

# Recent Activity

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL FINANCE CORPORATION

## *Settlement of Investment Disputes*

The Administrative Council of the International Centre for Settlement of Investment Disputes held its inaugural meeting in February 1967 and elected Mr. Aron Broches, General Counsel of the World Bank, as the Secretary-General of the Centre. Mr. Broches continues to be General Counsel of the Bank.

The International Centre was established as an autonomous international organization under the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States which came into force on October 14, 1966. The Convention was sponsored by the Bank because of its belief that the creation of an institution especially designed to facilitate the settlement of investment disputes between States and foreign investors could be a major step toward promoting an atmosphere of mutual confidence and that adherence to the Convention would stimulate a larger flow of private international capital into those countries which wish to attract it. The Administrative Council consists of one representative of each State which has ratified the Convention; these so far number 28. Mr. George D. Woods, in his capacity as President of the World Bank, is Chairman of the Council.

## *World Bank Bond Issues*

During the quarter under review, the Bank

raised further funds through a private placement and a public offering of its bonds. In March 1967, it arranged the sale, entirely outside the United States, of a \$100 million of 5¾ per cent two-year bonds. The sale, at par, was made by private placement with central banks and other governmental institutions in 43 countries and with one international organization. This represented a record number by nationality of participation for any World Bank bond issue.

In the same month, the Bank made a public offering of \$250 million, 25-year 5¾ per cent bonds, due April 1, 1992, at 100¾ per cent to yield 5.35 per cent. This was the largest single issue the Bank has so far made.

## *Sweden Offers Sixth Special Contribution to IDA Resources*

Sweden has offered, subject to parliamentary approval, a sixth special supplementary contribution of \$5 million to IDA. Sweden's five earlier special supplementary contributions amounted to \$23.1 million. These, together with its initial subscription, its contribution to the first general replenishment of IDA's funds, and the sixth special contribution, will bring Sweden's total payments to IDA to \$53.2 million, or more than five times its original subscription. With the exception of Kuwait, Sweden is already the largest contributor to IDA on a per capita basis.

### *Consultative Group for Tunisia*

The Consultative Group on development assistance to Tunisia met in Paris on March 16 and 17 under the chairmanship of the World Bank. The following countries were represented: Belgium, Canada, Denmark, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Representatives of the International Monetary Fund, of the European Investment Bank, and of the United Nations Development Program were present, as well as an observer from Austria. The Group discussed a report on the current economic position and the status of external debt of Tunisia prepared by the World Bank, an IMF report, and the Tunisian Government's economic budget. The Consultative Group heard a statement of H.E. Ben Salah, Minister for Planning and National Economy, and held an extensive exchange of views with the Minister and his associates on Tunisia's development problems and prospects. The Consultative Group reached a consensus that Tunisia's economy could usefully absorb continuous and substantial assistance from members of the Group, if provided on appropriate terms. It was tentatively agreed that the Group would hold the next meeting in early 1968.

### *Study of Suppliers' Credits*

A study of the use of suppliers' credits and credit insurance conducted by the staff of the Bank at the request of the United Nations Conference on Trade and Development (UNCTAD) was transmitted to the United Nations in January. The study traces the growth of suppliers' credits as an important medium of international finance and examines

the nature and causes of various problems which have arisen in their use, with special reference to effects on the debt situation of developing countries. The growing importance of suppliers' credits, as a large component of capital flow to developing countries, is made clear by the fact that at the end of 1965 these countries owed an estimated \$7,000 million in this form. This represented over one sixth of the total external debt and a much higher proportion of the annual debt charges of the developing countries; these countries were paying more than \$1,400 million a year in service charges on suppliers' credits, out of total debt payments of some \$4,300 million. According to the study, the bulk of such debt was concentrated in Argentina, Brazil, Chile, Ghana, Korea, Mexico, Nigeria, Peru, the United Arab Republic, and Yugoslavia. The study describes both the positive contributions made by the use of suppliers' credits and the various excesses which have developed in the use of this form of finance, which in some cases have resulted in debt crises requiring the rescheduling of payments.

The study incorporates a series of recommendations for national and international action to help enhance the usefulness of suppliers' credits as an instrument of international finance, while avoiding debt crises and distortions in economic development resulting from excesses and abuses in their use.

### *Port Study in Nicaragua*

The Government of Nicaragua and the Bank have signed an agreement providing for a feasibility study for the expansion of the Port of Corinto. The Bank will pay the foreign exchange costs of the study, estimated at

\$175,000, while the Government of Nicaragua will meet the local currency costs. The Anglo-French firm of LIVEST (Livsey and Henderson of London and Société d' Etudes Techniques et Economiques of Paris) has been

engaged to assist the Corinto Port Authority in carrying out the study. The study will be closely coordinated with the Atlantic Port and Highway Survey being financed by the United Nations Development Program.

#### WORLD BANK LOANS DURING THE THIRD QUARTER OF FISCAL 1967

Country	Purpose	Amount (\$ millions)
Cameroon	Agriculture	7.00
Congo (Brazzaville)	Industry	30.00
East Africa (Kenya, Tanzania, and Uganda)	Telecommunications	13.00
Guatemala	Electric Power	15.00
Jamaica	Telecommunications	11.20
Pakistan	Electric Power	21.50
Thailand	Electric Power	5.00
Trinidad and Tobago	Agriculture	5.00
Tunisia	Agriculture	12.00
Venezuela	Electric Power	15.00
Yugoslavia	Roads	10.00
Loans made during the third quarter of fiscal 1967		144.70
Loans made during the first half of fiscal 1967		626.40
Total amount lent during the first nine months of fiscal 1967 ended March 31, 1967		771.10

#### IDA CREDITS DURING THE THIRD QUARTER OF FISCAL 1967

Country	Purpose	Amount (\$ millions)
Cameroon	Agriculture	11.00
Tunisia	Agriculture	6.00
Credits extended during the third quarter of fiscal 1967		17.00
Credits extended during the first half of fiscal 1967		304.59
Total for the nine months of fiscal 1967 ended March 31, 1967		321.59

#### IFC INVESTMENTS ANNOUNCED DURING THE THIRD QUARTER OF FISCAL 1967

Country	Type of Project	Amount in U.S. dollars
Nigeria	Textiles	831,325.43
Investments announced during the first half of fiscal 1967		34,543,923.00
Total investments announced during the nine months of fiscal 1967 ended March 31, 1967		35,375,248.43