior to the Notice of Default and then to the repayment of principal.

8. PAYMENT BY THE DLF UPON APPLICATION BY THE BANK

With respect to any loan charged to the Defaulted Developmental Loan Account, the Bank may at any time after eighteen (18) months
from the Notice of Default make written Application for Payment from the DLF under this Guaranty Agreement. Such Application for Payment shall specify the amount for which application is made, shall contain all information necessary to show that the Bank is entitled to such amount and shall be promptly supplemented by such additional information as the DLF may reasonably request. Within sixty (60) days after receipt of such Application for Payment, the DLF shall pay to the Bank all amounts due on the loan as repayment of principal, which have not been collected up to the date of such payment by the DLF. In addition, the DLF will pay the Bank all interest due on the loan which has accrued from the date of the Notice of Default up to the date of payment by the DLF and which has not been collected by the Bank.

9. VOLUNTARY PAYMENT BY THE DLF

At any time, the DLF may discharge its liability with respect to any loan charged to the Defaulted Developmental Loan Account by making payment to the Bank of all amounts due on the loan as repayment of principal which have not been collected up to the date of such payment together with all interest due on the loan, which has accrued from the date of the Notice of Default up to the date of payment by the DLF and which has not been collected by the Bank.

10. ASSIGNMENTS TO THE DLF

Except as the DLF may otherwise agree in writing, the Bank shall, with respect to any loan charged to the Defaulted Developmental Loan Account for which the DLF is making payment pursuant to Paragraph 8 or Paragraph 9, execute documents assigning to the DLF or its designee all of its right, title and interest in and to the loan, the loan agreement and promissory notes evidencing the loan, and any contracts, insurance policies, liens or property of any kind which the Bank may have acquired as security for the loan. Such documents shall be delivered to the DLF upon request made by the DLF at any time after its receipt of the Notice of Default and against payment by the DLF. Such obligation of the Bank to make assignments is not intended to substitute for, or otherwise impair, the rights of subrogation which the DLF would otherwise have as a guarantor.

11. GUARANTY FEE

For the guaranty herein provided, the Bank shall pay to the DLF on January 15th, April 15th, July 15th and October 15th of each year, so long as this Guaranty Agreement shall remain in effect, a fee amounting to ____________ percent (___)
of the average of the amounts obtained on each day during the preceding quarter by adding the GLA Liability of the DLF to the total of the unpaid principal outstanding on all loans then charged to the Defaulted Developmental Loan Account.

12. RECORDS AND REPORTS

(a) The Bank shall maintain, in accordance with good banking practice, books and records adequate to account for disbursements and payments received in connection with all loans charged to the DLF Guaranteed Loan Account, and the Defaulted Developmental Loan Account, to indicate the progress of the projects being financed in all or in part by such loans and to indicate progress in the collection of loans in the Defaulted Developmental Loan Account. Such books and records shall be maintained as long as this Guaranty Agreement shall remain in effect and shall be preserved for five (5) years thereafter. The DLF shall have the right at all times to examine such books and records and all other documents, correspondence, memoranda and other records relating to any loan which has been charged to the DLF Guaranteed Loan Account. This right of inspection shall terminate five (5) years after this Guaranty Agreement shall cease to be in effect.

(b) The Bank shall promptly furnish to the DLF such other reports and information as the DLF may reasonably request with respect to all loans which have been charged to the DLF Guaranteed Loan Account.

(c) The Bank shall promptly notify the DLF of any defaults on loans charged to the DLF Guaranteed Loan Account, whether or not a Notice of Default is given in accordance with Paragraph 4 of this Guaranty Agreement.

13. LIMITATION ON RIGHT OF BANK TO EXTEND OR ACCELERATE LOANS

Except as the DLF may otherwise agree in writing, the Bank may not extend the time within which payment may be made on any payment due on loans charged to the DLF Guaranteed Loan Account or the Defaulted Developmental Loan Account nor may it renew any notes issued in connection with such loans. The Bank may, however, accelerate the maturity of payments due on any such loan where the Bank is given a right of acceleration under its loan agreement.

14. CONSEQUENTIAL DAMAGES

Neither party hereto shall be liable hereunder for consequential damages.
15. ASSIGNMENTS

(a) This Guaranty Agreement shall be binding upon and shall inure to the benefit of the Bank and the DLF and their respective successors, transferees and assigns.

(b) Except as the DLF may otherwise agree in writing, the Bank shall not assign, transfer, pledge or make other disposition of this Guaranty Agreement or of any rights arising therefrom.

16. APPLICABLE LAW

This Guaranty Agreement shall be deemed to be a contract made under the laws of the District of Columbia, United States of America, and shall be governed and construed in accordance with such laws.

17. NOTICE

Any notice, request or communication given, made or sent by the Bank or the DLF pursuant to this Guaranty Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the other party when it shall be delivered by hand or by mail, telegraph, cable or radiogram to such other party at its address as follows:

To the Bank:


Cable Address:


To the DLF:

The Managing Director
Development Loan Fund
Washington 25, D. C.
United States of America

Cable Address:
DEVLOAN
Washington, D. C.
18. EFFECTIVENESS AND TERMINATION

(a) This Guaranty Agreement shall enter into effect as of the day and year first above written, and except as otherwise agreed in this paragraph, shall remain in effect until all liability of the DLF to make payment hereunder shall cease.

(b) At any time, the Bank may terminate this Guaranty Agreement by giving the DLF notice thereof in writing.

(c) Upon failure of the Bank to pay the Guaranty Fee required under Paragraph 11, the DLF may give the Bank Notice of its intention to terminate this Guaranty Agreement. Unless the Bank shall pay the fee to which the Notice relates within thirty (30) days after receipt by the Bank of the Notice, this Guaranty Agreement shall be terminated.

(d) Upon any termination of this Guaranty Agreement pursuant to sub-paragraph (b) or (c) above, the Agreement shall cease to be in effect and all obligations and liabilities of both parties shall cease, except the obligation of the Bank to maintain and preserve books and records and to make reports, as required in sub-paragraphs (a) and (b) of Paragraph 12.

IN WITNESS WHEREOF, the Bank and the DLF, each acting through its duly authorized representative, have caused this Guaranty Agreement to be signed in their respective names and delivered in the City of , as of the day and year first above written.

By

Development Loan Fund

By