

BANK GROUP ACTIVITY

- an irrigation project in Indonesia is expected to improve the lives of 300,000 people;
- a fifth of all the farmers in South Korea—a half million in all—may benefit from a project which will establish a modern seeds industry for paddy, barley, wheat, soybean, and potato;
- a rural development project in Upper Volta will affect, at least indirectly, 360,000 rural inhabitants, or 7 per cent of the country's population.

Although the number of people to be affected by the past year's activities in the agricultural sector may have increased, total lending in the sector was only \$20 million above the previous high set in FY 1973. And

because Bank and IDA lending during the past year increased so markedly, agriculture's share in total lending actually dropped from the 1973 figure of 28 per cent to 22 per cent.

Agricultural and Rural Development Department Director Montague Yudelman does not feel that there is any particular significance behind the drop. The fiscal year 1974 was one of consolidation, he points out, and has helped set a firm base for increases in future years.

Before FY 1973, lending for agriculture had never reached the \$450 million mark. Suddenly, however, it increased to more than \$900 million. The past year's lending figures confirm that that increase was no accident.

World Bank loans approved during fourth quarter of fiscal 1974

Country	Purpose	Amount (\$ millions)
Algeria	Ports, railways, power	\$157.5
Botswana	Industry, DFC	9.5
Brazil	Power, water supply	117.0
Cameroon	Railroads	16.0
Costa Rica	Telecommunications	23.5
Ecuador	Water supply	23.2
El Salvador	Education	17.0
Greece	Irrigation	30.0
Guyana	Irrigation	12.9
India	Agricultural development	52.0
Indonesia	Railways	48.0
Iran	Port development, power, DFC	148.0
Ivory Coast	Telecommunications, oil palm development	27.6
Jamaica	Urbanization, agricultural credit	20.5
Kenya	Tea factory development	10.4
Korea	Agricultural products processing	13.0
Mauritius	Port development, DFC	15.0
Mexico	Airports	25.0
Morocco	Fertilizer production, agricultural development	82.0
Nigeria	Cocoa	20.0
Oman	Education, technical assistance	8.45
Pakistan	Fertilizer production	35.0
Papua New Guinea	Power	10.8
Peru	Roads	26.0
Philippines	Irrigation, * rural credit, DFC	81.5
Romania	Fertilizer production	60.0
Senegal	DFC	3.0
Syria	Power	25.0
Tanzania	Cashew nut development, power	26.0
Thailand	Power, DFC	87.0
Trinidad & Tobago	Telecommunications	18.0
Tunisia	Water supply, hotel training	28.6
Turkey	DFC, power	188.0
Yugoslavia	Highways, DFC	80.0
Total loans during fourth quarter of fiscal 1974		1,545.45
Total loans during fiscal 1974		3,218.40

*With a \$9.5 million IDA credit

Bank/IDA lending reaches record \$4,313.6 million in FY 1974

In the fiscal year ended on June 30, 1974, World Bank and International Development Association (IDA) lending operations reached a record total of \$4,313.6 million—about \$900 million more than the previous high total achieved in fiscal 1973.

The increase was a result of expanded Bank lending—up more than \$1,000 million from 1973—which totaled \$3,218.4 million. IDA credits dropped \$250 million to \$1,095.2 million. (By June 30, 1974, IDA had committed virtually all funds available to it, including those made available in the Third Replenishment period, spanning fiscal years 1972-1974.)

Bank borrowings also reached record highs for fiscal 1974 with a total of \$1,865 million borrowed; \$485 million was borrowed from oil producing countries; Japanese issues yielded \$461.5 million for the year.

During fiscal 1974, 51 Bank and IDA agricultural projects were approved by the Board of Executive Directors; a total of \$955.9 million was committed to the sector. And, more than ever, the emphasis in the agricultural projects the Bank and IDA helped finance was on the rural poor. One estimate concludes that more than one million farm families—more than six million people—may eventually benefit from agricultural projects approved during the fiscal year.

- one IDA-supported dairy project in India (the Bank Group's first involvement in support of the dairy and livestock sector in that country) will assist about 450,000 farmers, all of whom either farm less than five acres or are landless;

"Lending for agriculture doesn't seem to move on a curve; it moves, rather, in steps," Mr. Yudelman notes, adding that "total amounts have moved from one plateau to another."

The power sector was by far the largest gainer during the year. Bank and IDA lending totaled \$709.4 million, up from \$321.5 million the year before. In FY 1973, lending for power

was 9 per cent of total Bank/IDA lending. That percentage doubled during FY 1974.

Frederick H. Howell, Senior Advisor (Power Systems) in the Bank's Public Utilities Department, believes that no significant conclusions can be drawn from the sharp increase in Bank Group lending for power.

"It just happened that we had some unusually large projects this past year," he explains. "Two of them could easily have been included in fiscal '73 operations; one could have slipped to fiscal '75."

The three large loans in the sector were: to Brazil, for \$125 million—the Bank's twenty-sixth in support of that country's power sector (another loan in the same sector to Brazil was approved later in the year); to Zambia, for \$115 million, to help finance the second stage of a hydroelectric project on the Kafue River (it was the largest single loan ever made by the Bank to a country south of the Sahara); and to Turkey, for \$148 million, to help finance a lignite mine development and electric power generation scheme. This last loan was the largest ever made by the Bank for a single project.

Power projects tend to be both large and costly. The 14 new Bank Group operations in that sector during the year averaged better than \$50 million each; the average size of each agricultural operation was less than \$20 million.

Peter C. Muncie

Total Bank/IDA lending by sector

	Total FY 1974 (US\$ millions)	As % of total FY 1974	Total FY 1973 (US\$ millions)	As % of total FY 1973
Agriculture	955.9	22	937.7	28
Education	153.1	4	276.1	8
Industry (incl. DFCs)	764.0	18	377.2	11
Nonproject	235.0	5	225.0	7
Population	17.0	less than 1%	21.5	less than 1%
Power	769.4	18	321.5	9
Technical assistance	21.0	less than 1%	4.0	less than 1%
Telecommunications	107.9	3	247.8	7
Tourism	46.6	1	—	0
Transportation	957.05	22	682.4	20
Urbanization	113.5	3	36.0	1
Water and sewerage	173.65	4	278.8	8
Total	4,313.60	100	3,407.7	100

IDA credits during fourth quarter of fiscal 1974

Country	Purpose	Amount (\$ millions)
Bangladesh	Telecommunications	20.0
Botswana	Urbanization	3.0
Burma	Irrigation	17.0
Chad	Highway improvement	3.5
Egypt	Fertilizer production	20.0
Ethiopia	Drought area rehabilitation, agricultural development	22.0
Ghana	Livestock, water supply	12.4
Haiti	Highways	10.0
India	Industrial imports, dairy development, fertilizer production	230.0
Indonesia	Fisheries, tourism, irrigation	52.5
Kenya	Livestock	21.5
Malawi	Transport engineering	2.0
Mali	Rural development	8.0
Mauritania	Irrigation engineering	1.1
Nepal	Water supply, settlement	13.8
Niger	Airport	5.0
Pakistan	Karachi port development	16.0
Philippines	Irrigation*	9.5
Rwanda	Highways	6.3
Sudan	Agricultural rehabilitation	10.7
Upper Volta	Agricultural development	8.0
Total credits during fourth quarter of fiscal 1974		492.3
Total credits during fiscal 1974		1,095.2

*With a \$9.5 million Bank loan

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