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1990 IMF/WORLD BANK ANNUAL MEETING
SHERATON WASHINGTON HOTEL
TUESDAY, SEPTEMBER 25, 1990
3:00 P. M.

THANK YOU ALL VERY MUCH. AND THANKS ESPECIALLY TO MY GOOD FRIEND NICK BRADY -- FOR THOSE KIND WORDS -- AND FOR THE OUTSTANDING JOB YOU'RE DOING AS OUR SECRETARY OF THE TREASURY.

CHAIRMAN SAITOTI [SI-TOE-TEE]. MR. CAMDESSUS [KAHM-DEH-SOO]. MY OLD FRIEND BARBER CONABLE. IT REALLY IS A PLEASURE TO BE BACK WITH YOU THIS YEAR, TO WELCOME YOU ALL TO WASHINGTON FOR THIS IMPORTANT WORK.

AND IT IS A PARTICULAR PLEASURE TODAY TO WELCOME THE NEW MEMBERS FROM BULGARIA, THE CZECH AND SLOVAK REPUBLIC, AND NAMIBIA, AND, OF COURSE, THE SPECIAL INVITEES FROM THE SOVIET UNION. YOUR PRESENCE HERE REMINDS US ALL OF HOW EVENTS OF THE PAST YEAR ARE PRODUCING A NEW PARTNERSHIP OF NATIONS -- A FUNDAMENTAL, INDEED INSPIRING CHANGE IN THE WORLD'S POLITICAL AND ECONOMIC ORDER.

THE MOVEMENT TOWARD DEMOCRATIC RULE -- ALREADY STRONG THROUGHOUT THE 1980'S -- ACCELERATED DURING WHAT I CALL THE REVOLUTION OF '89. THE RIGHTS OF THE INDIVIDUAL HAVE BEEN REAFFIRMED, WITH GREATER ADHERENCE TO THE RULE OF LAW.

THE FREEDOM TO CHOOSE POLITICAL LEADERS -- AND EVEN POLITICAL SYSTEMS -- HAS TRIUMPHED IN COUNTRIES THAT ONLY A YEAR AGO WERE RULED BY SINGLE-PARTY REGIMES. AND HAND-IN-HAND, NEW ECONOMIC FREEDOM HAS BEGUN TO EMERGE AS WELL.

TODAY, LEADERS AROUND THE WORLD ARE TURNING TO MARKET FORCES TO MEET THE NEEDS OF THEIR PEOPLE. OF COURSE, CHANGE HAS NOT COME EASILY. BUT AS I SAID LAST YEAR, AT THIS SAME MEETING:

"THE JURY IS NO LONGER OUT. HISTORY HAS DECIDED."

\\\

AND TODAY, THE RESULTS OF THAT GLOBAL EXPERIMENT ARE UNMISTAKABLE. TODAY, THE CONSENSUS IS THIS:

GOVERNMENTS BY THEMSELVES CANNOT DELIVER PROSPERITY. \\\\

RATHER, THE KEY TO ECONOMIC GROWTH IS SETTING INDIVIDUALS FREE -- FREE TO TAKE RISKS, FREE TO MAKE CHOICES, FREE TO USE THEIR INITIATIVE AND ABILITIES IN THE MARKETPLACE. WE ARE SEEING THIS, FOR EXAMPLE, IN THE RESTORATION OF PRIVATE OWNERSHIP IN COUNTRIES WHERE THE STATE ONCE CONTROLLED EVERY ASPECT OF ECONOMIC LIFE. AND FOR EFFICIENT PRODUCTION -- PRIVATE OWNERSHIP IS STILL THE MOST POWERFUL INCENTIVE KNOWN TO MAN. \\\

MATCHED BY THE REJUVENATION OF MARKETS, THE ABILITY TO MAKE INDIVIDUAL ECONOMIC CHOICES IS THE FASTEST, MOST EFFECTIVE WAY TO ACHIEVE AND SUSTAIN BROAD-BASED ECONOMIC GROWTH. AND THAT IS WHY LEADERS EVERYWHERE ARE UNDERTAKING DIFFICULT ECONOMIC REFORMS, BUILDING STRONGER, MORE VERSATILE PRIVATE SECTORS, IMPROVING EFFICIENCY, AND MAKING GOVERNMENTAL DECISION-MAKING MORE RATIONAL.

THAT PROCESS TAKES TIME. ECONOMIC ADJUSTMENT IS OFTEN DIFFICULT. AND IN RECENT MONTHS, A NEW CHALLENGE HAS ARISEN WHICH COULD HINDER THIS PROCESS OF CHANGE: IRAQ'S ILLEGAL AND UNPROVOKED AGGRESSION AGAINST THE SOVEREIGN NATION OF KUWAIT.

CLEARLY, THE GREATEST HARM IS TO KUWAIT AND ITS PEOPLE. AND WHEN THE SAUDI BORDER WAS OPENED, KUWAIT'S NEWEST REFUGEES BROUGHT FRESH TALES OF THE CRUELTY AND HORROR INFLICTED ON THE KUWAITI PEOPLE AND FOREIGN NATIONALS BY THE OCCUPYING FORCES OF SADDAM HUSSEIN.

AND TODAY, OTHER COUNTRIES -- ALREADY FACING PAINFUL ECONOMIC AND POLITICAL TRANSFORMATIONS -- MUST NOW DEAL WITH ADDED HARDSHIPS. SERIOUS CHALLENGES HAVE EMERGED FOR COUNTRIES ROCKED BY UNPREDICTABLE TIDES IN THE FLOW OF OIL, TRADE, DISPLACED WORKERS, AND REFUGEES.

THIS STAGGERING BURDEN, WHICH IS PRESSING UPON THESE MOST SERIOUSLY AFFECTED COUNTRIES, CALLS FOR A GENEROUS RESPONSE FROM THE WORLD COMMUNITY. TOWARD THAT END, WE HAVE ALREADY BEGUN TO MOBILIZE FINANCIAL RESOURCES FOR THE FRONT-LINE STATES AND TO ENSURE RESPONSIBLE SHARING AMONG CREDITORS. THE INITIAL RESPONSE TO THAT EFFORT HAS BEEN IMPRESSIVE. NOW, IN ORDER TO TRANSFORM COMMITMENTS INTO CONCRETE CONTRIBUTIONS, I AM PLEASED TO ANNOUNCE THE FORMATION OF A GULF CRISIS FINANCIAL COORDINATION GROUP, ~~WHICH WILL MEET TOMORROW~~ UNDER THE ~~U.S.~~ CHAIRMANSHIP OF TREASURY SEC. BRADY, WITH THE AIM OF ACHIEVING EFFECTIVE, TIMELY AND SUSTAINED FINANCIAL SUPPORT TO THESE MOST SERIOUSLY AFFECTED COUNTRIES.

BUT LET US NOT FORGET AN EVEN LARGER GROUP OF COUNTRIES REPRESENTED HERE WILL SUFFER FROM HIGHER OIL PRICES AND OTHER ECONOMIC DISLOCATIONS.

WHILE WORLD ATTENTION HAS RIGHTLY FOCUSED ON THOSE COUNTRIES CLOSEST TO THE SITUATION AND BEARING THE HEAVIEST ECONOMIC BURDEN, I CAN TELL YOU THAT THE REST OF THE WORLD IS CERTAINLY NOT FORGOTTEN, AND NEVER WILL BE.

THIS GATHERING OF WORLD FINANCIAL LEADERS GIVES US AN OPPORTUNITY TO DISCUSS HOW WE CAN WORK TOGETHER TO ADDRESS THE SPECIAL FINANCIAL BURDEN OF THIS CRISIS -- AND DO SO IN A WAY THAT WILL SUSTAIN THE DRAMATIC, WORLDWIDE TRANSITION TO FREE MARKETS.

THE I.M.F. AND WORLD BANK -- GIVEN THEIR CENTRAL ROLE IN THE WORLD ECONOMY -- ARE KEY TO HELPING ALL OF US THROUGH THIS SITUATION BY PROVIDING A COMBINATION OF POLICY ADVICE AND FINANCIAL ASSISTANCE. \\ THE POLITICAL LEADERSHIP OF THE U.N. MUST BE MATCHED BY THE ECONOMIC LEADERSHIP OF THE I.M.F. AND THE WORLD BANK. \\\\

SECRETARY BRADY WILL BE MAKING SOME SPECIFIC SUGGESTIONS IN HIS REMARKS FOR POSSIBLE MEANS OF UTILIZING CURRENT I.M.F. AND WORLD BANK PROGRAMS MORE EFFECTIVELY. BUT LET ME SAY IT AGAIN: WE ARE DETERMINED NOT TO ALLOW THE BRUTAL BEHAVIOR OF ONE AGGRESSOR TO UNDERMINE THE HISTORIC PROCESS OF DEMOCRATIC CHANGE -- OR TO DERAIL THE MOVEMENT TOWARDS MARKET-ORIENTED ECONOMIC SYSTEMS.

LET ME CONTINUE, MORE BROADLY, WITH A VISION OF THE ROLE OF THE UNITED STATES -- AND OF A WORLD ECONOMY WE CAN ALL SHARE.

FIRST, WE BELIEVE THAT THE UNITED STATES SHOULD CONTRIBUTES TO ECONOMIC STABILITY AND GROWTH. AND PERHAPS THE GREATEST CONTRIBUTION THE UNITED STATES CAN MAKE TO THE HEALTH OF THE INTERNATIONAL ECONOMY IS TO GET OUR OWN HOUSE IN ORDER. OUR BUDGET DEFICIT MUST BE BROUGHT UNDER CONTROL AND REDUCED.

SECOND, THE UNITED STATES IS STRONGLY COMMITTED TO PROMOTING DEVELOPMENT AND GROWTH IN THE NEWLY EMERGING DEMOCRACIES OF LATIN AMERICA, CENTRAL AND EASTERN EUROPE, AFRICA AND ASIA. WE'RE WORKING IN ALL FOUR REGIONS TO EASE DEBT BURDENS UNDER THE BRADY PLAN. IN THIS HEMISPHERE, WHERE DEBT OVERHANG IMPEDES PROGRESS, WE ANNOUNCED THE ENTERPRISE FOR THE AMERICAS INITIATIVE TO PROMOTE ECONOMIC GROWTH BY EXPANDING TRADE AND INVESTMENT, TO REDUCE DEBT OWED TO THE UNITED STATES GOVERNMENT, AND TO PROVIDE FUNDS FOR NEEDED LOCAL ENVIRONMENTAL PROJECTS. IN EASTERN EUROPE, WHERE MASSIVE RESTRUCTURING IS NEEDED, WE ARE WORKING WITH OTHER NATIONS TO PROVIDE BILLIONS OF DOLLARS IN ASSISTANCE TO THE NEWLY EMERGING DEMOCRACIES. AND IN AFRICA, WHERE UNDERDEVELOPMENT HANGS ON SO STUBBORNLY, MANY OF THE LOWEST-INCOME COUNTRIES HAVE ALREADY BENEFITTED FROM REDUCTIONS IN DEBT OWED TO THE U.S.

\\\

THIRD, THE UNITED STATES IS COMMITTED TO THE CENTRAL ROLE OF THE I.M.F. AND WORLD BANK IN HELPING BRING ABOUT ECONOMIC REFORMS. REFORM EFFORTS CAN ONLY BE SUCCESSFUL IF COUNTRIES CARRY THROUGH ON THEIR RESPONSIBILITIES. AND THAT MEANS REGULATORY REFORM AND PRIVATIZATION, SOUND MACRO-ECONOMIC AND STRUCTURAL POLICIES, AND OPEN BORDERS FOR TRADE AND INVESTMENT.

THIS IS WHY YOUR WORK HERE IN WASHINGTON THIS WEEK IS SO IMPORTANT. FOR MORE THAN 40 YEARS, THE FUND AND THE BANK HAVE BEEN QUIETLY ENLISTING THE TALENTS AND THE ENERGIES OF THE DEVELOPED AND DEVELOPING WORLD IN A GLOBAL STRUGGLE AGAINST POVERTY. AND TODAY, IN A WORLD WHERE IDEOLOGY NO LONGER CONFRONTS, AND BIG-POWER BLOCS NO LONGER DIVIDE, THE BANK AND THE FUND HAVE BECOME PARADIGMS OF INTERNATIONAL COOPERATION. INDEED, WE ESPECIALLY APPRECIATE YOUR EFFORTS IN CARRYING OUT A STUDY OF THE SOVIET ECONOMY THAT IS UNPRECEDENTED IN ITS SCOPE. THIS STUDY WILL PRODUCE RECOMMENDATIONS FOR ECONOMIC, FINANCIAL, AND STRUCTURAL REFORM.

AS THE COMING WEEK UNFOLDS, PART OF YOUR TASK WILL ALSO BE TO PLAN FOR THE FUTURE OF YOUR TWO GREAT INSTITUTIONS. AND I PLEDGE THE CONTINUED SUPPORT OF THE UNITED STATES FOR A WORLD BANK AND I.M.F. WHICH SO CLEARLY ADVANCE OUR COMMON STRUGGLE TO IMPROVE THE QUALITY OF LIFE FOR ALL PEOPLE EVERYWHERE.

FOR THIS REASON, WE STRONGLY SUPPORT THE I.M.F. QUOTA INCREASE AND THE STRENGTHENING OF THE I.M.F. ARREARS POLICY. AND WE WOULD ALSO LIKE TO CHALLENGE BOTH INSTITUTIONS TO INTENSIFY THEIR FOCUS ON BUILDING DYNAMIC PRIVATE SECTORS IN MEMBER COUNTRIES -- ONE OF THE MOST IMPORTANT STIMULANTS FOR ENERGIZING THESE NEW MARKET ECONOMIES.

AND WE WOULD ALSO ASK THE WORLD BANK TO PLACE A HIGH PRIORITY ON THREE OTHER ISSUES VITAL TO SOUND AND SUSTAINED GROWTH. FIRST IS PROTECTING THE ENVIRONMENT. AS I SAID HERE LAST YEAR: ENVIRONMENTAL DESTRUCTION KNOWS NO BORDERS. \\ SECOND, ERADICATING POVERTY MUST CONTINUE TO BE A CENTRAL MISSION OF THE BANK. \\ AND THIRD, WE STRONGLY SUPPORT GREATER EFFORTS TO INTEGRATE WOMEN INTO THE DEVELOPMENTAL PROCESS.

FINALLY, AS WE PLAN FOR THE FUTURE, WE MUST WORK TOGETHER FOR SUCCESS IN ANOTHER IMPORTANT INTERNATIONAL ECONOMIC INSTITUTION -- THE GATT.

AS WE MEET TODAY, LESS THAN 70 DAYS REMAIN IN THE FOUR-YEAR URUGUAY ROUND OF GLOBAL TRADE TALKS. LASTING REFORM IS ESSENTIAL FOR DEVELOPED AND DEVELOPING COUNTRIES ALIKE. IT IS THE KEY TO A SUCCESSFUL ROUND WHICH ESTABLISHES NEW RULES AND OPPORTUNITIES FOR ALL COUNTRIES. THESE NEGOTIATIONS ARE ONE OF THE WORLD'S GREATEST ECONOMIC OPPORTUNITIES OF THE DECADE. BUT MUCH REMAINS TO BE DONE.

THE ROUND IS NOT JUST A TRADE ISSUE, IT IS A GROWTH ISSUE. AND IT'S NOT JUST AN EXERCISE FOR BUREAUCRATS IN GENEVA. THE TRADE TALKS ARE THE "LAST TRAIN LEAVING THE STATION," AND COUNTRIES THROUGHOUT THE WORLD MUST JUMP ABOARD. IT CAN BE THE ENGINE OF ECONOMIC GROWTH THAT CARRIES US INTO THE 21ST CENTURY.

THE ROUND PROMISES TO REMOVE BARRIERS IN FOUR CRUCIAL AREAS, AREAS UNTOUCHED IN PREVIOUS ROUNDS: SERVICES, INVESTMENT, INTELLECTUAL PROPERTY AND AGRICULTURE. AS A MATTER OF FACT, AGRICULTURAL REFORM REMAINS A MAJOR STUMBLING BLOCK. INDEED, IT THREATENS TO BRING DOWN THE REST OF THE ROUND.

WE MUST LET FARMERS COMPETE WITH FARMERS, INSTEAD OF FARMERS COMPETING WITH THE DEEP POCKETS OF GOVERNMENT TREASURIES. WE NEED A SUCCESSFUL RESOLUTION OF THE AGRICULTURAL ISSUES IF WE ARE TO HAVE AN AGREEMENT.

IF COUNTRIES AROUND THE GLOBE DON'T MUSTER THE POLITICAL COURAGE TO FACE THESE TOUGH ISSUES IN THE TIME REMAINING, WE WILL FORFEIT NEW MARKETS FOR OUR BUSINESSES, IMPOSE HIGHER PRICES ON OUR CONSUMERS, AND FORGO NEW JOBS AND HIGHER INCOMES FOR WORKERS IN ALL COUNTRIES. \\\

WORST OF ALL, WE WILL ENDANGER A VITAL, PROVEN FRAMEWORK OF INTERNATIONAL COOPERATION. A COLLAPSE OF THE ROUND WILL INEVITABLY ENCOURAGE INCREASED PROTECTIONIST PRESSURE AND POLITICAL INSTABILITY. THAT IS SOMETHING WE CAN ILL AFFORD AS WE FORGE A NEW PARTNERSHIP OF NATIONS AGAINST AGGRESSION IN THE PERSIAN GULF. \\\

I URGE YOU TO WORK ACTIVELY WITHIN YOUR GOVERNMENTS TO ENSURE SUCCESS. AND I URGE MY COUNTERPARTS AROUND THE WORLD -- AS WE DID AT THE HOUSTON ECONOMIC SUMMIT -- TO INSTRUCT YOUR NEGOTIATORS TO BRING ALL THE COMPONENTS OF THE URUGUAY ROUND TO A SUCCESSFUL CONCLUSION BY DECEMBER. \\\

IN ALL THESE EFFORTS, THERE IS MUCH AT STAKE. ALMOST 35 YEARS AGO, PRESIDENT EISENHOWER FIRST APPEARED AT AN I.M.F./WORLD BANK MEETING. HE SPOKE OF THE LESSONS HE LEARNED WHILE WAGING A WAR THAT BROUGHT TOGETHER SO MANY DIFFERENT SOLDIERS FROM SO MANY DIFFERENT LANDS.

IKE NOTED, AS I DO NOW, THAT THERE WERE PEOPLE IN THE AUDIENCE WHO WERE OUR ALLIES IN THAT GRAND EFFORT. HE SAID:

"WE EARLY FOUND ONE THING: WITHOUT THE HEART, WITHOUT THE ENTHUSIASM FOR THE CAUSE IN WHICH WE WERE WORKING, NO COOPERATION WAS POSSIBLE. WITH THAT ENTHUSIASM -- SUBORDINATING ALL ELSE TO THE ADVANCEMENT OF THE CAUSE -- COOPERATION WAS EASY." \\\

AS THE UNITY OF THE UNITED NATIONS HAS DEMONSTRATED IN THE PAST TWO MONTHS, THE WORLDWIDE ENTHUSIASM FOR TODAY'S NOBLE "CAUSE" -- THE CAUSE I'VE DESCRIBED AS A "NEW PARTNERSHIP OF NATIONS" -- IS NOT ONLY UNPRECEDENTED, BUT TRULY REMARKABLE. AND I URGE YOU TO SEIZE THAT ENTHUSIASM IN YOUR MEETINGS THIS WEEK, TO FORGE THE NEW LEVELS OF COOPERATION NEEDED TO SUCCEED.

THANK YOU FOR COMING TO WASHINGTON. GOOD LUCK THIS WEEK IN THE MEETINGS AHEAD. AND GODSPEED YOU IN YOUR TRAVELS HOME.

# # #

THE WHITE HOUSE

WASHINGTON

SCHEDULE OF THE PRESIDENT

FOR

WASHINGTON, D.C.

TUESDAY, SEPTEMBER 25, 1990

EVENT:

Address World Bank/International Monetary Fund Meeting

DRESS:

Men - Business Suit
Women - Day Dress

CONTACT:

Office of Presidential Advance
John G. Keller, Jr. - 202/456-7565

Trip Coordinator
Patricia L. Conrad - 202/456-7565

ADVANCE:

Kelley Walker - LEAD
Spence Geissinger - PRESS
Jack Rohmer - USSS
Wayne Justice - MIL. AIDE
Larry Fisher - WHCA

WEATHER:

Sunny/Low 70's

SCHEDULE OF THE PRESIDENT

FOR

WASHINGTON, D.C.

TUESDAY, SEPTEMBER 25, 1990

2:45 pm THE PRESIDENT boards Motorcade and departs White House en route Sheraton Washington Hotel.

MOTORCADE ASSIGNMENTS:

Lead	
Spare	B. Caughman Doctor
LIMO	THE PRESIDENT Sec. Brady
Follow Up	
Control	Gov. Sununu R. Gates Mil. Aide
Support	S. Rogich M. Fitzwater J. Swift Official Photographer Medic
Staff I	All Remaining Staff
Press Van I	J. Herrick
Press Van II	

(Drive Time: 10 Minutes)

2:55 pm — THE PRESIDENT arrives Sheraton Washington Hotel and proceeds to Holding Room.

Met by:

Mr. John McKennon, Jr.
Managing Director, Sheraton Washington Hotel

Mr. Barry Hammond
Convention Coordinator, Sheraton Washington Hotel

2:57 pm — THE PRESIDENT arrives Holding Room.

2:58 pm — THE PRESIDENT, accompanied by Secretary Brady, departs Holding Room and proceeds to Off-Stage Announcement Area, Ballroom.

2:59 pm — THE PRESIDENT, accompanied by Secretary Brady, arrives Off-Stage Announcement Area, Ballroom and holds briefly.

Met by:

Mr. George Saitoti
Chairman, International Monetary Fund (IMF), and World Bank Group, and Vice President, Kenya

Mr. Timothy Thahane
Vice President and Secretary, World Bank Group

Mr. Leo Van Houtven
Secretary, International Monetary Fund

Mr. Michael Camdessus
Managing Director, World Bank Group

Mr. Barber Conable
President, World Bank Group

NOTE: IMF and World Bank participants will be escorted to their positions on the Dais.

EVENT: ADDRESS WORLD BANK/INTERNATIONAL MONETARY FUND MEETING

OPEN PRESS

OFF-STAGE ANNOUNCEMENT

REMARKS

TELEPROMPTER

3:00 pm THE PRESIDENT, accompanied by Secretary Brady, is announced onto Dais and proceeds to Seat.

3:01 pm THE PRESIDENT is introduced for Remarks by Secretary Brady.

3:02 pm THE PRESIDENT gives Remarks.

3:17 pm THE PRESIDENT concludes Remarks, departs Stage and proceeds to Holding Room.

3:20 pm THE PRESIDENT arrives Holding Room.

3:25 pm THE PRESIDENT departs Holding Room and proceeds to Motorcade

3:30 pm THE PRESIDENT boards Motorcade and departs Sheraton Washington Hotel en route White House.

MOTORCADE ASSIGNMENTS:

Same as on Arrival, except:

LIMO	THE PRESIDENT

(Drive Time: 10 Minutes)

3:40 pm THE PRESIDENT arrives White House.

THE WHITE HOUSE

WASHINGTON

September 21, 1990

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON (W)

FROM: EDWARD E. McNALLY EEM

SUBJECT: REMARKS TO WORLD BANK/IMF ANNUAL MEETING

I. SUMMARY

On Tuesday, Sept. 25, at 3:00 p.m., you will address the annual meeting of the World Bank and International Monetary Fund at the Sheraton Washington on Connecticut Avenue. The audience will consist of about 3,500 bankers and government finance officials from around the world. You spoke at this same event one year ago.

II. DISCUSSION

The remarks (14 minutes, on teleprompter) were prepared in accordance with guidance from World Bank President Barber Conable, the Treasury Department, the U.S. Trade Representative, Stephen Farrar of Roger Porter's office and Meg Lundsager of the NSC.

Two sections may be of particular interest to the public: a call for the World Bank and IMF to match the political leadership of the U.N. with economic leadership; and tough language recommended by USTR on the Uruguay Round of the GATT.

McNally/Simon
September 21, 1990
Draft Five (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING
SHERATON WASHINGTON HOTEL
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti [si-TOE-tee]. Mr. Camdessus [KAHN-deh-soo]. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

And it is a particular pleasure today to welcome the new members from Bulgaria, Czechoslovakia, and Namibia, and, of course, the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year are producing **a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order.**

458-0242
World Bank

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces

to meet the needs of their people. Of course, change has not come easily. But as I said last year, at this same meeting:

"The jury is no longer out. History has decided." \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

Governments by themselves cannot deliver prosperity. \\\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to make choices, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- **private ownership is still the most powerful incentive known to Man.** \\\

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to achieve and sustain broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making governmental decision-making more rational.

That process takes time. Economic adjustment is often difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened, Kuwait's newest refugees

brought fresh tales of the cruelty and horror inflicted on the Kuwaiti people and foreign nationals by the occupying forces of Saddam Hussein.

And today, many other countries -- already facing painful economic and political transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees.

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is certainly not forgotten, and never will be.

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will <u>sustain</u> the dramatic, worldwide transition to free markets.

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this situation by providing a combination of policy advice and financial assistance. \\ **The <u>political</u> leadership of the U.N. must be matched by the <u>economic</u> leadership of the I.M.F. and the World Bank.** \\\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World

Bank programs more effectively. But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market-oriented economic systems.

Let me continue, more broadly, with a vision of the role of the United States -- and of a world economy we can all share.

First, we believe that the United States should contributes to economic stability and growth. And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit must be brought under control and reduced.

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Central and Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, where debt overhang impedes progress, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, to reduce debt owed to the United States government, and to provide funds for needed local environmental projects. In Eastern Europe, where massive restructuring is needed, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, where underdevelopment hangs on so stubbornly, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

Third, the United States is committed to the central role of the IMF and World Bank in helping bring about economic reforms. **Reform efforts can only be successful if countries carry through on their responsibilities. And that means deregulatory reform and privatization, sound macro-economic and structural policies, and open borders for trade and investment.**

This is why your work here in Washington this week is so important. For almost fifty years, the Fund and the Bank have been quietly enlisting the talents and the energies of the developed and developing world in a global struggle against poverty. And today, in a world where ideology no longer confronts, and big-power blocs no longer divide, the Bank and the Fund have become paradigms of international cooperation. **Indeed, we especially appreciate your efforts in carrying out a study of the Soviet economy that is unprecedented in its scope. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform.**

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. And I pledge the continued support of the United States for a World Bank and IMF which so clearly advance our common struggle to improve the quality of life for all people everywhere.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to intensify their focus

on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: **Environmental destruction knows no borders.** \\ Second, eradicating poverty must continue to be a central mission of the Bank. \\ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in another important international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. These negotiations are one of the world's greatest economic opportunities of the decade. But much remains to be done.

The Round is not just a trade issue, it is a **growth** issue. And it's not just an exercise for bureaucrats in Geneva. The trade talks are the "last train leaving the station," and countries throughout the world must jump aboard. **It can be the engine of economic growth that carries us into the 21st century.**

The Round promises to remove barriers in four crucial areas, areas untouched in previous rounds: services, investment, intellectual property and agriculture. **As a matter of fact, agricultural reform remains a major stumbling block. Indeed, it**

threatens to bring down the rest of the Round.

We must let farmers compete with farmers, instead of farmers competing with the deep pockets of government treasuries. We need a successful resolution of the agricultural issues if we are to have an agreement.

If countries around the globe don't muster the political courage to face these tough issues in the time remaining, we will forfeit new markets for our businesses, impose higher prices on our consumers, and forgo new jobs and higher incomes for workers in all countries. \\\

Worst of all, we will endanger a vital, proven framework of international cooperation. A collapse of the Round will inevitably encourage increased protectionist pressure and political instability. That is something we can ill afford as we forge a new partnership of nations against aggression in the Persian Gulf. \\\

I urge you to work actively within your governments to ensure success. And I urge my counterparts around the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring all the components of the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, President Eisenhower first appeared at an IMF/World Bank meeting. He spoke of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the **enthusiasm** for the cause in which we were working, no cooperation was possible. **With** that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was **easy**." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly remarkable. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

Sheraton Washington
HOTEL

2660 WOODLEY RD., AT CONN. AVE., N.W., WASHINGTON, D.C. 20008
PHONE: (202) 328-2000 FAX: (202) 234-0015

ITT Sheraton

3:00 pm speech

Brady introduces

3500 people

Century

COURTYARD CAFE

RESTAURANT AMERICUS
BAR · RAWBAR
SEAFOOD & STEAK

***PLEASE FILL OUT COMPLETELY!!!!

SIGN-IN SHEET

MEETING FOR: World Bank/IMF meeting - Sheraton Washington Hotel

DATE: 9/20/97

NAME/TITLE	ORGANIZATION/ADDRESS	HOME PHONE	OFFICE PHONE
Patricia Conrad	WH Advance office		
KELLY WALKER	"	342-6265	377-1634
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GERALD JOHNSON	USSS		395-4351
OWEN R. FERGUSON	USSS/WD		395-4496
FRED SANCHEZ	PRESIDENTIAL WATCH		395-4299
Jack L. Rohmer	USSS — PPD	395-4011	395-4011
Tom Doyle	U.S.S.S. - W.F.O.	3634-5100	634-5100
Chip Smith	USSS — PPD	395-4011	———
Russ Barbor	USSS/TSD	395-4005	
Robert Simon	WH Speechwriting		456-7750
BILL LOED	WH COMM AGENCY	395-5479	395-6518
ELI VIDNJVICH	SHERATON WASH HOTEL	270-8022	328-2000
Bob Drescher	Sheraton Wash	5523031	3282000
Kelley GANNON	W.H. Advance		456-7565
BARRY H HAMMOND	SHERATON WASH	483-2253	328-2913
PATRICK McFADDEN	WH. com	395-4200	395-4200
STEVEN SMITH	WH COMM AGENCY		395-4070

McNally/Simon
September 18, 1990
Draft Four (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING
SHERATON WASHINGTON HOTEL
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti [SI-TOE-tee]. Mr. Camdessus [Kahm-Deh-Soo]. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

And it is a particular pleasure today to welcome the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year have produced **a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order.** \\\

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces to meet the needs of their people. Change has not come easily. And many other approaches have been tried. But as I said last

year, at this same meeting:

"The jury is no longer out. History has decided." \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

Governments by themselves cannot deliver prosperity. \\\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once owned or controlled all aspects of economic life. And for efficient production -- **private ownership is still the most powerful incentive known to Man.**

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to see broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making decisionmaking more rational.

That process takes time. Economic adjustment is always difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened last week, Kuwait's newest refugees brought fresh tales of the cruelty and horror inflicted by the barbarous forces unleashed by Saddam Hussein.

And today, many other countries -- already facing painful transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, tradé, displaced workers, and refugees.

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is not forgotten, your hardships are not being ignored.

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this crisis by providing a combination of policy advice and financial assistance. \\ **Because in this crisis, the political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank.** \\\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World Bank programs more effectively. **But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market economic systems.** \\\

Let me continue, more broadly, with my vision of the role of the United States -- and of a world economy we can all share.

First, we are committed to a United States which contributes to economic stability and growth. **And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit will be brought under control and reduced.** [[Last week's agreement ...]]

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, and by reducing debt owed to the United States government. In Eastern Europe, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S.

Third, all these areas of progress have one important element in common -- the central role of the IMF and World Bank in helping bring about economic reforms. **Reform efforts can only be successful if the beneficiary countries carry through on their responsibilities. And that means deregulation, sound macroeconomic policies, and open borders for trade and investment.**

This is why your work here in Washington this week is so

important. The international community looks to you to provide three-dimensional responses to a changing world. And for good reason. Your two institutions have evolved into powerful forces for promoting free markets.

The Fund and the Bank have been indispensable players in the economic transformation sweeping Eastern Europe, Latin America and other regions, through their support for economic reforms and their role in the debt strategy. We also appreciate your efforts in carrying out the unprecedented study of the Soviet economy. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform.

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. The Fund and the Bank must be in a strong position to continue their encouragement of economic reforms and adjustment efforts.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to focus on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: **Environmental destruction knows no borders.** \\ Second, poverty alleviation must continue to be a central mission

of the Bank. \\ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in the other great post-war international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. But much remains to be done. **Agricultural reform remains a major stumbling block. Indeed, it threatens to bring down the rest of the Round.**

The Round is not just a trade issue, it is a growth issue. **It can be the engine of economic growth that carries us into the 21st century.** It promises to remove barriers in three crucial areas, three areas untouched in previous rounds: services, investment, and intellectual property. **But if we fail to achieve an agreement, we will forfeit new markets for our businesses, force higher prices for our consumers, and block new jobs and higher incomes for our workers.** \\\

Worst of all, we will endanger a vital, proven framework of international cooperation. The collapse of the Round will inevitably encourage increased protectionist pressure and political instability. **That is something we can ill afford at a time when we are trying to forge a new partnership of nations, and when we are engaged in a great struggle against aggression in the Persian Gulf.** \\\

Therefore, I urge you who to work actively within your governments to ensure success. **And I urge my counterparts around**

the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, when President Eisenhower first appeared at an IMF/World Bank meeting, he spoke about one of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the <u>enthusiasm</u> for the cause in which we were working, no cooperation was possible. <u>With</u> that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was <u>easy</u>." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide <u>enthusiasm</u> for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only <u>unprecedented</u>, but truly <u>astounding</u>. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to <u>succeed</u>.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

McNally/Simon
September 18, 1990
Draft Three (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING
SHERATON WASHINGTON HOTEL
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- for the outstanding job you're doing as our Secretary of the Treasury.

458-0242 Saitoti [Si-TOE-tee] Kenya

Chairman ~~Lee.~~ Mr. Camdessus. My old friend -- former Congressman, now World Bank President -- Barber Conable. It really is a pleasure to be back with you and your colleagues this year, to once again welcome you all to Washington, and to wish you well in your important work.

And it is a particular pleasure today to welcome the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year have produced **a new partnership of nations** -- a fundamental, indeed inspiring change in the world's political and economic order. \\\

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom of choice of political leaders -- and even political systems -- has won acceptance in countries that only recently abandoned one-party state structures. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, national leaders around the world, from the Soviet Union to Eastern Europe to Latin America and Africa, are turning

to market forces to meet the needs of their people. This shift has not come easily. Many other approaches have been tried.

But as I said last year, at this same meeting: **"The jury is no longer out. History has decided."** \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

Governments by themselves cannot deliver prosperity. \\\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once owned or controlled all aspects of economic life. And for efficient production -- **private ownership is still the most powerful incentive known to Man.**

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to see broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making decisionmaking more rational.

That process takes time. Economic adjustment is always difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened last week, Kuwait's newest

refugees brought fresh tales of the cruelty and horror inflicted by the barbarous forces unleashed by Saddam Hussein.

And today, many other countries -- already facing painful transformations -- must now deal with added hardships. Serious challenges have emerged for countries that were dependent on oil from Iraq and Kuwait, whose workers were displaced, that face serious refugee problems, or that have suffered trade losses as a result of Saddam's invasion.

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations arising out of the Gulf crisis.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is not forgotten, that your hardships are not being ignored.

This gathering of world financial leaders provides us with an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will <u>sustain</u> the striking transition to free markets that so many of you are undertaking.

The IMF and World Bank, in their central role in the world economy, are key to helping all of us through this crisis by providing a combination of policy advice and financial assistance. \\ **Because in this crisis, the <u>political</u> leadership of the U.N. must be matched by the <u>economic</u> leadership of the I.M.F. and the World Bank.** \\\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World Bank programs more effectively. **But let me emphasize again that we are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market economic systems.** \\\

Let me continue, more broadly, with my vision of the leadership role of the United States -- and of a world economy which I hope we can all share.

First, we are committed to a United States which contributes to economic stability and growth. **And perhaps the greatest contribution the U.S. can make to the health of the international economy is to get our own house in order. Our budget deficit will be brought under control and reduced.** [[Last week's agreement ...]]

Second, the United States is strongly committed to promoting development and growth in the newly-emerging democracies of Latin America, Eastern Europe, Africa and Asia.

A major concern of many of you has been the debt burden you carry from the past. We will continue to work with you to ease that burden through debt restructuring under the Brady Plan. We have already seen significant progress in this area, bringing substantial savings to several countries.

This past June, I announced the Enterprise for the Americas Initiative, which strives to promote economic growth in the Western Hemisphere by expanding trade and investment, and by

reducing debt owed to the United States government. We are extremely heartened by the positive reception the Initiative has received from leaders throughout the Americas. And we would welcome similar actions by other creditor governments.

In Eastern Europe, we are working with other industrial countries to provide billions of dollars of technical and financial assistance to newly emerging democracies. While it will take time to achieve results, the commitment by these countries to profound economic re-structuring is inspiring.

Finally, many of the lowest income countries in Africa have already benefitted from reductions in debt owed to the U.S., which we hope will enable them to strengthen and broaden their economic reforms as well. And one of Africa's newest, independent countries -- Namibia -- will be joining the Fund and Bank this week, and will soon benefit from the advice and support of your institutions.

Third, all these areas of progress have one important element in common -- the central role of the IMF and World Bank in helping bring about economic reforms. **Reform efforts can only be successful if the beneficiary countries carry through on their responsibilities. And that means deregulation, sound macroeconomic policies, and open borders for trade and investment.**

This is why your work here in Washington this week is so important. The nature of our changing world calls increasingly for coordinated and cooperative responses. The international community looks to you to provide the focus for this

coordination. And for good reason. These institutions have evolved into powerful forces for promoting free markets.

The Fund and the Bank have played a key role as we have responded to the needs of Eastern Europe. They have provided vital support -- both financial support and sound policy advice -- to Poland and Hungary. We now welcome Czechoslovakia and Bulgaria into their ranks.

We also appreciate the efforts of the IMF, World Bank and other institutions in carrying out a detailed study of the Soviet economy, an effort that was discussed at the Economic Summit we hosted in Houston. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform. And this study has been given added importance by the recent debate in the Soviet Union over alternative economic restructuring plans.

The Fund and the Bank have also been indispensable players in the economic transformation sweeping Latin America and other parts of the developing world, through their support for economic reforms and their role in the debt strategy.

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. We need to build further on their ability to respond to changing circumstances. Market-based economies are best able to adapt to new demands. That is why the Fund and the Bank must be in a strong position to continue their encouragement of economic

reforms and adjustment efforts.

For this reason, I strongly support the IMF quota increase and the strengthening of the IMF arrears policy as crucial to keeping the Fund a viable financial institution.

And I would also like to challenge both institutions to improve their focus on building dynamic private sectors in member countries. Private investment -- both domestic and foreign -- will be an important stimulant for strengthening newly emerging market economies. IFC

And I would also ask the World Bank to place a high priority on three issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: **Environmental destruction knows no borders.** At Houston, for example, the leaders of the largest industrial democracies recognized the special role the World Bank can play in helping to halt the destruction of tropical rain forests. And we urge the Bank to take prompt and effective action in this and other areas. \\ Second, poverty alleviation must continue to be a central mission of the Bank. \\ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in the other great post-war international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. In that time, much remains to be done. **Agricultural reform remains a major stumbling block.**

Indeed, it threatens to bring down the rest of the Round.

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Worst of all, we will endanger a vital, proven framework of international cooperation. The collapse of the Round will inevitably encourage increased protectionist pressure and political instability. **That is something we can ill afford at a time when we are trying to forge a new partnership of nations, and when we are engaged in a great struggle against aggression in the Persian Gulf.** \\\

Therefore, I urge those of you who are finance ministers to work actively within your governments to ensure success. **And I urge my counterparts around the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring the Uruguay Round to a successful conclusion by December.** \\\

In all these efforts, there is much at stake. Almost 35 years ago, when President Eisenhower first appeared at an IMF/World Bank meeting, he spoke about one of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

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Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

International Finance Corporation

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September 17, 1990

Mr. Robert Simon
Room 111
Old Executive Office Building
The White House
Washington, D.C. 20500

Dear Bob:

Thank you for taking the time to talk with me earlier in the week. I would like to follow up with just a couple of points about how the IFC has helped the President's objectives in the development field.

Private Sector Development

As the exclusively private sector oriented member of the World Bank Group, IFC policy dictates that we will only invest in projects without government guarantees, taking the full project risk of any endeavor. Unlike many other development agencies, we have a clear bottom line that makes IFC successes and failures readily apparent. This one factor, risk-taking and the potential of loss, instills a market discipline in our operations that may not be evident elsewhere.

Another key aspect of our operations is that IFC will rarely finance more than 25% of any project. Our private sector partners must not only run the project but also put up most of the financing. This imposes even more discipline on our project investments. Our partners are in business to generate a profit. If that is not possible, they will not become involved and IFC must also withdraw.

"Sustainable development" is another term of art that has been used in the development field. We view one of the most important measures of sustainable development as profit. If a project promises to earn a large profit for its sponsors, it is very likely to attract private sector monies and continue operation wholly independent of the government. If no profit can be found, local government bureaucrats will likely find a way to cut back or eventually close any continuing drain on the public fisc.

Latin America

We know that Latin America is one of the Administration's primary concerns. Latin America has been IFC's number one target of our investment for many years, reaching up to 48% of our total portfolio. As an exclusively private sector organization, we are directly effected by the investment climate of each country. For example, in Central America, IFC's new investment programs in Nicaragua and Panama came to a halt in the 1980s. Since the recent changes in government, IFC immediately sent teams to both countries to investigate new operations.

Meanwhile, Mexico is now the number one recipient of IFC funding. Following the completion of the Brady plan debt restructuring, IFC has been able to reward the Mexican business community with fresh, voluntary international lending and equity investments to finance their recovery. In one transaction alone, a debt-equity swap with the Visa group, IFC was able to reduce the debt of Mexico by over $1 billion. IFC's record, backed by our own record of substantial investment, shows that the Brady plan is working and we are able to provide private sector banks with new project financing. Similar stories could be told about Chile where IFC recently introduced the first Latin American company (the privatized telephone company) to the U.S. equity markets in 20 years.

Eastern Europe

As one of the first multilateral development organizations in Eastern Europe, we now have an operational track record there. IFC has pioneered the development of the Polish private agricultural sector through our first investment approved back in 1988. Since then, we have made two other investments that have been used as test cases to help the development of Poland's legal and regulatory institutions. IFC has also helped to set up a foundation to assist the government move ahead with its privatization program.

We are now hoping to put together some very large projects including the privatization of the Gdynia Shipyard (with Norwegian partners) and the Polish auto industry (with FIAT). IFC also sponsored a recent conference chaired by Paul Volcker in an effort to pair Western Banks with the nine Polish commercial banks that have been split off from the old National Bank of Poland. To help this process along, IFC is also launching a new commercial bank with international partners to compete against these banks. IFC also has a long record of investment in Hungary, where we recently helped to launch the Budapest Stock Exchange and invested in seven other joint venture projects.

The Environment

IFC is active in the environmental field. It is already obvious that countries that rely on the private sector take better care of the environment simply because in a system where costs are more readily determined, environmental costs are more apparent. IFC has imposed an environmental screening process by which we divide our proposed projects into categories "A," "B" or "C". "A" projects now require a full environmental assessment before they move forward. "B" projects have less potential impacts, such as a hotel in an urban area, and deserve a less strict environmental review. "C" projects are largely financial in nature, such as funding for a stock exchange, and do not have direct environmental impacts.

Beyond simply vetting projects for potential harm, IFC is now exploring ways to build environmental cleanup companies in the developing world. Most of the work of cleaning up the environment in this country is done by the private sector. The American industry alone tops $62 billion annually. We are seeking to start similar companies abroad. Our first feasibility study on a specific country will be ready for the public shortly. This report will identify 92 environmental companies in Turkey that need foreign financing to expand their operations. Following Turkey, IFC will release a report on Mexico.

Small Business

During its 35 years of operation, IFC has found that operations in Africa tend to be smaller with reduced operating margins. In order to respond to Africa's unique requirements, IFC now runs the Africa Project Development Facility using donor funds from A.I.D. and a number of other agencies. These funds are used to help African entrepreneurs put together business plans and other documents that will help them approach commercial lenders with bankable projects. Since its start, the APDF has been swamped with over 1,600 applications and created 3,500 new jobs through its approved projects.

Summary

This is just a brief summary of some of the things IFC is doing right now. I have enclosed a copy of our recently released Annual Report and two brochures on our operations in Eastern Europe and the U.S. partners we work with. I have also enclosed two draft paragraphs for the speech that may or may not be appropriate for what you are preparing.

Thank you for taking the time to learn more about IFC. Please feel free to give me a call at 473-9331 if you have any questions.

Sincerely,

Mark

Mark Kirk

Encl.

President's Annual Meeting Speech

Countries which take bold steps to restructure their economies in line with a market-based approach will find that investment follows. We have already seen clear results in a number of countries (Chile, Mexico, Venezuela, Morocco, etc.). In taking these steps, these countries had the strong support of the Bretton Woods institutions, the Fund and the Bank at the level of policy reform and the International Finance Corporation at the private sector investment level.

The Corporation has reached record levels this year in direct investment and in mobilizing other investors to "bet" on the countries undergoing structural reform. To ensure the IFC has the necessary resources to continue to support the adjustment process in Latin America, Asia and Africa, in addition to taking on new challenges in E. Europe, we need to reach an early decision on whether or not to provide a substantial capital increase for the Corporation.

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DRAFT

McNally/Simon
September 17, 1990
Draft Two (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING
SHERATON WASHINGTON HOTEL
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Lee. Mr. Camdessus. My old friend -- former Congressman, now World Bank President -- Barber Conable. It really is a pleasure to be back with you and your colleagues this year, to once again welcome you all to Washington, and to wish you well in your important work.

And it is a particular pleasure to welcome members of the Soviet delegation, who are attending this meeting as special invitees. Your presence here reminds us all of how events of the past year have produced **a new partnership of nations** -- a fundamental, indeed inspiring change in the world's political and economic order. \\\

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom of choice of political leaders -- and even political systems -- has won acceptance in countries that only recently abandoned one-party state structures. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, national leaders around the world, from the Soviet Union to Eastern Europe to Latin America and Africa, are turning to market forces to meet the needs of their people. This shift has not come easily. Many other approaches have been tried.

But as I said last year, at this same meeting: "**The jury is no longer out. History has decided.**" \\\

And today, the results of that global experiment are unmistakable. When it comes to economic development, there has never has been clearer evidence of what works and what does not. Today, the consensus is this: **Governments by themselves cannot deliver prosperity.** \\\\

The key to economic growth is setting individuals free -- free to take risks, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership, which -- for efficient production -- is still the most powerful incentive known to Man.

Complemented by the rejuvenation of markets, the ability to make individual economic choices is the most effective -- and most rapid -- way to achieve broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, to improve efficiency and make decisionmaking more rational. And an important part of this effort is building stronger, more versatile private sectors.

That process takes time. Economic adjustment is always difficult. And in recent months, a new challenge has arisen

which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened last week, Kuwaiti refugees fleeing across the desert brought fresh tales of the cruelty and horror inflicted by the uncivilized soldiers of Saddam Hussein.

And today, many other countries -- already facing painful transformations -- must now deal with added hardships. Serious challenges have emerged for countries that were dependent on oil from Iraq, whose workers were displaced, that face serious refugee problems, or that have suffered trade losses as a result of Saddam's invasion.

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations arising out of the Gulf crisis.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is not forgotten, that your hardships are not being ignored.

This gathering of world financial leaders provides us with an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will <u>sustain</u> the striking transition to free markets that so many of you are undertaking.

The IMF and World Bank, in their central role in the world economy, are key to helping all of us through this crisis through

a combination of policy advice and financial assistance. I know that the IMF stands ready to provide the needed financial assistance to cope with emerging economic costs. **And we look to the Fund and the Bank to provide the kind of leadership and coordination on economic issues that the United Nations is providing on political dimensions of the crisis.**

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World Bank programs more effectively. **But let me emphasize again that we are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market economic systems.** \\\

Let me continue, more broadly, with my vision of the leadership role of the United States -- and of a world economy which I hope we can all share.

First, we are committed to a United States which contributes to economic stability and growth. **And perhaps the greatest contribution the U.S. can make to the health of the international economy is to get our own house in order. Our budget deficit will be brought under control and reduced.** [[Last week's agreement ...]]

We will do this in a manner that sustains both our economic growth, and that of our trade and investment partners. This is a responsibility we share with the other major industrial countries, and we will continue to work closely with them to ensure that we all do our part.

Second, the United States is strongly committed to promoting development and growth, in both developing countries and newly-emerging democracies in Eastern Europe and elsewhere.

A major concern of many of you has been the debt burden you carry from the past. We will continue to work with you to ease that burden through debt restructuring under the Brady Plan -- the debt strategy introduced by Secretary Brady a year ago. We have already seen significant progress in this area, bringing major savings to several countries.

This past June, I announced the Enterprise for the Americas Initiative, designed to improve investment and trade relations in the Western Hemisphere, while providing some reduction in debt owed to the United States government.

I would welcome similar actions by other creditor governments. But you should also know this: **We place such a high priority on this Initiative that we are prepared to pursue these goals independently.**

Through a major collaborative effort of the industrial countries, we have also provided technical and financial assistance to the newly emerging democracies of Eastern Europe. While it will take time to achieve results, the commitment and perseverance of these countries is inspiring.

Finally, many of the lowest income countries in Africa have already benefitted from reductions in debt owed to the U.S., which we hope will enable them to strengthen and broaden their economic reforms as well.

Third, these efforts can only be successful if the beneficiary countries carry through on their responsibilities to reform their economic systems through deregulation, sound macroeconomic policies, and, through opening their borders to trade and investment.

Fourth, all these areas of progress have one important element in common -- the central role of the IMF and World Bank in helping bring about the necessary economic reforms.

This is why your work here in Washington this week is so important. The nature of our changing world calls increasingly for coordinated and cooperative responses. The international community looks to you to provide the focus for this coordination. And for good reason. These institutions have evolved into powerful forces for promoting free markets.

The Fund and the Bank have played a key role as we have responded to the needs of Eastern Europe. They have provided vital support -- both financial support and sound policy advice -- to Poland and Hungary. We now welcome Czechoslovakia and Bulgaria into their ranks.

We also welcome the help of the Fund in preparing a detailed study of the Soviet economy, an effort that was discussed at the Economic Summit we hosted in Houston in July. This study will produce recommendations for reform and will establish criteria under which Western assistance could support reform. And this study has been given added importance by the recent debate in the Soviet Union over alternative economic reform plans.

The Fund and the Bank have also been indispensable players in the economic transformation sweeping Latin America and other parts of the developing world, through their support for economic reforms and their role in the debt strategy.

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. We need to build further on their ability to respond to changing circumstances. Market-based economies are best able to adapt to new demands. That is why the Fund and the Bank must be in a strong position to continue their support for economic reforms and adjustment efforts.

For this reason, I strongly support the IMF quota increase and the strengthening of the IMF arrears policy as key to keeping the Fund a viable financial institution.

And I would also like to challenge both institutions to improve their focus on building dynamic private sectors in member countries. Private investment -- both domestic and foreign -- will be an important stimulant to strengthen newly emerging market economies.

And I would also ask the World Bank to place a high priority on three issues which we all recognize as vital to sound and sustained growth. First is protecting the environment. As I said here last year: **Environmental destruction knows no borders.** And we urge the World Bank to take prompt and effective action in this area, particularly to help halt the destruction of tropical rain forests. \\ Second, poverty alleviation must continue to

be a central mission of the Bank. \\ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in the other great post-war international economic institution -- the GATT. \ |

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. In that time, much remains to be done. **Agricultural reform remains a major stumbling block. Indeed, it threatens to bring down the rest of the Round.**

The Round is not just a trade issue, it is a **growth** issue. **It can be the engine of economic growth that carries us into the 21st century.** It promises to remove barriers in three crucial areas, three areas untouched in previous rounds: services, investment, and intellectual property. **But if we fail to achieve an agreement, we will forfeit new markets for our businesses, lower prices for our consumers, and more jobs and higher incomes for our workers.** \\\

Worst of all, we will squander a vital, proven framework of international cooperation. The collapse of the Round will lead inevitably to increased protections and political instability. **That is something we can ill afford at a time when we are trying to forge a new partnership of nations, and when we are engaged in a great struggle against aggression in the Persian Gulf.** \\\

Therefore, I urge those of you who are finance ministers to work actively within your governments to ensure success. **And I**

urge my counterparts around the world -- as I did at the Houston Economic Summit -- to instruct your negotiators to bring the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, when President Eisenhower first appeared at an IMF/World Bank meeting, he spoke about one of the lessons he learned during wartime. He recalled working with soldiers -- men and women who had to develop real cooperation among themselves -- or there could be no success.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the **enthusiasm** for the cause in which we were working, no cooperation was possible. **With** that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was **easy**." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly astounding. And I urge you to utilize that enthusiasm in your meetings this week, to forge the kind of new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

Welcome Address by President Bush
to 1990 IMF/World Bank Annual Meeting

Introduction/General Theme

Fast-paced events around the world, particularly in the last year, have introduced a new world order.

There is a clear economic dimension to this fundamental change in the way the world operates.

The Rise of the Market

New national leaders are turning to market forces as means of meeting the needs of their people.

- Economic reforms to facilitate growth are driving national policy.
- Goal is to improve efficiency and rationalize economic decision-making.
- Building stronger, more versatile private sectors an important part of this trend.

This upheaval of centralized economic planning happening throughout the world.

- Eastern Europe.
- Soviet Union.
- Developing countries.

Recent events in the Gulf are making economic transformations more difficult.

- Countries faced with increased hardships on top of already painful adjustment over the last few years.
- Dealing with these new problems and helping countries push ahead on economic reforms will pose a serious challenge.
- Must not allow tragic events in Gulf to waylay progress in increasing the role of the market.

Role of the U.S. in New World Order

The U.S. has a major role to play in the evolving international economic situation.

- We have taken a leadership role in the Gulf not only in terms of defense but also regarding economic responses.

Our greatest contribution will be to get our own house in order.

- o Bringing budget deficit under control.
- o Protecting growth.

We are also pledged to providing long-term support for developing countries as they seek to reform their economies and reach out for growth.

- o Have supported evolving international debt strategy.
- o Major new initiative to respond to the needs of our neighbors in Latin America and the Caribbean.

Multilateralism

While national leadership is vital, the nature of the changing world calls increasingly for coordinated and cooperative responses.

- o Particularly in the economic and financial sphere, we depend on a multilateral approach which allows nations to leverage scarce resources and assure consistent response.

The international community looks to the IMF and World Bank to provide a focus for such multilateral coordination.

These institutions have evolved into powerful forces for promoting free markets.

- o They have played a fundamental role as we have responded to the needs of Eastern Europe. They have provided vital support to Poland and Hungary, and we now welcome Czechoslovakia and Bulgaria into their ranks.
- o Welcome their role in preparing a detailed study of the Soviet economy, pursuant to Houston Summit, to make recommendations for reform and establishing criteria under which Western assistance could support reforms.
- o They have also been critical in the economic transformation sweeping Latin America and other parts of the developing world -- through support for economic reforms, role in debt strategy.

We need to build further on the ability of the institutions to respond to changing circumstances.

- o They must be in a strong position to continue support for economic reforms and adjustment efforts with view toward viability.

- Strongly support IMF quota increase and strengthening of arrears policy as critical steps to maintain the IMF's role.

- Important to focus on building dynamic private sectors in developing economies. Institutions should strengthen efforts to promote private sector development and to facilitate private investment.

In addition, we look to the World BAnk to attend to issues which are increasingly recognized as vital to sound and sustainable growth.

- Protecting the environment is a major concern for all of us. Urge the World Bank to take prompt and effective action in this area, particularly to help halt the destruction of tropical forests.

- Poverty alleviation is a central mission for the World Bank.

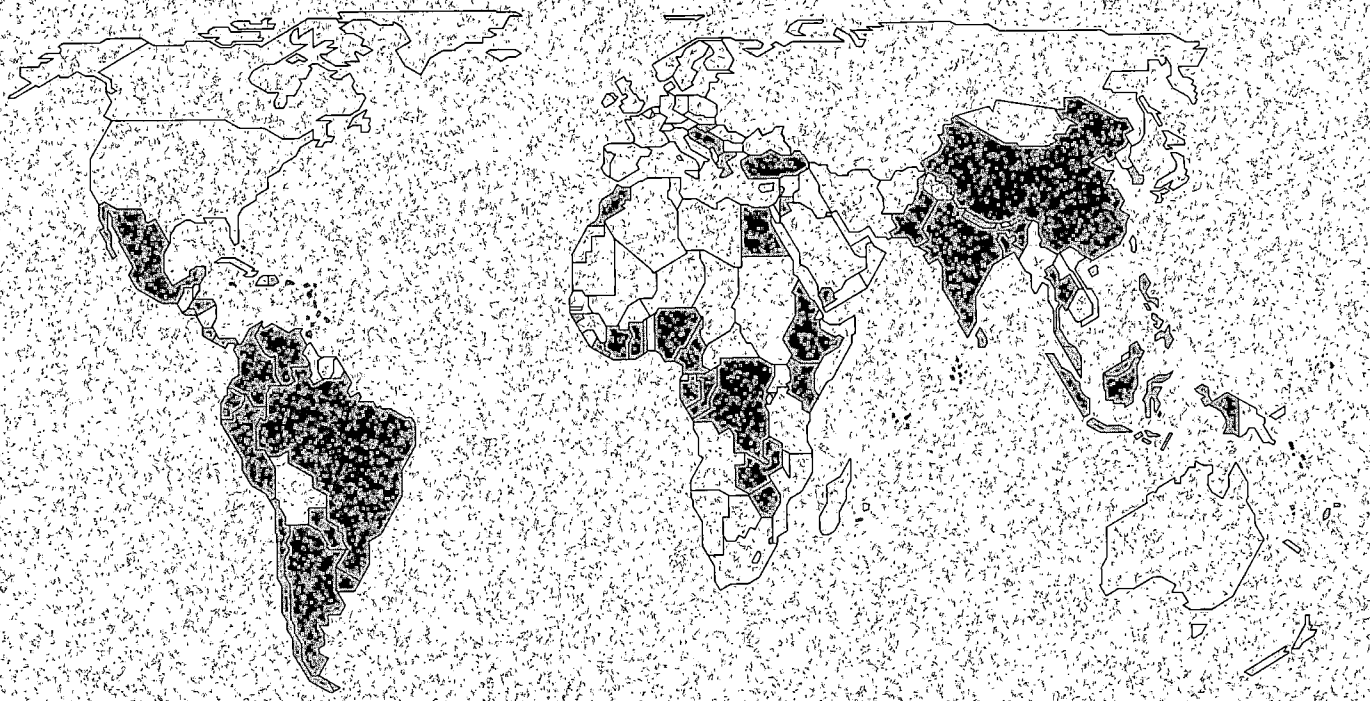
- The U.S. supports greater efforts to integrate women into the development process.

IFC and the United States



IFC
International
Finance
Corporation

Where IFC and U.S. firms have invested



Countries where U.S. firms have invested with IFC:

Argentina
Bangladesh
Barbados
Brazil
Cameroon
Chile
China
Colombia
Congo, People's Republic of the
Costa Rica
Côte d'Ivoire
Dominican Republic
Ecuador
Egypt, Arab Republic of
El Salvador
Ethiopia
Fiji
Gabon
Ghana
Greece
Grenada
Guinea-Bissau
Honduras
Hungary
India
Indonesia
Jamaica
Jordan
Kenya
Korea, Republic of
Liberia
Malaysia
Mexico
Morocco
Nepal
Nigeria
Pakistan
Panama
Paraguay
Peru
Philippines
Rwanda
Seychelles
Sri Lanka
Swaziland
Thailand
Togo
Trinidad and Tobago
Turkey
Uruguay
Venezuela
Yemen Arab Republic
Yugoslavia
Zaire
Zambia
Zimbabwe

The colors, boundaries, denominations and classifications in this brochure do not imply on the part of IFC any judgment on the legal or other status of any territory, or any endorsement or acceptance of any boundary.

IFC and the United States

IFC has worked with some 200 U.S. private companies, financial institutions and official agencies to establish more than 220 ventures in over 50 developing countries. The U.S. organizations have provided nearly $2 billion to help finance these ventures—ventures that have generated over $1 billion in sales of U.S. goods and services.

U.S. financial institutions and banks have made loans at both fixed and variable rates, invested equity and participated in syndications. Other U.S. companies, in addition to committing funds, have provided engineering and other technical assistance to projects, extended suppliers' credits and participated in procurement contracts.

What are the advantages of working with IFC?

- IFC has over 30 years' experience in structuring projects in developing countries.
- IFC is knowledgeable about business conditions throughout the developing world.
- IFC's staff have expertise in solving difficult engineering and financial problems.
- As a neutral international partner, IFC can facilitate joint ventures.
- IFC is able to make equity investments in high-risk environments.
- IFC can mobilize project financing from other investors and lenders.
- Start-up businesses benefit from the long-term maturities on IFC's loans.
- IFC enjoys local shareholder status in some developing countries, facilitating investment.

Some U.S institutions that have been involved in IFC projects:

American Express
American Security Bank
Amoco Chemical Co.
Bank of America
Bankers Trust Co.
Cabot Corp.
J. I. Case Company
Chase Manhattan Bank
Chemical Bank
Citicorp
Continental Illinois National Bank and Trust Company of Chicago
Export-Import Bank of the United States
Fidelity Bank
First National Bank of Chicago
First National Bank of Maryland
Goldman, Sachs & Co.
Henley Group, Inc.
Himont Inc.
Hormel International Corporation
Intercontinental Hotels Corporation
Irving Trust Company
Kellogg Co.
Manufacturers Hanover Trust Co.
Maxus Energy Corp.
Mellon Bank
Merrill Lynch
Morgan Guaranty Trust Company of New York
Morgan Stanley Group Inc.
Northern Michigan Exploration Company
OPIC
Pfizer Inc.
Phillips Petroleum Company
Pillsbury Co.
Pittsburgh National Bank
Riggs National Bank of Washington, D.C.
Santa Fe Energy Company
Schwinn Bicycle Co.
Scientific Design Company
Scott Paper Company
Security Pacific National Bank
Shearson Lehman Hutton Inc.
Trend International Limited
United California Bank
USAID
Valmont Industries
Westinghouse Electric Corporation

Sectors in which IFC and U.S. institutions have invested:

Agriculture and agribusiness

Beans
Beverages
Cotton
Fisheries
Livestock production
Palm oil
Shrimp farming
Sugar
Tanneries

Financial institutions

Brokerage companies
Development finance companies
Export finance companies
Investment and merchant banks
Leasing companies
Securities firms
Venture capital companies

Industry

Basic metals
Bicycles
Chemical products
Clothing
Communications
Fertilizers
Fiberglass
Glass
Machinery and equipment
Non-metallic mineral products
Paper and paper products
Petroleum refineries
Printing and publishing
Rubber and plastic products
Shoes
Steel
Textiles
Transport and storage
Wood and wood products

Natural resources

Coal mining
Crude petroleum
Metal ore mining
Natural gas production

Services

Business services
Hotels
Wholesale and retail trade

IFC is not limited to these sectors. It can support most types of viable enterprises that contribute to the economic development of a country.

In addition, IFC increasingly provides technical and financial assistance to firms that are faced with severe financial or other problems and must restructure their businesses.

What IFC Is

The International Finance Corporation (IFC) is the world's largest multilateral organization that provides financial assistance in the form of loans and equity investments to the private sector of developing countries.

IFC's fundamental purpose is to promote the economic development of its developing member countries through support of the private sector. It makes investment in the developing world profitable by providing financial resources, technical expertise and international experience.

Since it began operations in 1956, IFC has been associated with more than 2,000 companies and financial institutions in supporting over 1,000 businesses in more than 90 countries. The total capital cost of these projects amounts to more than $50 billion.

IFC makes its investment decisions on the basis of a thorough technical, financial and economic appraisal of the proposed project. The IFC investment often assists in financing projects by enhancing the confidence of other potential lenders and shareholders. In many projects, the sponsors, their banks and the host government look to the long-term presence of IFC to help maintain stability of relationships and to internationalize the character of the project.

On the basis of long experience and close relations with individuals and governments in developing countries, IFC can help prospective foreign investors find local partners in a developing country and negotiate with the host government. It is IFC's role as a catalyst in the chemistry of entrepreneurship, investment capital and private sector growth in developing countries that makes IFC different from other public or private sector institutions.

IFC is affiliated with the World Bank, but operates as a separate, legally independent organization with its own staff and funding. Its share capital is held by 134 member countries.

You can learn more about IFC or initiate discussion about a specific project by contacting:

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IFC IN EASTERN EUROPE

International Finance Corporation
Washington, DC

September 1990

IFC IN EASTERN EUROPE

INTRODUCTION

The historic changes in Eastern Europe have created new opportunities for the International Finance Corporation to fulfill its unique role as a multilateral investor in the private sector of developing countries.

IFC is already involved in joint ventures in Poland and Hungary and is assisting these countries in their economic reform programs. Czechoslovakia and Bulgaria will soon be members of IFC, and Romania has initiated steps to join. IFC recently established field missions in Vienna and Warsaw to handle the increased workload from Eastern Europe.

IFC promotes the new private sector in Eastern Europe through:

- Long-term loans for projects
- Joint ventures--providing equity investment, technology, and access to foreign markets
- Development of local capital markets and financial institutions
- Financial and technical services to business
- Advice to governments on investment incentives and privatization programs.

For companies looking at new opportunities in Eastern Europe, IFC can be a uniquely attractive partner.

WHAT IS IFC?

The International Finance Corporation (IFC) is the world's largest source of direct project financing for private investment in developing countries.

IFC's purpose is to promote the economic development of its developing member countries by supporting the private sector. Of the 135 member countries of IFC, over 110 are developing nations.

Since it began operations in 1956, IFC has been associated with more than 2,000 companies and financial institutions in supporting over 1,000 business ventures in more than 90 countries. The total capital cost of these projects amounts to more than $50 billion.

In recent years, IFC has approved annually some 90-100 projects in 40 countries, with total project costs exceeding $9 billion a year.

IFC is affiliated with the World Bank, but operates with a separate staff and funding. It supplements the activities of the Bank by providing to private business equity and loans without government guarantees in whatever form and combination are best suited to a project.

IFC will make investments only if sufficient capital cannot be obtained on reasonable terms from other sources. IFC often serves as the catalyst for a project by encouraging other sources of finance—from inside and outside the host country—to provide loans or equity along with the local sponsors.

IFC plays a special role: it offers its experience and standing as an international institution to help investors find practical solutions to difficult investment problems.

WHAT IFC DOES

IFC can invest in all types of projects in Eastern Europe, both large and small. It invests in ventures in heavy industry that supply essential materials and equipment for other domestic enterprises and also earn foreign exchange through exports.

It also invests in light industries to help meet domestic or regional consumer and industrial demand.

IFC only finances ventures that have realistic prospects of being profitable and that will benefit the economy of the host country.

When appropriate, IFC supports joint ventures between private enterprises and government entities. In any project, local investors should be able to participate, either at the outset or later. IFC will only invest in a venture when appropriate arrangements exist for the repatriation of its investment capital and related earnings.

IFC can offer most types of financial instruments, including senior loans, subordinated and convertible loans, income notes, preferred or common equity, in whatever combination is necessary and feasible to ensure that a project is soundly funded from the outset.

Investment Limits and Project Size

The loan and equity investments IFC can make in Eastern Europe for its own account are usually limited to no more than 25 percent of project cost.

IFC typically invests in ventures costing at least $10 million. The largest amount that IFC will invest for its own account is around $100 million. When needed, IFC can also raise substantial funds in addition to the investment it makes for its own account.

Equity Investments

IFC can invest up to 35 percent of the share capital for a venture. Once an investment has matured, IFC typically seeks to divest by selling its equity to local private sector investors. In some countries, IFC shareholdings are treated as domestic or neutral capital for nationality ownership purposes.

IFC does not itself assume management responsibilities in companies; it expects its investment partners to provide management. IFC has not generally been represented on the boards of directors of companies, but it will do so when there is a need or when its stake is substantial.

As a rule IFC prefers to make both an equity investment and a loan, but when appropriate IFC will provide just a loan or just equity.

Loans

While IFC normally offers either fixed-rate loans denominated in U.S. dollars or other major currencies, or variable rate loans in U.S. dollars, other arrangements can be made according to the needs of a project. IFC does not provide subsidized finance; interest rates and fees are determined on a commercial basis.

The terms and grace periods of IFC's loans are designed to accommodate the cash flow needs of each venture. Their overall term usually runs from seven to twelve years. IFC has the flexi-

bility to structure loan repayments to match the needs of projects involving relatively long construction periods and slow build-up of capacity utilization.

Mobilizing Other Funds

IFC has developed a special participation mechanism to facilitate the syndication of its project loans among commercial banks. IFC signs a single loan agreement with the borrower, but the loan has two portions--one for account of IFC and the other funded by participant banks. The terms of the two portions may differ as regards periods, currencies and interest rates. Each syndicate member has a separate participation agreement with IFC, which acts as lender of record and administrator of the whole loan throughout its life.

This mechanism enables IFC in practice to pass on to participant banks the same benefits and advantages that it derives from its status as a multilateral institution. Commercial bank funds mobilized in this way by IFC now exceed $500 million a year.

Other types of financial mobilization by IFC include underwritings, partial guarantees and backstop arrangements for both public offerings and private placements of securities issued by companies in developing countries.

Advice and Technical Assistance

Based on its long experience of development through the private sector, IFC provides governments and companies with an unusual range of advisory services.

IFC has its own in-house technical, legal, and financial staff, who come from some 80 countries. IFC can also draw on the World Bank's wide experience, as well as on its own working relationships with financial institutions and development agencies.

IFC ACTIVITY IN POLAND

Economic reforms favoring the private sector were already under way when Poland joined IFC in December 1987. Much more was needed to transform the Polish economy into a true market-based system. The Polish Government asked IFC to help attract Western investors to larger industries, to support cooperatives, and to advise on financial sector development.

Projects

Less than a year after Poland became a member, IFC approved the first World Bank Group investment in Poland: a DM29 million loan to Hortex, an agricultural cooperative owned by 300,000 private farmers. IFC financed an expansion and modernization program, and is currently helping Hortex develop a new strategy for future growth.

IFC's second Polish project was a DM50 million credit/quasi-equity facility to the Export Development Bank for onlending to small private exporting companies. The facility is the first of its kind in Poland. IFC is also helping the bank improve its internal systems and procedures.

In May 1990, IFC's Board approved its third investment, a US$9 million loan to reconstruct and renovate Warsaw's Bristol Hotel. The US$35 million project is a partnership between Trusthouse Forte (THF) and Orbis, the state-owned Polish tourist agency. IFC played the lead role in structuring the financial plan and acted as a general advisor to the Polish authorities and THF during negotiations.

Other Polish joint ventures currently being considered by IFC include a new commercial bank and several large industrial projects with foreign partners.

Privatization

IFC is assisting the Polish Government on various aspects of privatization. IFC advised the Government on appropriate legal and institutional frameworks, the process for selecting candidates for privatization, and the choice of privatization techniques. IFC is now involved in advisory work on specific privatization possibilities.

IFC also negotiated a substantial European Community grant to fund the agency responsible for managing the privatization process.

Other Assistance

The National Bank of Poland requested IFC technical assistance to set up a framework for foreign banks' entrance to the country.

IFC is also providing assistance to the Government on the development of capital markets.

IFC frequently provides technical assistance in the course of appraising and monitoring the individual projects in which it invests. This may involve advice on accounting, financial management, equipment selection, marketing, administration, and other aspects.

Through its Corporate Finance Service Department IFC also provides advice, on a fee basis, independently of project financing. The main areas covered are corporate restructuring, privatizations, debt reduction strategies, and business plan evaluation.

Specifically on privatizations, IFC has provided general advice to the governments of its Eastern European member countries. It also helps private companies in evaluating investment opportunities arising from privatization programs worldwide.

Foreign Investment Advisory Service (FIAS)

Through FIAS, operated jointly with its fellow World Bank affiliate MIGA, IFC also assists governments of Eastern Europe in creating the framework of policies and institutions necessary to attract and regulate foreign direct investment (FDI). FIAS has studied and made recommendations on a number of issues:

Poland

- Changing the foreign investment law to reduce government involvement in business decisions, improve access of FDI to foreign exchange, revise procedures for resolution of disputes, and expand legal coverage to regulate the treatment of FDI in privatizations.
- Revising tax regulations to provide more effective incentives.
- Restructuring and strengthening the Foreign Investment Agency, and improving its ability to promote Poland as a site for FDI.

Hungary

- Restructuring and re-targeting tax incentives.
- Identifying which public enterprises should be allowed to proceed on their own with "spontaneous" privatization, and which should be more closely controlled; improving the regulations governing spontaneous privatization; and assuring a competitive and open process for involving foreign investors in the privatization of the most important enterprises.
- Overhauling the screening process for FDI.

IFC ACTIVITY IN HUNGARY

In 1985, Hungary became the first COMECON country to join IFC. Hungary sought IFC's assistance in setting up joint ventures and developing the country's financial sector.

Projects

IFC has to date helped structure and finance seven ventures, all currently operational or under construction.

IFC's financial commitment to these projects--involving manufacturing, capital markets, and financial institutions-- totals about US$70 million, including US$22 million in equity. IFC has been an active partner, finding foreign investors (from Germany, Austria, Japan, Italy and Sweden), structuring the finance, drafting and negotiating documentation, and participating in discussions between foreign and domestic investors and lenders and the Government.

Privatization

IFC also gave informal advice to the Hungarian Government on drafting privatization legislation. The legislation, which was enacted in March 1990, established a National Property Agency to be responsible for privatizations.

Financial Sector

IFC has been helping to develop Hungary's financial sector through its involvements in Unicbank and the First Hungary Fund. It has also provided advice and technical assistance to the Government on setting up a stock exchange and related institutions.

CZECHOSLOVAKIA AND BULGARIA

Both countries will soon be members of IFC, and temporary resident missions have been established in Prague and Sofia to begin conversations with a wide variety of domestic enterprises and government officials as to the assistance IFC can provide. In both countries IFC is developing a pipeline of projects for joint venture possibilities, as well as setting the stage for advice and investment in the financial sector. Privatization activity will also be a priority area for IFC in these new member countries.

IN SUMMARY

Why Work with IFC?

Companies seek to involve IFC in their investments in Eastern Europe for a number of reasons. Among these are IFC's:

- status as a multilateral organization owned in large part by the very countries in which IFC makes investments, and the political comfort foreign investors derive from the close contact IFC maintains with host governments;
- willingness to make equity investments in high-risk environments, and work with a project's sponsors through the project's life cycle;
- ability to offer long-term loans for projects with long gestation periods, including mobilization of resources from other financial partners;
- experience in structuring projects and financing companies in developing countries;
- ability to bring together and deploy the necessary human resources--including in-house technical, financial, economic, legal, and capital mobilization skills;
- honest broker role, as a neutral international partner, in facilitating joint ventures and assisting with lengthy business negotiations and complex legal arrangements;
- detailed knowledge of business conditions in Eastern Europe.

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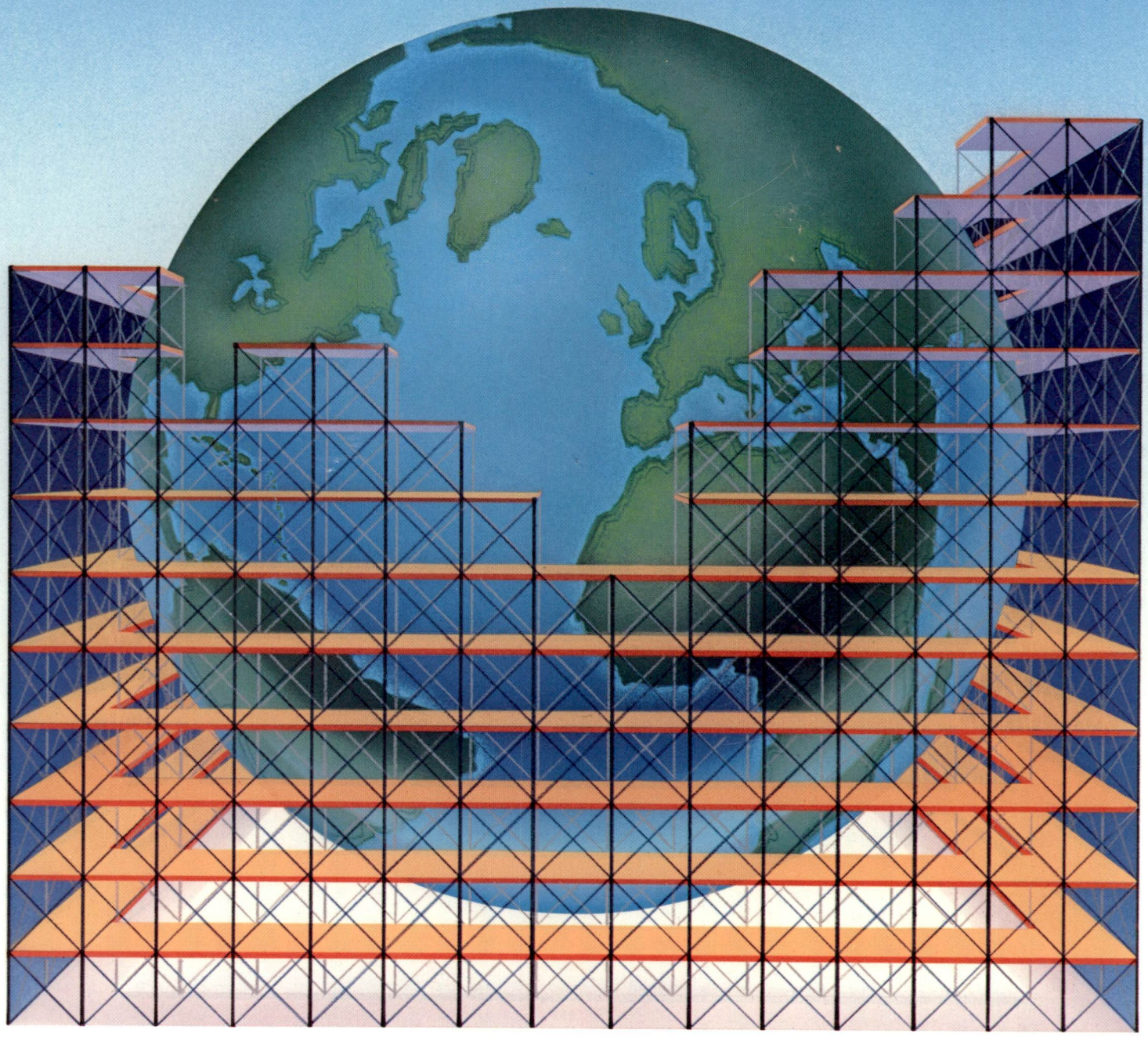
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IFC

International Finance Corporation



Annual Report 1990

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AIMS AND OBJECTIVES

The International Finance Corporation (IFC) is a multilateral development institution. An affiliate of the World Bank, IFC was established in 1956 to further economic growth in its developing member countries by promoting productive private investment. Its equity capital is provided by its 135 member countries—both developed and developing—which, through the Board of Directors, collectively determine its policies and activities.

IFC brings together the financing, technical assistance, and management needed to make good use of investment opportunities in the developing world. It provides long-term loans and risk capital, without government guarantees, to private enterprises that have difficulty raising funds from other sources on reasonable terms. The types of financial assistance provided by IFC are adapted to the specific requirements of its client companies. IFC mobilizes additional project finance from other investors and lenders. In all of its activities, IFC seeks to ensure fair conditions for private-sector investors and employs its status as a multilateral institution to facilitate the process by which local and foreign investors, lenders, borrowers, and relevant government agencies arrive at mutually satisfactory agreements.

IFC also encourages the flow of foreign and domestic private capital to developing countries through the establishment or expansion of capital markets and financial institutions. It offers technical assistance to member governments in support of their efforts to create an environment hospitable to private investment.

HIGHLIGHTS OF THE YEAR

	1990	1989
New investments approved*	122	92
Total investments (gross)	$ 2.2 billion	$ 1.7 billion
Net investments for IFC's account	$ 1.5 billion	$ 1.3 billion
Total project costs	$ 9.4 billion	$ 9.7 billion
Net commitments for IFC's account	$ 1.0 billion	$ 1.2 billion
Net disbursements for IFC's account	$ 1.0 billion	$ 870 million
Net income	$ 157 million	$ 196.5 million
Paid-in capital	$ 1.1 billion	$ 948 million
Accumulated earnings	$ 792 million	$ 635 million
Borrowings for the year	$ 799 million	$ 845 million
Total disbursed loan and equity portfolio for IFC's account	$ 3.6 billion	$ 2.8 billion

* Totals include 12 Africa Enterprise Fund projects in FY90 and two Africa Enterprise Fund projects in FY89.

page

11 Investment approvals reached a record level.

15 IFC's net income was the second highest in its history.

4 IFC prepared for a major new program of activity in Eastern Europe.

37 IFC syndicated a record volume of loan participations with commercial banks.

6 A formal environmental review of projects was established.

17 IFC made its largest borrowing to date, a $300 million Eurobond issue.

38 IFC launched a new instrument, the Multi-Country Loan Facility, for financing small and medium-size enterprises.

Acronyms

AEF	Africa Enterprise Fund
ADB	African Development Bank
AMSCo	African Management Services Company
APDF	Africa Project Development Facility
ASEAN	Association of Southeast Asian Nations
CPDF	Caribbean Project Development Facility
DEG	German Finance Company for Investments in Developing Countries
EC	The European Community
EMDB	Emerging Markets Data Base
FIAS	Foreign Investment Advisory Service
GATT	General Agreement on Tariffs and Trade
IDB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
MIGA	Multilateral Investment Guarantee Agency
OECD	Organisation for Economic Co-operation and Development
SPPF	South Pacific Project Facility
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

Abbreviations

BOT	build-operate-transfer
FY	fiscal year
GDP	gross domestic product
GNP	gross national product
LIBOR	London interbank offered rate

Notes and Definitions

1. IFC's fiscal year runs from July 1 to June 30. Thus, fiscal year 1990 (FY90) began on July 1, 1989 and ended on June 30, 1990.

2. The World Bank includes both IBRD and IDA. The World Bank Group includes the World Bank, IFC, and MIGA. In this report, IFC is sometimes referred to as the Corporation.

3. Investment amounts are generally given in U.S. dollars, regardless of the original currency or currencies of the investment, based on the exchange rate in effect on June 30, 1990.

4. Figures cited in connection with investments may refer to the following:

(a) *Approvals*	Loans, equity and quasi-equity investments, guarantees, standby facilities, and underwritings approved during FY90.
(b) *Commitments*	Loans, equity and quasi-equity investments, and underwritings for which agreements were signed by IFC and project sponsors during FY90.
(c) *Disbursements*	Loans, equity and quasi-equity investments, and underwritings actually disbursed during FY90.

5. Figures cited in this Report may refer to either net or gross investments:

(a) *Net investment*	Amount lent or invested for IFC's own account. Includes guarantees and standby facilities, but does not include funds provided by others or underwritings.
(b) *Gross investment*	Total investment, including IFC's loan, equity and quasi-equity participation, standby facilities, funds provided by other investors and lenders, guarantees, and underwritings.

6. In some tables, totals may differ from the sum of individual figures because of rounding.

TABLE OF CONTENTS

Letter to the Board of Governors 2

The Year in Review 3

Investment Climate 7

Report on Operations 11
- Investment Review 11
- The Portfolio 13

Financial Review 15

Regional Reports 19
- Africa 19
- Asia 22
- Europe and the Middle East 26
- Latin America and the Caribbean 29

Capital Markets 33

Corporate Finance Services 36

Other Operations 37
- Syndications 37
- Africa Project Development Facility 40
- African Management Services Company 41
- Caribbean Project Development Facility 41
- Energy Program 42
- Foreign Investment Advisory Service 44
- South Pacific Project Facility 45
- Technical Assistance and Technology Service 45

Personnel Management and Administration 47

Financial Statements 49

Appendices 59

Boxes

- An Environmental Case Study 6
- Africa Enterprise Fund 21
- Multi-Country Loan Facilities 38
- Examples of APDF Projects 40
- The Meleiha Exploration and Development Venture 43
- FIAS Activities in Eastern Europe 44
- Technical Assistance Projects 46

International Finance Corporation

Annual Report 1990

IFC

August 7, 1990

TO THE BOARD OF GOVERNORS,

The Board of Directors of the International Finance Corporation has had this Annual Report for the fiscal year ending June 30, 1990 prepared in accordance with the By-Laws of the Corporation. Mr. Barber B. Conable, President of the Corporation and Chairman of the Board of Directors, has submitted this Report, together with the accompanying audited financial statements, to the Board of Governors.

The Directors are pleased to report that in fiscal year 1990 IFC continued to expand its investment and advisory activities in its developing member countries while further strengthening its financial position.

The Board wishes to thank the staff of IFC for their contribution to another successful year for the Corporation.

Board of Directors

Directors	**Alternates**
Ibrahim A. Al-Assaf	Abdulaziz Al-Sehail
Fawzi Hamad Al-Sultan	Mohamed W. Hosny
Paul Arlman	Cvitan Dujmovic
Mourad Benachenhou	Salem Mohamed Omeish
J.S. Baijal	M. Mustafizur Rahman
Gerhard Boehmer	Bernd Esdar
Cesare Caranza	Fernando S. Carneiro
E. Patrick Coady	Mark T. Cox, IV
Jacques de Groote	Bahar Sahin
J.S.A. Funna	Jabez A. Langley
Jonas H. Haralz	Jorunn Maehlum
Jean-Pierre Landau	Stephane Pallez
Chang-Yuel Lim	Robert G. Carling
Andre Milongo	Jean-Pierre Le Bouder
Raymundo Morales	Felix Alberto Camarasa
David Peretz	Robert Graham-Harrison
Jorge Pinto	Silvia Charpentier
Frank Potter	Clarence Ellis
Masaki Shiratori	Yukio Yoshimura
Vibul Aunsnunta	Le Van Chau
Eduardo Wiesner	Pedro Sampaio Malan
Zhang Junyi	Jin Liqun

THE YEAR IN REVIEW

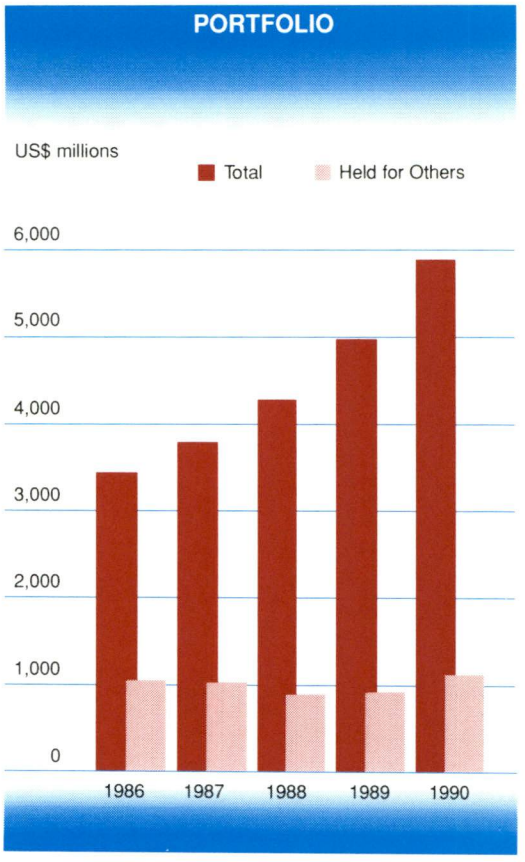
The year ending on June 30, 1990 was one of continued overall expansion of IFC's activities. The Corporation's impact on the development of many of its member countries was increased. In all three principal areas of activity—financing projects, mobilizing funds from other sources, and providing advisory services—record volumes were achieved. At the same time, a number of new initiatives were launched, and the Corporation's financial standing was further enhanced.

The Board of Directors approved new investments by the Corporation for its own account totaling $1.5 billion—16 percent more than in FY89—in 122 private sector projects in 38 countries. Disbursements for IFC's own account in FY90 totaled $1.0 billion, an increase of 15 percent, and the Corporation's disbursed and outstanding portfolio grew to $3.6 billion by the end of the fiscal year. The number of companies in which IFC held loan or equity investments increased from 468 to 495.

By its participation, IFC helps to mobilize funding from other sources for sound private sector projects, and this catalytic effect is an important aspect of IFC's developmental role. In FY90 the overall costs of the projects financed by IFC totaled nearly $9.4 billion, about the same as in FY89. Thus for every dollar invested by IFC, an average of $5.2 was supplied by other lenders and investors. This was below the mobilization rate achieved in FY89 but above the average for the five-year period 1985–89, which was $4.5. Funds raised directly by IFC for projects through syndicated bank loans, underwritings, and private placements were the highest ever, at $1.0 billion.

IFC also mobilizes funding in the international capital markets. In FY90 IFC was instrumental in structuring and launching 11 country funds (including one debt-equity conversion fund), as well as one international equity offering for a private Chilean company. These international securities offerings raised over $1 billion in equity capital for investment in companies in developing countries, with little or no investment of IFC's own money.

The volume and variety of advisory services to both public and private sector clients grew in FY90. These services, an increasingly important part of IFC's development work in recent years, were provided principally in the areas of privatization, corporate restructuring, and capital markets development. At year end, IFC was working on over 50 advisory assignments in 30 countries. Service fee income reached $17 million.



The Corporation's net income for FY90 was higher than expected at $157 million, although below the exceptional figure achieved the previous year. The portfolio remained healthy. Interest, dividend, and fee income were all at record levels, but, as expected, realized capital gains, although substantial at $91 million, were not as high as in FY89. Despite the sales that produced these gains, the value of unrealized capital gains on the Corporation's equity portfolio at the end of FY90 is estimated to be higher than at the end of FY89. The return on the Corporation's equity portfolio (net of reserves) in FY90 amounted to 25.9 percent.

With additional payments of capital and retained earnings during the year, IFC's net worth increased to $1.9 billion at June 30, 1990, compared with $1.6 billion at the end of FY89. The Corporation's financial ratios remained strong. Total borrowings over the year were $799 million, slightly lower than in FY89, but in FY90 a higher proportion of borrowings (81 percent) were from the international markets. Borrowings from the World Bank were used mainly to fund fixed-rate assets.

In May 1990 IFC tapped the Eurobond market for its largest single borrowing to date, a $300 million five-



IFC has made two investments in Scott Paper Company of Costa Rica, S.A., the leading tissue paper manufacturer in Central America.

year issue led by Deutsche Bank Capital Markets Ltd. The success of this issue furthered the Corporation's objective of becoming a regular, high-quality borrower in the public bond markets, supported by the triple-A ratings achieved for its long-term debt issues in June 1989.

During the year the Board of Governors approved additional allocations of 37,570 shares to France, India, Italy, Japan, and the Republic of Korea. As a result, Japan will become the second largest shareholder in IFC after the United States, with the Federal Republic of Germany in third place, France and the United Kingdom in equal fourth place, and Canada, India, and Italy in equal sixth place.

Two countries became new members of IFC during FY90. Angola joined in September 1989 and Cape Verde in May 1990, bringing the Corporation's total membership to 135 countries. Czechoslovakia, Namibia, Romania, and Switzerland applied for membership.

The general expansion of IFC's activities partly reflects a world trend towards market-based policies and encouragement of the private sector. A number of developing countries now undertaking adjustment programs are looking to the private sector and private investment to provide the main impetus of economic growth, and some are engaged in privatization programs.

During FY90 Eastern Europe emerged as an important area requiring increasing emphasis in IFC activities in support of the reforms being undertaken there. IFC is well equipped to give advice on the practical problems of transition to market-based economic systems. In Hungary and Poland, IFC is now providing advice on a variety of subjects to government agencies involved in the process of economic and financial reform, and is engaged in a program of investments, mainly joint ventures, in these countries.

Within IFC, a new Department of Investments, Europe, has been created to concentrate on Eastern and

Southern Europe. The Corporation also looks forward to collaborating with the new European Bank for Reconstruction and Development in assisting private sector development in Eastern Europe.

A new department was also created to focus greater attention on the Middle East and North Africa, an area where IFC's investment activity has not grown strongly in recent years.

Net investment approvals in Africa rose 50 percent in FY90 to a record level. Sizeable investments in natural resource-based projects were approved, particularly in countries where the investment climate has benefited from private sector-oriented economic reforms. The Corporation continued its efforts to assist small and medium-size businesses in sub-Saharan Africa. Twelve investments in such businesses were made through the Africa Enterprise Fund (AEF). With staff in place, this program is expected to expand considerably. Demand for the services of the Africa Project Development Facility (APDF) continued strong; during the year the Board approved an IFC contribution to a renewal and expansion of APDF.

Net investment approvals in Asia were up 81%, buoyed by a continued positive environment for private investment. IFC's FY90 program included major industrial investments in East Asia, and investments in the power sector in South Asia. Following on the success of the Africa and Caribbean Project Development Facilities, IFC is establishing a similar facility for the South Pacific.

The share of new investments going to Latin America and the Caribbean, which had been over 50 percent for some years, was lower in FY90, but the Corporation's role in this region remains very significant. Investments were approved in a number of large projects in Brazil, Chile, Mexico, and Venezuela, and the Corporation was able to mobilize finance for some of them from international sources, partly through the sale of participations in IFC's loans, thus bringing commercial banks back into the business of financing development in Latin America. IFC also provided advisory and financial services, including the Corporation's first currency swap intermediations, which were transacted for two Latin American banks.

THE PAST TEN YEARS

(US$ millions)

Fiscal Years	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
OPERATIONS										
Investments Held										
Number of firms	314	333	341	349	366	377	409	454	468	**495**
Loans	1,374	1,551	1,588	1,644	1,748	2,001	2,347	2,848	3,472	**4,068**
Equity	273	284	294	346	368	386	409	526	573	**684**
Total	1,647	1,835	1,882	1,990	2,116	2,387	2,756	3,374	4,045	**4,752**
Disbursements										
IFC's own account	292	246	228	238	266	325	328	762	870	**1,001**
Participants	295	284	146	143	84	140	166	110	207	**125**
Total	587	530	374	381	350	465	493	872	1,077	**1,126**
Commitments										
IFC's own account	347	300	218	355	354	513	742	1,098	1,207	**1,027**
Participants	390	80	115	415	127	168	255	63	314	**337**
Total	737	380	333	770	481	681	997	1,161	1,521	**1,574**
Approvals										
Number of projects	56	65	58	62	75	85	92	95	92[1]	**122**[2]
Gross investments	811	612	845	696	937	1,156	920	1,270	1,710	**2,201**
Total project costs	3,340	2,936	2,894	2,473	2,768	3,588	4,343	5,010	9,698	**9,377**
RESOURCES AND INCOME										
Capitalization										
Borrowings	509	531	536	583	825	1,223	1,581	2,047	2,255	**3,580**
Paid-in capital	392	497	544	544	546	602	722	850	948	**1,072**
Accumulated earnings	159	181	204	230	258	284	338	438	635	**792**
Earnings										
Net income	19.5	21.6	23.0	26.3	28.3	25.4	53.8	100.6	196.5	**157.0**

1. Includes two Africa Enterprise Fund projects.
2. Includes 12 Africa Enterprise Fund projects.

IFC stepped up its efforts to assist small and medium-size companies during FY90. The Corporation approved 10 credit lines to financial intermediaries for onlending to projects too small for direct IFC assistance, one equity line, and two loan agency lines where the intermediaries will identify, appraise, and invest in small and medium-size enterprises alongside IFC. These projects represent 14 percent of gross approval volume. A new instrument for mobilizing foreign-exchange lending from commercial banks, the Multi-Country Loan Facility (MLF), was also launched. Three MLFs were approved in FY90. Under these MLFs, IFC and commercial banks will provide matching amounts of finance to small and medium-size projects in a number of developing countries.

The evolution of IFC's advisory role was reflected in the conversion of the Corporate Finance Services Group, established last year, into a full department of the Corporation in January 1990, in response to rapidly growing demand for advisory services related to privatizations and corporate restructurings. The Capital Markets Department expanded its activities vigorously, with the number of projects worldwide rising from 20 to 33. The International Securities Group, set up within the Capital Markets Department to help borrowers in developing countries tap the international securities markets, became fully staffed and operational, and now has a good pipeline of projects.

Increased attention was given to the protection of the environment during FY90. IFC's environmental review procedures were formalized. To qualify for IFC finance, projects must comply with the host countries' environmental requirements and the World Bank's guidelines. IFC's environmental adviser reviewed approximately 100 project proposals during FY90. After projects are implemented, IFC will supervise them to ensure continuing compliance. The Corporation is also undertaking a study of the possibility of promoting and financing private sector production of environmental goods and services in developing countries.

During FY90 IFC opened a new regional mission in Pakistan (Islamabad). New missions in Brazil (Sao Paulo), Cameroon (Douala), and Zimbabwe (Harare) were opened early in FY91.

Demand for IFC's finance and services continues strong and seems likely to increase during the 1990s as more countries look to the private sector to lead the expansion of their economies. The pace at which IFC investments can expand is, however, governed in part by its capital. At the close of the fiscal year, discussions were under way among IFC's shareholders about a possible capital increase.

An Environmental Case Study

During the year, IFC completed its environmental review of a project approved in FY89 to reopen a gold mine, closed since 1955, at the Bogosu concession in Ghana. Gold ore will be mined by open pit, at a rate of 900,000 tons annually, and treated on-site.

IFC's review was based on visits to the project site by its own staff and an environmental assessment prepared by the sponsor, Canadian Bogosu Resources Limited (CBRL), in accordance with Ghanaian law. A number of environmental and social issues arose in connection with this project:

- recovery of arsenic trioxide from the gases emitted during the roasting of the ore;
- sulfur dioxide emissions from the roaster;
- handling and treatment of tailings;
- reclamation of mine pits and tailings disposal areas;
- impact on local water resources;
- resettlement of approximately 200 families; and
- worker health and safety procedures.

Given the special sensitivities of the project, IFC's staff worked closely with the sponsor, CBRL, and CBRL's consultants during the preparation of the environmental assessment. IFC reviewed draft studies and assessment documentation covering all the issues identified. As a result of IFC's review and dialogue with the sponsor, the final assessment contained a detailed environmental management plan for monitoring and mitigating measures. CBRL will monitor liquid effluents, stack emissions, and ambient air quality and has also agreed to install additional pollution-control equipment if results are not in line with World Bank guidelines. In addition, the monitoring plan covers land-use changes, vegetation, and surface and groundwater quality. Annual monitoring reports will be provided to IFC to ensure continuing compliance with World Bank guidelines.

CBRL assigned an environmental officer to the project full-time. One of his first tasks has been to develop a worker health and safety plan, which will be reviewed by IFC. CBRL is also currently preparing detailed plans for the safe handling, storage, and marketing of the recovered arsenic trioxide.

INVESTMENT CLIMATE

Business Environment

In 1989 the industrialized countries enjoyed their seventh consecutive year of expansion. They grew by 3.4 percent, down from 4.5 percent in 1988. In contrast to earlier years, the growth paths of these countries have begun to diverge. Growth of the U.S. economy slowed from 4.4 percent in 1988 to 3.0 percent in 1989, while growth accelerated in France and the Federal Republic of Germany. Japan's economy also began to grow very rapidly after mid-year.

Expansion continued to be fueled largely by investment. Business investment accelerated in France, Germany, and Italy, and remained at high levels in Japan; however, it slowed in the United States, where profit margins were squeezed by rising costs. The overall strength of investment in the industrialized countries is one of the main causes of continued growth in the volume of world trade, which estimates put at 6.8 percent in 1989 (after 9 percent growth in 1988). However, the slowdown in the U.S. economy led to a drop in exports of manufactured goods from developing countries to the U.S. market and promises keener competition for these exports in the near future.

The prices of many commodities began to weaken during 1989, reflecting slower economic growth and increased supply. Prices for tin, nickel, and aluminum fell particularly sharply. So did prices of some key industrial products such as methanol, propylene, and ethylene. Coffee and cocoa prices continued to slide. On the other hand, producers of grain and sugar did well, and steel and cement prices held firm. Petroleum prices were up from 1988 levels.

Capital inflows to developing countries were lower than financial outflows, resulting in another year of net negative resource transfer. Real interest rates began to rise towards the end of 1989 and continued at this higher level until mid-1990. These higher rates increased the burden of debt service on debtor countries.

The growth rate in 1989 for the developing countries as a group was the lowest since 1983—3.5 percent, down from 5.5 percent in 1988. Most of the slowdown occurred in Asia, principally in China, India, and the Republic of Korea, where the growth rate fell but remained high by international standards. The ASEAN countries continued to show robust growth. In Latin America, growth remained steady, but was very low at 1.5 percent, resulting in a decline in per capita GDP. Growth rates in Eastern Europe and the Middle East declined. Sub-Saharan Africa enjoyed some recovery of growth, up from 2.8 percent in 1988 to 3.2 percent in 1989, but the rate of growth barely kept pace with the increase in population.

Slower growth in the industrialized countries had some effect on the economic performance of the developing countries, but the main cause of slow growth in the latter is their continuing struggle against inflation. Stabilization efforts have curbed the growth of domestic demand in countries as diverse as China, India, and Turkey. In other countries—for example Argentina and Poland—accelerating inflation undermined growth during 1989.

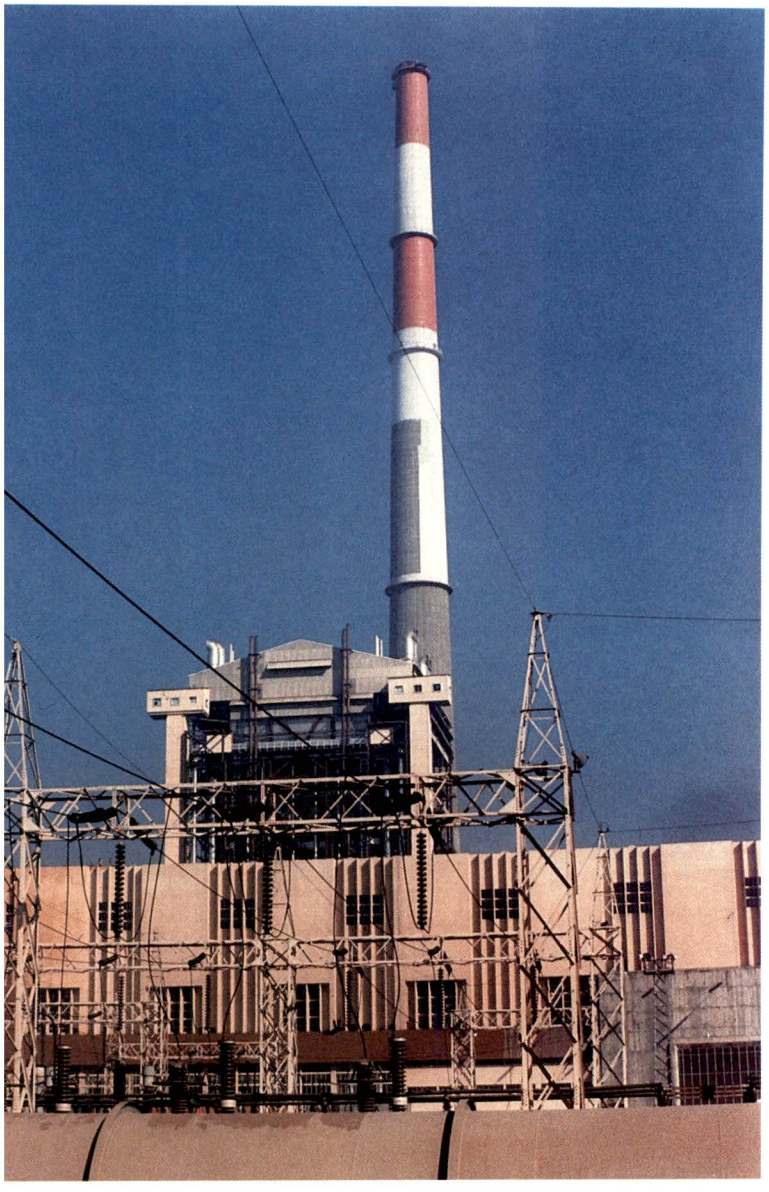
The near-term outlook for the developing countries is mixed. In Asia, growth prospects are particularly good in Indonesia, Malaysia, and Thailand; these countries have created very favorable environments for private business, reflected in unprecedented increases in foreign direct investment. Elsewhere in Asia, particularly in China and India, stabilization efforts and financing constraints will limit growth.

While modest improvement in growth is projected in sub-Saharan Africa as a whole, as structural adjustment efforts begin to bear fruit, low levels of private investment and scarcity of foreign exchange will continue to limit severely what can be achieved in the majority of countries.

In Latin America, Mexico's vigorous stabilization and adjustment efforts are beginning to be reflected in increased private investment. The Chilean economy grew by 10 percent last year, one of the world's top performances, and should continue to grow at satisfactory rates. Elsewhere in the region, the prospects are less encouraging; governments continue to grapple with inflation and the process of structural adjustment is only beginning.

The dramatic transformations in Eastern Europe may have an impact on developing countries in other regions. A number of companies in developing countries are concerned about losing market shares to firms in Czechoslovakia, Hungary, and Poland as foreign investment in Eastern Europe increases, and as the Eastern European countries restructure their economies, increase exports, and benefit from trade preferences they may secure from the EC. However, consumer demand in Eastern Europe is likely to lead to increased imports of manufactures as soon as foreign exchange availability permits. This growth in demand will benefit competitive suppliers from other developing regions.

In sum, growth in developing countries was weak last year and is not likely to improve very much, in part



In FY90 IFC approved a second loan to the Tata Electric Companies, which supply electricity to the city and suburbs of Bombay.

reflecting stabilization and structural adjustment efforts. Moreover, growth has begun to soften in the United States.

Implications for Businesses in Developing Countries

This slowdown has had important implications for the business climate in developing countries. The continued struggle with stabilization and the persistence of public sector deficits are hampering capital market development and making it hard for businesses to finance investment. All too often, term finance is not available, forcing companies to rely on short-term borrowings. Governments' demands for resources and the battle against inflation are leading to levels of real interest rates at which very few investment projects can be viable. In Argentina and Brazil, governments' actions to solve their domestic debt problems, however necessary to fight inflation, have further hampered the growth of capital markets. Stabilization policies that restrict the growth of domestic demand also limit the growth of local markets for businesses. In the case of non-tradeables or products that cannot be exported profitably, such policies have resulted in severe difficulties for many firms. Producers of tradeable goods have been able to shift their sales from the domestic to the international markets, but this is not always an easy transition.

The Importance of Trade for Businesses in Developing Countries

In the 1980s international trade became vitally important for businesses in developing countries. The world market for manufactured goods has been growing rapidly: during the 1980s exports of manufactured goods from the developing countries to the three major OECD markets, the EC, Japan, and the United States, increased from about $80 billion to nearly $250 billion. Although a small number of countries have a substantial share of this trade, a large number of other developing countries have recorded dramatic increases in their exports. Businesses in the Dominican Republic, Indonesia, Pakistan, and Turkey, among others, have successfully developed export markets in the industrialized countries. Indonesian firms, for example, have been increasing their exports to the industrialized countries by about 30 percent per year, and exports from industrial firms in Malaysia grew by about 15 percent per year during the 1980s. Hungary's manufactured exports to Japan have risen from virtually none in 1980 to well over $100 million, and Morocco's manufactured exports to the EC have increased at a very rapid rate.

The range of products has also become increasingly diversified. A small number of traditional products, particularly textiles, clothing, and footwear, remain extremely important and are still exported in large quantities, even from relatively advanced developing countries. Yet products virtually unknown among exports from the developing world just ten years ago—for

example, data-processing equipment and accessories; office machinery; sound recording and playback equipment; cars, vans, and motorcycles; and heating and cooling equipment—are becoming major trade items.

To a large extent, this increased trade flow reflects the increasingly competitive nature of the world economy. In the 1980s, businesses in the industrialized countries attempted to reduce production costs by introducing innovations such as just-in-time production methods and developing a great variety of out-sourcing arrangements with firms in developing countries. Companies in industrial countries have been rationalizing the location of their production facilities, often for export of foreign subsidiaries' output to the home country or to third countries. As a result, not only is trade in finished goods increasing, but trade in parts, components, and subassemblies is also growing dramatically, driven in part by foreign direct investment in developing countries. With rising domestic costs, firms from the newly industrialized countries in East Asia are also adding to the growth of trade through offshore locations.

Above all else, it was the rapid growth in U.S. demand for imported goods in the 1980s that allowed exports from developing countries to grow rapidly. Between 1980 and 1988, U.S. imports of manufactured goods from the developing world climbed from $35 billion to $122 billion, whereas EC imports went from $40 billion to $86 billion, and Japanese imports from $8 billion to $30 billion. Not only was the U.S. market large and expanding rapidly, it was also comparatively easy to penetrate, thanks to a relatively open trade regime, internal competitiveness, and the major role played by a small number of retailers who were anxious to reduce their costs by sourcing overseas. U.S. growth is slowing, however, dampening demand for exports of manufactured goods from the developing countries. U.S. imports of manufactures from developing countries grew by 7 percent in 1989, less than half of the average rate for the 1980s as a whole. Although they are expected to rebound in 1990 and 1991, the growth rate is projected at 9 percent, still well below the increases of the past decade.

The combination of slower growth in the United States and continued sluggish growth in the domestic markets of many developing countries is going to make world markets more competitive in the near future, despite the likelihood of increased imports into the Japanese and European markets. A successful conclusion to the Uruguay GATT round will bring the disciplines of international trade to hitherto protected areas of the world economy, further increasing competitive pressures.

The stiff wind of international competition is beginning to be felt widely throughout the developing world. An excellent example is the Latin American automobile industry, long the beneficiary of substantial protection. Mexico began liberalizing its trade regime several years ago, with a view to building an industry capable of exporting. It is now emerging as a key supplier of both automobiles and components to the U.S. market, and is also exporting engines to Japan. The country's producers are now meeting world quality and delivery standards. Brazil recently decided to liberalize its import regime, a change that will put pressure on both component and car manufacturers. Nor is this an isolated example; more and more developing countries and more and more industries are opening up to the world market. Producers find they can no longer rely on the domestic market to absorb goods of inferior quality; standards are set in the world market.

Assembly/processing operations in duty-free zones represent an increasingly important type of export industry that has attracted many international investors (including IFC). There are concerns as to whether these export-processing zones (EPZs) generate value-added for the domestic economy. However, they have demonstrated ability to create employment and export earnings.

The Outlook for Investment

Although economic conditions in the developing countries will remain difficult in the near future, the prospect of slow average growth need not imply weak demand for private investment during 1990–91.

First, the private sector is uniquely qualified to deal with certain changes in the world economy, in particular, the internationalization of production and trade, the rapid rise in trade in services, and the acceleration of technological change. The need to remain competitive in markets means investment will continue in three areas: for export, for modernization, and to meet ever higher quality standards. Competition among firms is increasingly over quality, reliability, and delivery, rather than simply over price. This means developing countries can no longer attract investment simply on the basis of cheap labor. Corporations in developing countries are beginning to pay more attention to ensuring market access for their exports through close links with partners in developed countries. These links are likely to be formal, such as joint ventures, in areas where technological know-how is important, or they may simply be close associations in industries such as

textiles where market access and the ability to respond quickly to changing consumer demands are more important. The textile industry provides an interesting example of these trends. Increasingly, the latest spinning and weaving machines can be found in developing countries because exporting firms need to produce to world-market standards. Hence good management and the availability of labor with the skills to use this machinery are of growing importance, and simple labor cost advantages are decreasing in importance. Foreign direct investment (FDI) is one way in which these links to the world market are cemented. In 1989, flows of FDI increased to many developing countries, particularly Chile, Indonesia, Thailand, and Turkey, and a large number of smaller countries. Mexico, Singapore, and Thailand were the top recipients of foreign direct investment in 1989. In some countries, FDI represents a large proportion of total private investment. In Malaysia, for example, FDI was 9 percent of total private investment in 1988, and in Thailand, 20 percent.

Second, most developing countries face severe fiscal problems and lack the financial resources needed to expand (and, in many cases, to keep up) the services provided by the public sector. These investments, particularly in infrastructure, are essential to maintain the competitiveness of the private sector. Greater recourse to private enterprise is often the only way to meet rising demand. There has also been disappointment in many developing countries with the performance of public enterprises in directly productive activities, as well as the realization that, in the right environment, private enterprises can be more efficient. As a result, the private sector is becoming increasingly involved in sectors as varied as commercial aviation, telecommunications, and power—formerly, in both developed and developing countries, the preserves of governments and state-owned enterprises.

Indeed, recent data on private investment trends show that the balance between private and public sectors has already begun to shift. In 27 developing countries for which private and public investment data are available through 1988, the share of private investment in GDP has increased, from 10.2 percent in 1986 to 11.8 percent in 1988, while the share of public investment dropped from 8.2 to 7.5 percent.

It is hard to overstate the size of the investment backlog in developing countries, particularly the highly indebted ones, especially in infrastructure. From electric power generation and distribution to water supply and telecommunications to health care and transportation, there is a growing role for the private sector. This may take the form of privatization of state-owned assets, or may be fresh involvement by the private sector as the regulatory environment changes. Investment projects in such areas are likely to be large, and the private sector will only be willing to undertake them if it has confidence in the stability of government policy. Such confidence is likely also to generate greater private sector investment in more traditional productive areas of the economy. This is what is beginning to happen in a number of countries, notably Chile, where there is growing private investment in power and telecommunications as well as in the industrial and export sectors.

This process is expected to accelerate: there can be no doubt that the past year has seen much greater emphasis on the role of the private sector in developing countries. As more and more countries place greater reliance on the private sector in the years to come, demand for substantial private sector investment will grow.

REPORT ON OPERATIONS

INVESTMENT REVIEW

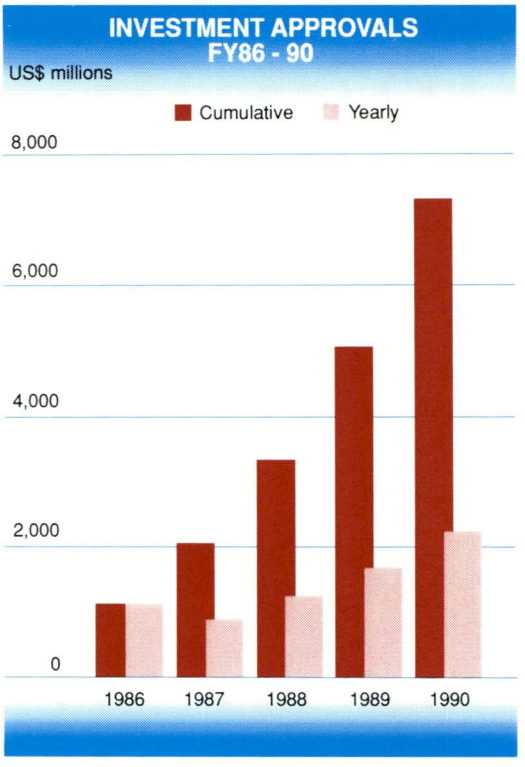
Project Approvals

During the fiscal year, 122 projects were approved, including Africa Enterprise Fund projects, compared with 92 in FY89. IFC approved investments of $1.5 billion for its own account, compared with $1.3 billion in FY89, and $622 million was approved for participants in IFC's loans, compared with $398 million in FY89.

One of IFC's primary functions is the mobilization of project finance from other sources. This function has become even more important during recent years, given the reluctance of commercial banks to increase their exposure in highly indebted developing countries. IFC estimates that the total capital costs of the projects it approved in FY90 will be nearly $9.4 billion. This means that for every dollar IFC lent, invested, or guaranteed for its own account, others invested about $5.2 in nonrecourse loans or equity participations. Although the mobilization rate was lower than in FY89 (when it was influenced by a few very large projects), it was higher than the average of $4.5 for the period 1985–89.

Of the total net investments approved in FY90, $1.2 billion was for loans, and $257 million was for equities and quasi-equity instruments. Corporate restructuring was involved in five of the loans, which came to $103 million. Quasi-equity instruments included subordinated loans, convertible debentures, preferred stock, income notes, and loans with conversion features. IFC also approved $13 million in guarantees and $26 million in standby arrangements.

In accordance with IFC's policies, its loans were made at market rates. Maturities, set to conform with the requirements of each project, were between five and 13 years, including grace periods ranging from two to five years. Interest rates ranged from 62 to 294 basis points over six-month LIBOR for variable-rate loans, or the swap-based equivalents for fixed-rate loans; IFC also charged standard front-end and commitment fees. IFC continued to offer loans denominated in all of the major international currencies at the client's choice. Most of the loans approved in FY90 were denominated in U.S. dollars and were available at either fixed or variable rates. Over 66 percent of the loans approved for IFC's account carried variable rates; 80 percent of total



loan volume was in U.S. dollars. The currency mix for loans approved in FY90 was as follows (in US$ million or equivalent):

		Percentage of Total
U.S. dollars	**$972**	**80.3**
Deutsche mark	**$101**	**8.4**
Japanese yen	**$94**	**7.8**
French francs	**$27**	**2.2**
Swiss francs	**$16**	**1.3**

IFC provided its clients with a broad range of other financial services during FY90, including underwritings in domestic and international markets ($73 million), swaps, and debt conversions. It also placed with private institutional investors $328 million in securities in five IFC-sponsored funds.

Where IFC Invested

IFC strives for geographical diversity in its investments. Projects approved in FY90 were located in 38 countries; one was regional and three global in scope.

Of the 92 projects approved in FY89, 90 were located in 38 countries; one was regional, and one was worldwide in scope.

Of total approvals, 37, accounting for $328 million, were located in low-income countries with per capita incomes of $830 or less. These investments represented 30 percent of the number and 22 percent of the net volume approved.

The dollar value of net approvals increased in all regions except Latin America and the Caribbean. The largest increase, 81 percent over FY89, occurred in Asia. Next was Africa, which showed a 50 percent increase over FY89, followed by Europe and the Middle East with a 6 percent increase. The number of investments declined in Latin America, but increased in all other regions.

FY90 and FY89 Projects by Region

	FY90		*FY89*	
	No.	*Amount[1] (US$ millions)*	*No.*	*Amount[1] (US$ millions)*
Africa[2]	34	$362	21	$283
(of which sub-Sahara)	(32)	(265)	(20)	(275)
Asia	35	697	25	321
Europe & Middle East	21	244	15	259
Latin America & Caribbean	29	735	30	842
Worldwide	3[3]	163	1[4]	5
Total	122	$2,201	92	$1,710

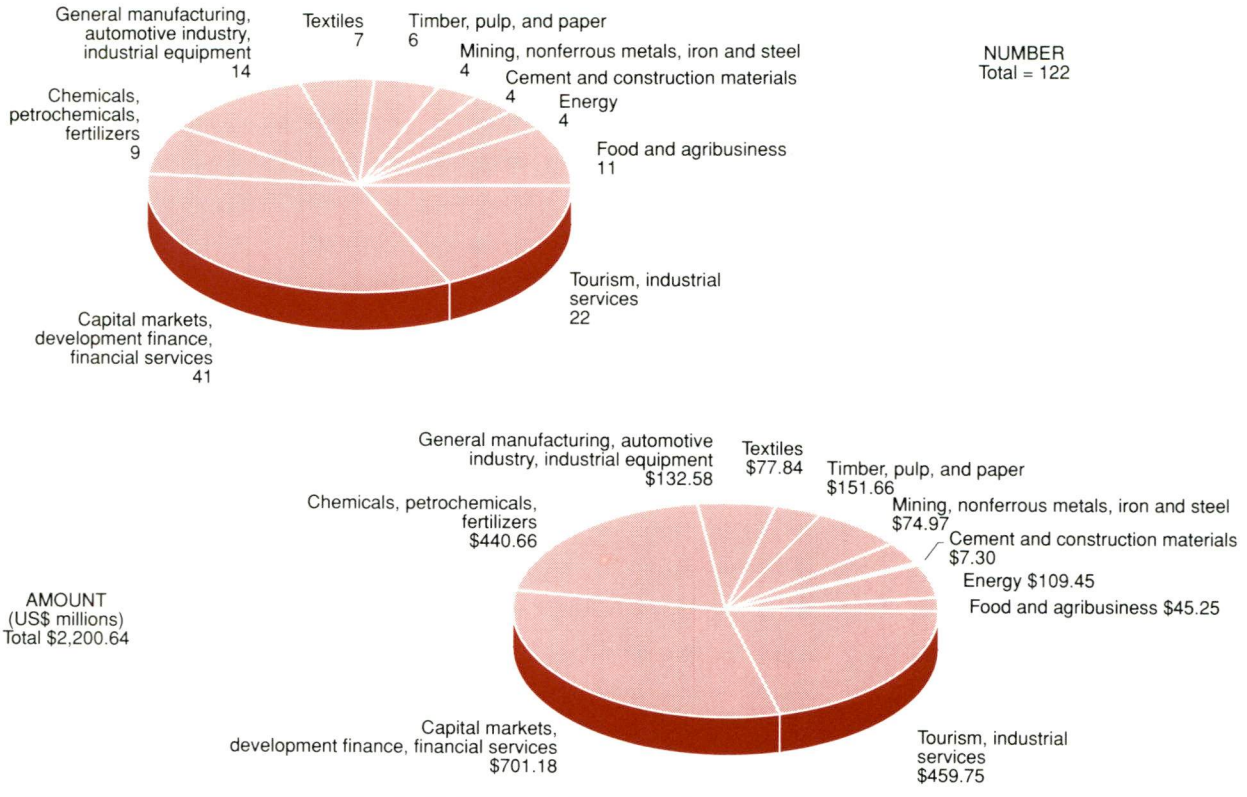
1. Dollar amount refers to total investment approved for IFC's account and for account of other participants.
2. Totals include Africa Enterprise Fund projects.
3. Multi-Country Loan Facilities.
4. Emerging Markets Investment Fund.

Sectoral Breakdown of Project Approvals

IFC approved investments in a broad range of sectors during FY90. Projects in capital markets, development finance, and financial services represented 32 percent of approval volume. Thirteen of these projects involved loans and equity investments made through financial intermediaries and facilities. IFC has found that such investments enable it to reach many more small enterprises than it could serve as a direct investor and thus enhance its developmental impact. It approved a loan to the Export Development Bank in Poland—its second project in that country since Poland became a member—for onlending to small, export-oriented companies. It approved other credit and equity lines and loan agency lines in India, Indonesia, Mexico, and Zimbabwe. In addition, IFC developed a new instrument, the Multi-Country Loan Facility (MLF), to mobilize foreign exchange lending from international commercial banks for small and medium-size projects in developing countries. IFC approved three MLFs in FY90. IFC also helped to launch 11 country funds, approved investments in several leasing companies and merchant banks, and arranged currency swaps for banks in Bolivia and Mexico.

Projects in petrochemicals and fertilizers represented 20 percent of investment volume. Agribusiness and food processing, cement, energy, pulp and paper, and textiles together accounted for 18 percent of project approvals. Sizeable investments were approved for projects involving oil development and on-and off-shore petroleum exploration; an oil exploration venture in Guinea-Bissau was IFC's first project ever in that country. Projects in tourism—including the Corporation's first investment in Belize—and industrial services, such as power generation and distribution, accounted for 21 percent of approval volume. The Corporation also made a loan of $6 million to help

FY90 APPROVALS BY SECTOR



finance the expansion of a free trade zone in the Dominican Republic that will lease factory space to foreign companies.

Mining and metals attracted 3 percent of IFC's investments, with two gold-mining projects in Ghana. General manufacturing projects, including automobiles and automotive parts and glass products, represented 6 percent of investment volume.

THE PORTFOLIO

Commitments

At the close of the fiscal year, IFC held in its committed portfolio $4,752 million of loan and equity investments in 495 companies. Of this total, 484 companies are located in 79 countries; six are regional (two in Africa, three in Asia, and one in Latin America), and five are worldwide in scope. The total value of IFC's committed portfolio can be broken down as follows:

	(US$ millions)
Loans	**4,068**
Equity	**684**
Total IFC portfolio	**4,752**
Total disbursed	**3,589**
Total undisbursed	**1,163**

The total committed portfolio increased 17 percent over FY89. The $707 million increase consists of $596 million in committed loans and $111 million in committed equities. At the close of FY89, the portfolio held investments in 464 companies in 79 countries and in six companies that were regional or worldwide in scope, for a total commitment of $4.1 billion.

During FY90 IFC invested in 67 new companies, and through repayments, sales, and write-offs closed out 46 investments. New commitments for IFC's own account totaled $1.0 billion, compared with

$1.2 billion in FY89. About 34 percent of IFC's new commitments were in Latin America, 25 percent were in Asia, 18 percent were in Africa, and 16 percent were in Europe and the Middle East. The remaining 7 percent were worldwide in scope. The sectors with the biggest share of new commitments were capital markets, development finance, and financial services (34 percent); tourism and industrial services (15 percent); manufacturing, the automotive industry, and industrial equipment (14 percent); and timber, pulp, and paper (13 percent).

In addition to its own investments, IFC administers investments for participants. In FY90 IFC committed $337 million for the account of participants, compared with $314 million in FY89.

Disbursements

IFC's disbursements increased 15 percent, from $870 million in FY89 to $1.0 billion in FY90, of which $839.6 million was for loans and $161.8 million for equity investments. The disbursed loan portfolio grew by 30 percent to $3 billion, while the disbursed equity portfolio increased by 21 percent to $570 million. IFC also disbursed $125 million for participants in its loans, compared with $207 million in FY89.

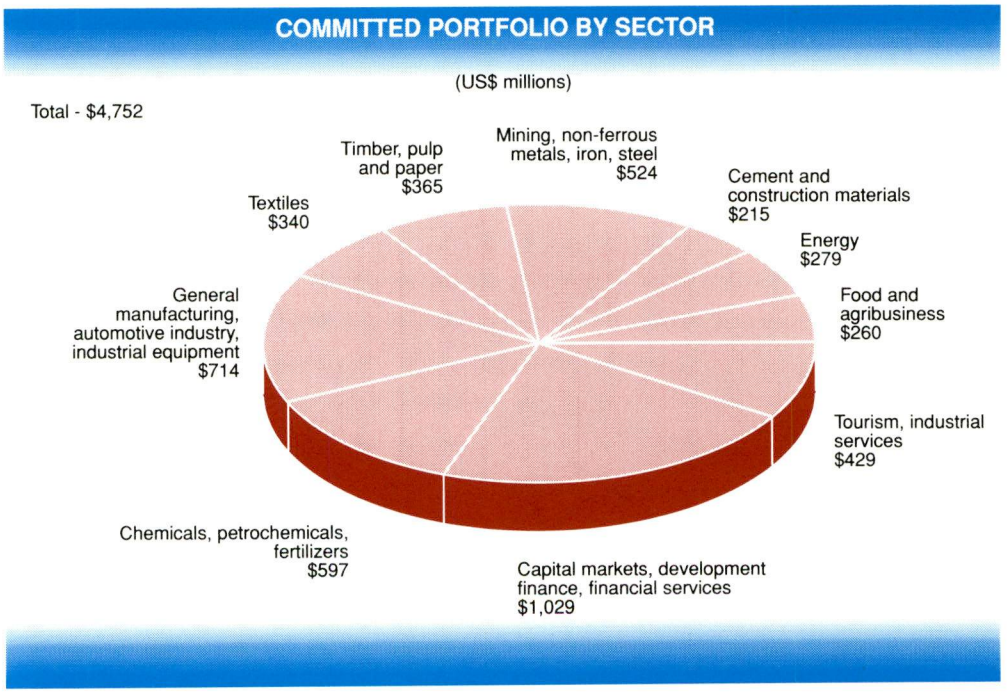
Portfolio Income

Total income from IFC's portfolio rose slightly, from $394 million in FY89 to $419 million in FY90. Loan portfolio income rose 22 percent, from $244 million in FY89 to $297 million in FY90. Both interest and financial fee income were higher than in FY89, reflecting an increase in the size of the disbursed loan portfolio and significant recoveries from non-performing loans. Loans that acquired non-performing status were offset by loans that became performing.

Equity income decreased from the exceptional levels of $149 million in FY89, to $121 million in FY90, but FY90 levels were still the second highest in IFC's history. Despite the high rate of capital gains realized by the Corporation during FY90 ($91 million), unrealized capital gains in IFC's committed equity portfolio at the close of the fiscal year are estimated to be higher than a year ago.

Portfolio Management

The performance of IFC's portfolio has been favorably influenced by the current strength of the world economy. Nonetheless, IFC has continued to improve the management and supervision of its portfolio. A computerized data base and information system covering the equity and loan portfolio is in place to facilitate monitoring of the investments. This system has strengthened IFC's ability to monitor equity holdings and to take advantage of appropriate selling opportunities when it has completed its developmental role in projects. In addition, the restructuring and workout of troubled investments have enhanced portfolio quality. IFC's Special Operations Unit, through its expert and intensive efforts, has effectively resolved, either by sale or restructuring, several previously non-performing assets.



FINANCIAL REVIEW

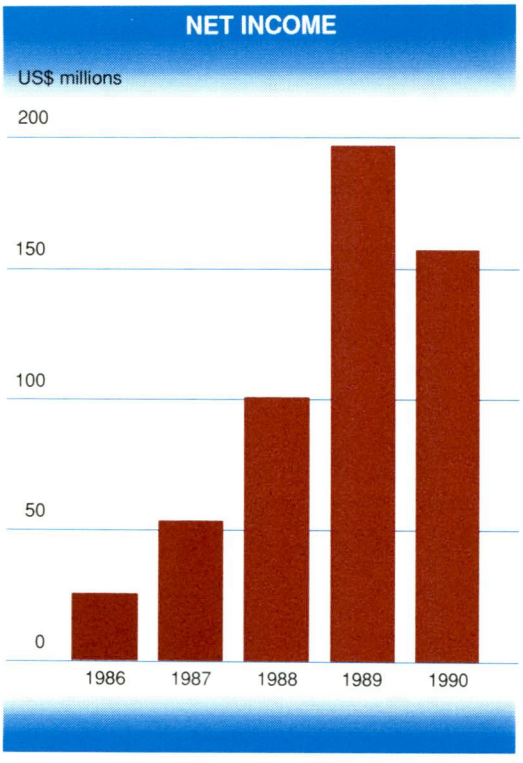
Highlights

IFC had another year of highly satisfactory financial performance. Income from loans showed steady growth, and recent improvements in the quality of the loan portfolio were sustained. Once again, dividends and capital gains from the sale of mature equity investments made an important contribution to IFC's financial results. However, the level of capital gains inevitably varies from year to year and, as expected, the record level realized in FY89 was not repeated. As a result, net income in FY90 was below that of FY89, but was nonetheless well ahead of the objective set by IFC's management at the commencement of the fiscal year and the second highest in IFC's history.

The Corporation continued to place emphasis on providing a range of fee-generating services to respond to the needs of its clients and to diversify its sources of income. More resources are being devoted to developing these services.

The volume of new investments continued to grow, although at a slower pace than in recent years. Investment approvals and disbursements were higher in FY90 than in FY89.

The Corporation received triple-A ratings for its debt securities from the two main U.S. rating agencies at the end of FY89 and now offers its securities in the public bond markets. In May 1990, IFC launched a $300 million Eurobond issue, the largest borrowing in its history.



Net Income

Net income for FY90 was $157 million. This was below the record level of $196.5 million achieved in FY89, when IFC realized an exceptional level of capital gains on mature equity investments. Nonetheless, the Corporation's income performance was strong and was well balanced among the loan and equity portfolios and IFC's advisory activities.

During the fiscal year, in accordance with its policies regarding equity investments, the Corporation revolved its equity portfolio in companies where its role had been completed, freeing up resources for new investments. Thirty-three mature equity investments were sold. The sales included 18 investments in poorly performing companies, reflecting concentrated efforts to revolve underemployed capital. Overall, capital gains realized from equity sales were $90.7 million, the second highest in the Corporation's history, surpassed only by capital gains of $118.6 million realized in FY89.

Dividends of $30.7 million received during FY90 were close to the record level of $30.8 million achieved in FY89. Dividends were received from 101 companies in 40 countries, compared with 107 companies in 38 countries last year.

Loan income, which remains easily the largest single contributor to IFC's income, was $297 million in FY90. Loan income was higher than in FY89, reflecting both the growth and the high quality of the disbursed loan portfolio. Improvements achieved in the collection rate of interest payments and in the nonperforming loan portfolio were sustained during the year.

Fees received from advisory services totaled $16.8 million in FY90. This compares with $25.3 million received in FY89, which included an exceptional $13.6 million fee recognized on a single advisory assignment. The Corporation is actively expanding its capacity to deliver advisory services in connection with privatizations, restructurings, and transactions in the international capital markets.

Income from the liquid asset portfolio was $142.2 million in FY90, compared with $101.5 million

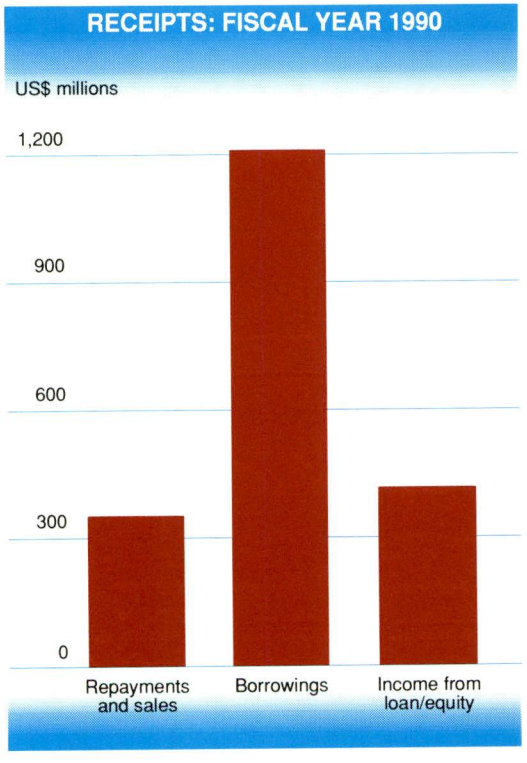
in FY89. The liquid asset portfolio includes the proceeds of borrowings pending disbursement on IFC's loans, as well as capital, accumulated earnings, and reserves. The increase in income from liquid assets reflects, in part, a higher average level of liquidity, and, more particularly, improved returns from invested liquid assets, which in FY90 were 8.81 percent, compared with 7.85 percent in FY89. These higher returns can, to some extent, also be attributed to a revised investment strategy implemented during FY90 whereby the component of the liquid portfolio deriving from variable-rate borrowings awaiting disbursement is invested with a view to minimizing carrying costs—a carrying gain of 51 basis points was achieved in FY90—while the remainder is invested through the strategic setting of average durations for each individual currency.

Gross income increased to $584.9 million in FY90, up from $518.5 million last year. Administrative expenses increased to $105.9 million, from $76.8 million in FY89, including a one-time charge of $7.6 million to comply with a new accounting policy for non-pension retirement benefits.

The provision for losses in FY90 was $90.5 million, compared with $59.6 million in FY89. The increase to the Specific Loss Reserve (before write-offs), which covers identifiable losses on specific investments with a significant and relatively permanent decline in value, was $23.8 million. $70 million was added to the General Loss Reserve, which supplements the specific reserve and is maintained at a level approved by IFC's Board after taking into account the historical loss experience, the concentration of the portfolio, and other aspects of potential risk to that portion of the portfolio not covered by the Specific Loss Reserve. These are risks that, by their nature, cannot be readily determined from a review of individual portfolio investments. At the end of FY90, total loss reserves were $319.3 million, representing 8.9 percent of the total disbursed portfolio of $3.6 billion, compared with 9.2 percent at the end of FY89. The Specific Loss Reserve amounted to $159.3 million and the General Loss Reserve to $160 million.

Sources of Gross Income FY90 and FY89
(US$ millions)

	FY90	*FY89*
Interest and financial fees	297.1	244.4
Dividends and profit participations	30.7	30.8
Realized gains on equity sales	90.7	118.6
Service fees	16.8	25.3
From deposits and securities	142.2	101.5
Other (losses) income	7.4	(2.1)
	584.9	518.5

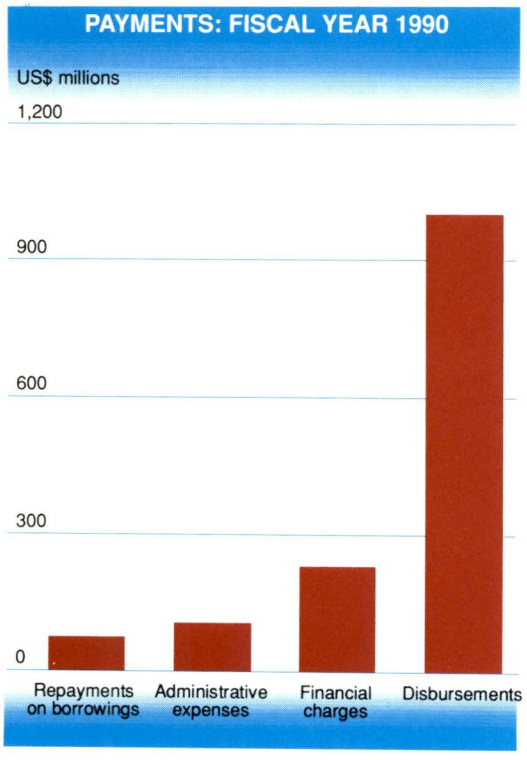


Capital and Accumulated Earnings

During FY90, IFC received $124.4 million in capital payments from member countries. Of this amount, $90.1 million represented payments under the December 1985 capital increase, $33.5 million represented payments for additional shares requested and purchased by France, India, Japan, and Korea, and $.8 million represented subscriptions from IFC's new members, Angola and Cape Verde.

At June 30, 1990, paid-in capital amounted to $1.1 billion, and retained earnings to $792 million. The Corporation's net worth was $1.9 billion, up from $1.6 billion at the end of FY89. In addition, $86 million has been subscribed but not paid. Final payment is due by August 1991.

The debt-to-equity ratio, which measures outstanding borrowings and guarantees against subscribed capital and accumulated earnings, was 1.88:1 at the end of the fiscal year, compared with 1.34:1 at the end of FY89.



Funding Management

IFC's total funding program for FY90 came to $799 million, compared with $845 million in FY89. IFC borrowed $650 million, 81 percent of its funding needs, in the international markets, up from $595 million in FY89. The remaining $149 million was borrowed from the World Bank, with which IFC has a Master Loan Agreement. IFC's borrowings from the Bank were used mostly to fund fixed-rate assets denominated in various currencies, including Deutsche Mark, Japanese yen, and French francs.

All of IFC's market borrowings were swapped into variable-rate U.S. dollars, the kind of financing most often sought by its clients. The sub-LIBOR cost achieved through these swaps contributed significantly to the lowering of IFC's overall funding costs. At the end of FY89, after receiving triple-A ratings for its debt securities from the two U.S. rating agencies, IFC began to offer its securities in the public bond markets. A key objective of IFC's borrowing program in FY90 was to establish IFC as one of the highly rated supranationals issuing in the public Euromarkets. IFC's most important public issue in FY90, and its largest borrowing to date, was a $300 million Eurobond issue. It was launched in May 1990 by an underwriting group lead-managed by Deutsche Bank Capital Markets Ltd. The co-lead managers were Credit Suisse First Boston Ltd., J.P. Morgan Securities Ltd., Morgan Stanley International Ltd., and Norinchukin International. Other market borrowings in FY90 included two issues for a total of Ptas 20 billion (the equivalent of $180.7 million), and two reverse dual currency Samurai issues in Japan for ¥25 billion (the equivalent of $169.8 million).

In the coming fiscal year, IFC intends to gain access to a wider range of public markets, limiting borrowings from the World Bank to not more than 20 percent of total funding. IFC will pursue a dual strategy with respect to borrowings, establishing liquid, well-traded issues in the public markets, and achieving low-cost funding in the arbitrage markets.

Underwriters of IFC Market Borrowings in FY90

Lead and Co-Lead Managers

Banco Español de Crédito, S.A.
Banco Exterior de España, S.A.
Bankers Trust Sociedad de Valores, S.A.
Citibank España, S.A.
Credit Suisse First Boston Ltd.
Daiwa Securities Co. Ltd.
Deutsche Bank Capital Markets Ltd.
J.P. Morgan Securities Ltd.
Morgan Stanley International
The Nikko Securities Co. Ltd.
The Nomura Securities Co. Ltd.
Norinchukin International Ltd.
Tokyo Sociedad de Valores (España) S.A.
Yamaichi Securities Co. Ltd.

Co-Managers

B.N.P. España, S.A.
Banco Bilbao Vizcaya, S.A.
Banco Comercial Transatlántico
Banco de Crédito Industrial , S.A.
Banco Exterior de España
Banco Hispano Americano, S.A.
Banco Santander de Negocios
Bankers Trust Servicios Financieros, S.A.
Banque Bruxelles Lambert, España
Banque Nationale de Paris, España
Banque Paribas, España
Caisse Nationale de Crédit Agricole, España
Citibank España, S.A.
Commerzbank AG, España
Cosmo Securities Co. Ltd.
Crédit Commercial de France
Crédit Lyonnais
Credit Suisse First Boston Ltd.
CS First Boston (Japan) Ltd.
Dai-Ichi Securities Co. Ltd.
Dresdner Bank AG, España
Generale Bank-Banco Belga, España
Goldman Sachs International Ltd.
Goldman Sachs (Japan) Corp.
IBJ International Ltd.
J.P. Morgan Sociedad de Valores y Bolsa, S.A.
Kidder, Peabody International Ltd.
Kokusai Securities Co. Ltd.
Mapfre Indosuez, Sociedad de Valores, S.A.
Marusan Securities Co. Ltd.
Merrill Lynch Japan Inc.
Midland Bank, PLC
New Japan Securities Co. Ltd.
The Nippon Kangyo Kakumaru Securities Co. Ltd.
Nomura International
Okasan Securities Co. Ltd.
Paribas Capital Markets Group
Salomon Brothers Asia Ltd. (Tokyo)
Salomon Brothers International Ltd.
Sanyo Securities Co. Ltd.
Shearson Lehman Hutton International
Swiss Bank Corporation Investment Banking
Taiheiyo Securities Co. Ltd.
Tokyo Securities Co. Ltd.
Tokyo Sociedad de Valores (España) S.A.
Toyo Securities Co. Ltd.
UBS Phillips & Drew Securities Ltd.
Universal Securities Co. Ltd.
Wako Securities Co. Ltd.
S.G. Warburg Securities
S.G. Warburg Securities (Japan) Inc.
Yamatane Securities Co. Ltd.

REGIONAL REPORTS

AFRICA

Investment Overview

Economic conditions and prospects for private investment vary considerably throughout Africa. There was a general resumption of economic growth in sub-Saharan Africa in 1989, compared with 1987–88, following increases in some commodity prices and in export volumes. Improved weather conditions and the positive response of local producers to adjustment efforts also contributed to this recovery. However, a number of large economies are still performing poorly.

Although the investment climate in Africa remains difficult, it is improving significantly in countries that are liberalizing the domestic economy by reforming the regulatory frameworks for trade and private investment. Many countries are also seeking to achieve a better balance between their public and private sectors. In the early stages of adjustment, the business community must adapt to a more open and competitive environment, less government protection, and depressed demand; as a result, private investment may slow down. In the long term, however, adjustment programs increase the scope for private sector activity by creating a more favorable environment. The private sector's response to economic reforms has been strongly positive in Morocco and Tunisia, and is improving in countries such as Ghana, Madagascar, Nigeria, and Togo—the revival of private investment in Ghana's mining sector, for example, is a positive sign.

A $3 million loan to Africamer, S.A., a major fishing and fish processing company in Senegal, will help to finance the modernization and expansion of the company's land facilities.



On the other hand, there are major obstacles to private investment in some countries. These include negative factors like high inflation, restrictive government policies, arrears in foreign payments, and political instability.

Regional Initiatives

IFC has launched several initiatives over the past few years in response to concerns specific to the region. The Africa Project Development Facility (APDF), a UNDP project of which IFC is the executing agency, was created in 1986 to help African entrepreneurs prepare bankable projects; in FY90, its donors decided to extend its mandate through 1995 (see p. 40). The Africa Enterprise Fund (AEF) was founded in FY89 to finance small and medium-size projects in sub-Saharan Africa (see p. 21). A third initiative, the African Management Services Company (AMSCo), which provides management training and temporary managers to African enterprises, was established in FY90 (see p. 41).

Increased provision of IFC finance to small and medium-scale businesses through private-sector commercial intermediaries was a feature of FY90. This type of financing activity enables IFC to invest in specific sectors—for example, transport and export industries—and to utilize the knowledge and project appraisal capabilities of local private banking institutions. In a number of projects, IFC was able to act as a catalyst in mobilizing foreign commercial bank financing, in addition to the finance it provided.

IFC is also prepared to provide advisory services in Africa. In FY90 IFC began discussions with the Moroccan Government regarding IFC's possible involvement in the design and implementation of a privatization program.

Highlights of the Year's Activities

During fiscal year 1990, total financing of $362 million was approved for 34 projects in 13 countries in Africa, including Africa Enterprise Fund, capital markets, and energy projects. Of this amount, loans accounted for $339 million, and equity and quasi-equity investments for $18 million. There was also a guarantee of $5 million. In FY89, a total of $283 million in loan, equity, and quasi-equity financing was approved for 21 projects in the region.

At the close of FY90, IFC's committed portfolio included investments of $762 million in 133 companies in 34 countries in Africa—$674 million in loans and $88 million in equity and quasi-equity. This compares

FY90 Project Approvals: Africa

(US$ millions)

Company	Country	Activity	Gross Investment	Project Cost
Société Industrielle Laitière du Cameroun	Cameroon	Food and food processing	1.36	4.10
Société des Industries Alimentaires et des Produits Laitiers de Côte d'Ivoire	Côte d'Ivoire	Food and food processing	2.09	4.90
Pelican Seafood (Gambia) Ltd.	The Gambia	Fisheries	1.65	2.50
Ashanti Goldfields Corporation (Ghana) Limited	Ghana	Mining	70.00	93.00
Ghanaian-Australian Goldfields Limited (Iduapriem)	Ghana	Mining	3.00	13.50
Anetibene Petroleum Exploration Program	Guinea-Bissau	Oil exploration	5.85	39.00
Clearwater Fishing Project (Pescas Bissau)	Guinea-Bissau	Fishing	.20	1.15
Saxon Properties Limited	Mauritius	Tourism	3.59	14.70
Textile Industries Ltd.	Mauritius	Textiles	3.10	7.60
Crédit Immobilier et Hôtelier (CIH)	Morocco	Tourism	92.12	200.00
Société Ennasr de Pêche	Morocco	Fishing	4.83	13.00
Afcott Nigeria Ltd.	Nigeria	Agribusiness	4.50	17.30
Tiger Battery Company (Nigeria) Limited	Nigeria	Dry-cell batteries	1.70	1.70
Togotex	Togo	Textiles	1.61	22.70
Barclays Bank of Zimbabwe Ltd.*	Zimbabwe	Credit line	20.11	20.11
Mashonaland Holdings Ltd.	Zimbabwe	Wire drawing	4.44	6.54
Merchant Bank of Central Africa Ltd.*	Zimbabwe	Credit line	25.21	25.21
RAL Merchant Bank Ltd.*	Zimbabwe	Merchant Bank/Credit line	17.85	19.00
RAL Merchant Bank Ltd.*	Zimbabwe	Credit line	30.21	30.21
Scotfin Limited*	Zimbabwe	Credit line	7.50	7.50
Standard Chartered Merchant Bank Ltd.*	Zimbabwe	Credit line	30.21	30.21
Syfrets Merchant Bank Ltd. Zimbabwe*	Zimbabwe	Credit line	25.21	25.21
		Subtotal	356.34	599.14
		Capital Markets approvals (see p. 34)	.11	1.08
		AEF approvals (see p. 21)	5.61	19.95
		Total	362.06	620.17

* Project undertaken in cooperation with the Capital Markets Department.

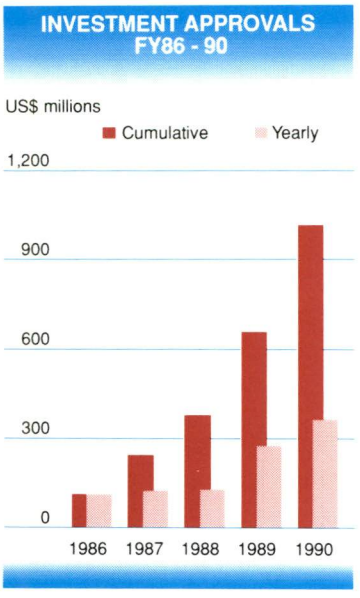
with investments of $624 million in 123 companies in 33 countries at the end of FY89.

In FY90, IFC's investments in Africa were concentrated in industries based on natural resources—for example, mining, tourism, and fishing. In Ghana, IFC played a major role in structuring, and arranging the financing of, a $93 million expansion program for Ashanti Goldfields Corporation (Ghana) Limited. The project will increase Ashanti's gold production by 180,000 ounces yearly. IFC approved a loan of $60 million to the project, as well as a standby facility of $10 million; it arranged syndications with international commercial banks for half of each of these. IFC also approved an equity investment of up to $3 million for Ghanaian-Australian Goldfields Limited, a gold mining venture that will develop reserves on the Iduapriem gold concession in Ghana.

IFC continued to support Africa's tourism sector in FY90. In Mauritius, where tourism is a growth industry, IFC approved an investment of $3.6 million in Saxon Properties Limited to complete a 206-room beach hotel and upgrade the hotel's rating. IFC also arranged a $92 million syndicated loan with commercial banks for Crédit Immobilier et Hôtelier (CIH), Morocco's leading development bank for tourism and housing, to fund private investments in tourism projects during the 1989–90 period. The loan represents the fourth internationally syndicated loan since the early 1980s for a Moroccan financial institution—all the syndicated loans were arranged by IFC.

The African fishing sector benefited from a number of IFC investments. IFC approved a $4.8 million guarantee that will enable Société Ennasr de Pêche, a Moroccan company, to acquire a fleet of four deep-sea freezer trawlers. In The Gambia, IFC approved a loan of $1.7 million, of which $600,000 will be syndicated to commercial banks, for Pelican Seafood, which will rehabilitate a fish-processing plant. A quasi-equity investment of $200,000 was approved in a one-year pilot project to determine the feasibility and scope of a fishing venture in Guinea-Bissau.

IFC was also active in the textile industry. It was instrumental in structuring and financing the privatization and rehabilitation of Togo's two largest textile mills. The project is sponsored by Cha Chi Ming Ltd., a company based in Hong Kong. The mills are expect-



ed to produce 20 million yards of African prints annually. A loan approved for Textile Industries Limited in Mauritius will enable the company to consolidate its garment manufacturing operations in one location and to upgrade its equipment.

IFC approved a number of credit lines to private commercial intermediaries during FY90. These credit lines, developed jointly by the regional investment department and Capital Markets Department, are designed to foster the private banking industry in Africa and provide foreign exchange to medium-size businesses for investment. In Zimbabwe, a $7.5 million line was approved for Scotfin Limited to finance the purchase of imported capital goods by small and medium-size companies in the transport and manufacturing sectors, and a $15 million line was approved for RAL Merchant Bank for onlending to corporate clients.

A $131 million medium-term, non-revolving credit line was approved for five commercial and merchant banks in Zimbabwe. The borrowing banks are Barclays Bank, Merchant Bank of Central Africa, RAL Merchant Bank, Standard Chartered Merchant Bank, and Syfrets Merchant Bank. Each bank will borrow $20–$30 million to be onlent to local export-oriented companies to finance imports of capital equipment. Of the total investment, $66 million is for IFC's own account, and the remainder is being syndicated to commercial banks. The project will provide much-needed foreign exchange to expand and diversify Zimbabwe's export sector.

Africa Enterprise Fund

The Africa Enterprise Fund (AEF), which was established in FY89, finances projects too small to be processed directly from IFC headquarters. During a three-year trial period, AEF expects to invest $60 million in small and medium-scale ventures in IFC's sub-Saharan member countries. Investment proposals are developed and appraised by IFC's resident missions in Abidjan, Lagos, and Nairobi in collaboration with local banks that provide cofinancing. AEF's activities are carried out mostly by locally recruited professional staff under the supervision of IFC's resident representatives.

Although AEF has been in operation only 15 months, there has already been broad-based demand for its financing. It has received over 400 investment proposals from entrepreneurs in 34 member countries. By the end of FY90, AEF had approved 14 investments located in eight countries, for a total of $7 million equivalent; over 50 projects were under serious consideration at the end of the fiscal year.

AEF staffing will be increased in FY91 to handle the growing pipeline of projects and the large number of unsolicited proposals received by IFC's resident missions. IFC's new regional missions in Douala, Cameroon and Harare, Zimbabwe, which opened in early FY91, will allow AEF to increase its assistance to businesses in central and southern Africa.

FY90 Project Approvals: Africa Enterprise Fund

(US$ millions)

Company	Country	Activity	Gross Investment	Project Cost
Northern Textiles	Botswana	Textiles	.38	1.82
Omnium de Transformations Alimentaires, S.A.	Côte d'Ivoire	Oils and fats	.83	1.80
Tribois S.A.	Côte d'Ivoire	Wood processing	.54	1.30
Alugan Co. Ltd.	Ghana	Aluminum fabrication	.28	.70
Dimples Inn	Ghana	Hotel	.24	.60
Plastic Laminates Ltd.	Ghana	Plastic products	.60	2.50
Upper Qeme Holdings (Pty.) Limited	Lesotho	Concrete blocks	.12	.31
Financière d'investissement ARO (FIARO)	Madagascar	Venture capital company	.40	2.60
General Haulage Limited	Mauritius	Trucking	.14	.32
Intermatch Nigeria Ltd.	Nigeria	Paper products	.96	3.10
Mat Tools and Forging (Private) Limited	Zimbabwe	Tool and die manufacturing	.75	3.80
Retrofit (Private) Limited	Zimbabwe	Electrical contracting	.37	1.10
		Total	5.61	19.95

ASIA

Investment Overview

In 1989 the developing economies in Asia performed better than those in other regions; however, the rate of aggregate growth dropped from the very high levels of 1988. This decline, especially evident in China, India, and the Republic of Korea, reflected a variety of economic and political factors. Nonetheless, in general the climate for private investment, both local and foreign, remained strongly positive.

Growth in East Asia dropped to just under 6 percent in 1989, primarily because of lower growth rates in China and Korea, which had achieved double-digit growth rates in 1988. However, economic performance remained strong in Indonesia, Malaysia, and Thailand; it was also surprisingly resilient in the Philippines, despite political uncertainties in the second half of the year. Foreign and domestic private investment continued to grow rapidly throughout the region, most notably in projects in export-oriented industries. Rapid economic growth also made possible the implementation of large projects in sectors such as petrochemicals. These projects are expected to underpin future industrial growth in East Asia. Because of rising costs in countries such as Japan and Korea, there is a growing tendency to move labor-intensive industries such as textiles and garments, electronics, basic engineering goods, and automobile components to overseas locations within the region.

A number of factors contributed to a weakening of economic performance in South Asia: natural disasters, inflation, rising fiscal and balance of payments deficits, and growing external debt-servicing requirements. However, sustained improvements in productivity and exports indicate that these economies respond to the right incentives. This is true of India, where private companies have fared extremely well in the past two fiscal years; as a result, new security issues in rupees have increased significantly, and the share market has been buoyant. Although private investment slowed somewhat in India after the change of government, India's recent budget and new foreign trade policy suggest that economic liberalization will be sustained; the climate for local private investment should remain favorable. Pakistan's Government took additional measures to open up the economy and began to implement its medium-term structural adjustment and reform programs with support from the World Bank and the IMF. The private sector in Pakistan has continued to demonstrate an underlying strength.

While a number of governments throughout Asia have plans to privatize state-owned enterprises, particularly in infrastructure—for example, energy, power, roads, and transport—actual progress has been slow. There has been some divestment of the nonperforming assets of government-owned financial institutions in the Philippines, and the Government of Pakistan is planning several privatizations.

Regional Initiatives

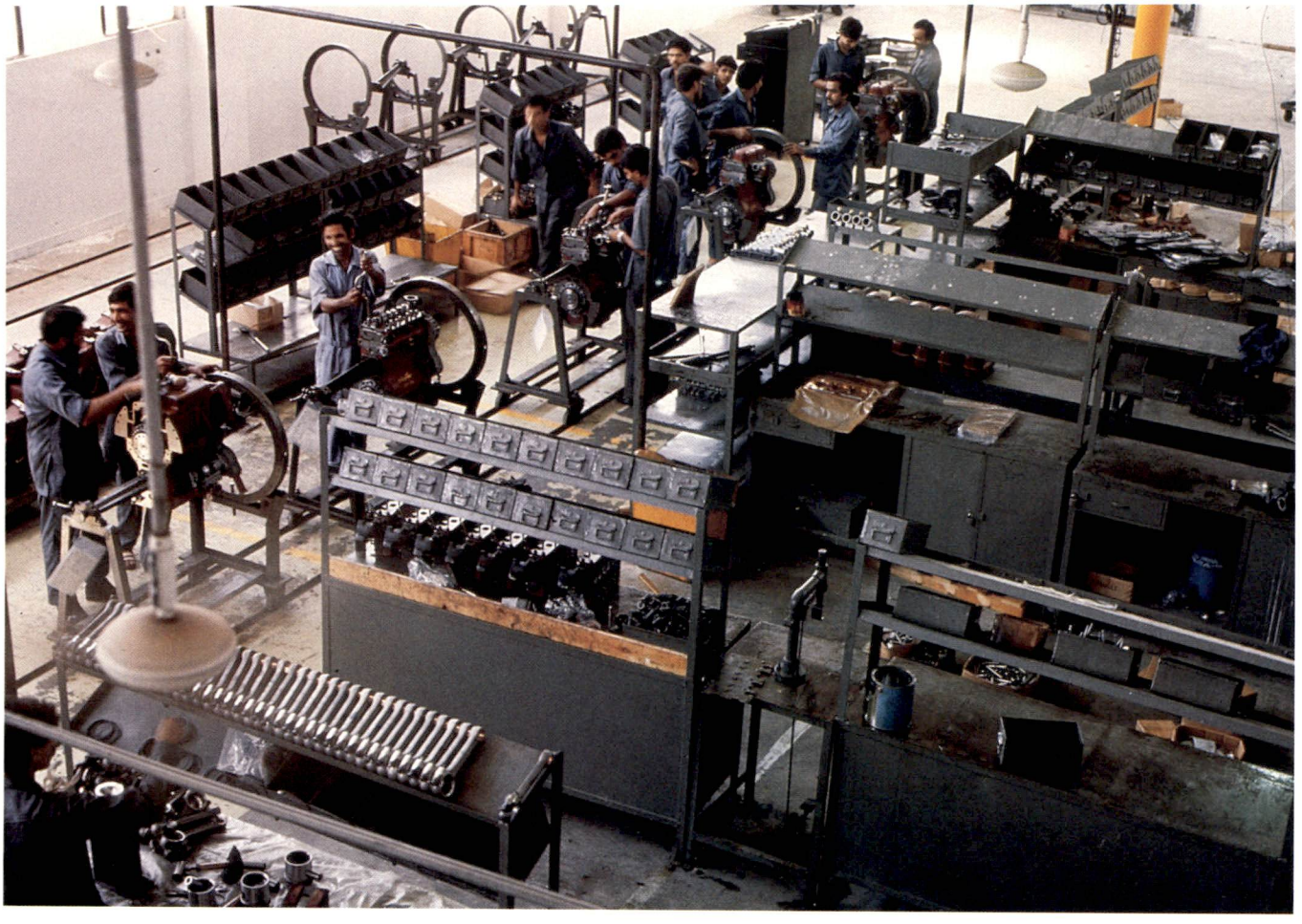
IFC's initiatives in East Asia during the fiscal year focused on major sectors such as petrochemicals. IFC played an advisory role in a petrochemical project in Indonesia, and approved an investment in a petrochemical complex in the Philippines. IFC provided advice to the Government of Thailand in connection with the development of the country's second petrochemical complex and approved an investment in a downstream project. Thailand's first petrochemical complex, which is now being implemented, was developed in 1984 with advisory and financial assistance from IFC.

IFC facilitated the relocation of industrial facilities from Korea to countries such as Indonesia and the Philippines. IFC's participation in relocation projects was the result of continuing promotional work with Korean companies, some of which had benefited from earlier IFC investments to finance local operations.

In FY90 IFC established the South Pacific Project Facility (SPPF), which is modeled on similar IFC initiatives in Africa and the Caribbean (p. 45). SPPF will help entrepreneurs in the small island economies prepare viable projects and raise financing for them.

In South Asia, IFC's continued emphasis on the energy sector reflects the increasingly important role assumed by private investors in India's power industry, and private sector interest in oil and gas development and power generation in Pakistan. IFC approved finance for two private power utilities in India. The engineering sector in these two countries has also attracted IFC investment, and IFC has undertaken promotional efforts in other industries where these countries have natural advantages. In Pakistan, these efforts have emphasized diversification of the portfolio and have resulted in the identification of good investment potential in general manufacturing.

The Corporation continued to seek additional direct equity investments in India and Pakistan. It made large equity investments both in greenfield projects and in big companies with expanding capital bases, as well



IFC has made a number of investments in manufacturing projects in Pakistan.

as a limited number of small straight equity investments in projects involving technology transfers. An equity line arranged with a financial intermediary in India will enable IFC to make a greater number of small equity investments in a cost-effective way.

IFC provided further technical assistance to the Governments of Nepal and Pakistan in their privatization efforts. IFC reached an agreement with the Government of Nepal and UNDP on the details of a UNDP-funded advisory assignment to be carried out by IFC. IFC will continue to assist in the formulation of privatization policy and in institution-building in Nepal and will provide direct support in the implementation of two privatization transactions. IFC advised the Government of Pakistan on the privatization of selected state-owned enterprises.

To support its promotional efforts in Bangladesh and Pakistan, IFC opened a new regional mission in Islamabad in FY90.

Highlights of the Year's Activities

During fiscal year 1990, total financing of $697 million was approved for 35 projects in 8 countries in Asia, including capital markets and energy projects. Of this amount, loans accounted for $559 million, equity and quasi-equity investments for $109 million, and underwritings for $29 million. In FY89, a total of $321 million in loan, equity, and quasi-equity financing was approved for 25 projects in the region.

At the close of FY90, IFC's committed portfolio included investments of $921 million in 113 companies in 12 countries in Asia—$701 million in loans and $220 million in equity and quasi-equity. This compares with investments of $729 million in 109 companies in 12 countries at the end of FY89.

Many countries in East Asia are upgrading their industrial structures by entering into the production

FY90 Project Approvals: Asia

(US$ millions)

Company	Country	Activity	Gross Investment	Project Cost
Bengal Glass Works Ltd.	Bangladesh	General manufacturing	2.30	6.80
CESC Ltd. (formerly Calcutta Electric Supply Corp. Ltd.)	India	Electricity distribution	20.10	92.20
Herdillia Oxides and Electronics Ltd.	India	General manufacturing	.32	13.40
Industrial Credit and Investment Corp. of India Ltd. (ICICI)	India	Equity line	25.00	25.00
Mahindra & Mahindra Ltd.	India	Automobile manufacturing	16.37	212.00
Mahindra Ugine Steel Co. Ltd.	India	Steel/tourism	1.32	26.20
Tata Electric Companies	India	Electricity generation/distribution	60.00	273.70
Tata Keltron Ltd.§	India	General manufacturing	.13	.68
Titan Watches Ltd.§	India	General manufacturing	.17	9.10
Bank Umum Nasional*	Indonesia	Agency credit line	10.00	20.00
P.T. Indo-Rama Synthetics	Indonesia	Textiles	12.00	74.00
P.T. Kayu NIC Indonesia	Indonesia	Wood products	13.10	52.10
Raja-Pendopo Petroleum Exploration Project	Indonesia	Oil exploration	3.60	32.60
Hae Un Dae Development Company Ltd.	Korea	Tourism	.50	15.80
Korea Long Term Credit Bank	Korea	Commercial/merchant banking	15.98	450.00
Twenty First Century Oleochemicals Sdn. Bhd.	Malaysia	Chemicals	8.63	20.00
Pak-Suzuki Motor Company Ltd.	Pakistan	Automobile manufacturing	15.14	92.60
Rupali Polyester Ltd.	Pakistan	Petrochemicals/textiles	24.51	89.00
Avantex Mill Corporation	Philippines	Textiles	13.74	51.00
General Milling Corporation	Philippines	Food and agribusiness	.64	14.20
Luzon Petrochemical Corporation	Philippines	Petrochemicals	105.00	500.00
Makati Shangrila Hotel and Resort Inc.	Philippines	Tourism	59.00	118.00
Northeast Agriculture Company Ltd.§	Thailand	Food and agribusiness	.05	.41
Shin Ho Paper	Thailand	Paper products	57.08	108.00
Siam Asahi Technoglass Company	Thailand	General manufacturing	8.06	313.00
Vinythai Company Ltd.	Thailand	Petrochemicals	150.00	529.00
		Subtotal	622.74	3,138.79
		Capital Markets approvals (see p. 34)	74.69	442.44
		Total	697.43	3,581.23

* Project undertaken in cooperation with the Capital Markets Department.
§ As a rights issue below $250,000, this project is not included in the total number of approvals.

of basic and intermediate petrochemicals. In the Philippines, where funding for large investments is scarce, IFC is helping to arrange financing for private-sector projects in infrastructure and basic industries. IFC approved $105 million in loan and equity financing for the Luzon Petrochemical Corporation to construct the Philippines' first integrated petrochemical complex. Total project costs are estimated to be $500 million. Also in the Philippines, IFC approved a $59 million loan, half of which will be syndicated, for a major hotel development in Manila. IFC continued its advisory work for Philippines Airlines (PAL), preparing a detailed action plan for restructuring PAL's balance sheet and privatizing it as a viable entity. PAL decided to implement IFC's recommendations.

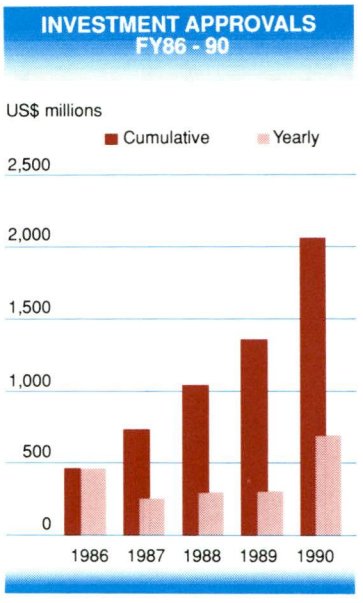
In Thailand, IFC approved a $50 million loan and syndicated another $100 million in loans to help finance a $529 million integrated polyvinyl chloride/vinyl chloride monomer plant near Bangkok. In a project with a Japanese partner involving the transfer of technology to Thailand, IFC approved an equity investment in a plant that will manufacture glass TV tubes.

In Indonesia, where a number of development initiatives are constrained for want of equity capital, IFC is helping privately held companies to broaden their investment base by going public and issuing securities. The Corporation also supported the development of Indonesia's resource-based industries with an investment in a medium-density fiberboard plant that uses recycled mill waste. Two agency credit lines were approved for onlending to Indonesian companies. In Korea, IFC is working with firms interested in setting up joint ventures elsewhere in the region.

IFC approved its second loan, for $60 million, to the Tata Electric Companies (TEC) in India, which supply electricity to Bombay and its suburbs. It also approved a loan of $20 million to CESC Ltd. (formerly the Calcutta Electric Supply Corporation Ltd.), to finance the expansion of CESC's transmission and distribution system. This expansion will enhance the quality and reliability of power supply to the Calcutta area, with more efficient distribution and reduced transmission losses.

Also in India, IFC approved a loan of $10 million and a quasi-equity investment of $6.4 million in fully convertible debentures for Mahindra & Mahindra Limited (M&M), a leading manufacturer of utility vehicles and agricultural tractors. The investments will help finance a program to modernize and rationalize key manufacturing facilities in M&M's automotive and tractor divisions and to increase annual production to 31,250 tractors and 56,500 utility vehicles. The program will also allow M&M to produce utility vehicles with modern transmissions and fuel-efficient engines in response to demand in the increasingly competitive Indian market.

The Corporation approved an equity line in the amount of $25 million, to be implemented with the assistance of the Industrial Credit and Investment Corporation of India Limited (ICICI). This line will enable IFC to make small equity investments in 15–20 small and medium-size industrial enterprises in sub-sectors where India has some comparative advantage. ICICI, a premier development finance institution, will help IFC to identify, appraise, and administer investments under the equity line; introduction of new technology and export potential will be important criteria in the selection of projects. IFC also approved an equity investment of $320,000 in Herdillia Oxides and Electronics Limited to help establish India's first facility to manufacture magnetic iron oxide, which is used to coat audio, video, and computer tapes and disks.



A loan of $22 million and an equity investment of $2.6 million were approved for Rupali Polyester Limited in Pakistan to help finance the expansion of staple fiber capacity from 22,750 to 72,750 metric tons per year with the addition of two staple fiber lines. The synthetic fiber, which will be used by the local spinning industry to manufacture blended yarns of polyester and cotton, will contribute to the modernization and diversification of Pakistan's textile industry.

IFC approved a loan of $2.3 million to Bengal Glass Works Limited (BGWL), Bangladesh's only automated glass producer, to help finance the expansion of its glass-making capacity and product range. BGWL will install a manufacturing line to produce 20 million light-bulb-shells yearly and increase its flint container capacity to 4,000 metric tons per year.

EUROPE AND THE MIDDLE EAST

Investment Overview

Hungary, Poland, and Yugoslavia are all reforming their economies to create market-oriented, competitive enterprise sectors. The restructuring and privatization of state-owned enterprises, as well as the elimination of price controls and government subsidies for producers and consumers, are key elements of the reform process, in which foreign investment and know-how are expected to play an important role. The Governments' new economic policies are creating an environment in which enterprises are forced to respond to market-pricing signals and market incentives and penalties to survive. In the short term, the reforms are having a harsh impact on employment and production. In Poland and Yugoslavia, the control of hyperinflation and the elimination of currency controls were priorities in the past year. Inflation in both countries had fallen to manageable levels early in 1990, and exchange rates had become internally convertible, greatly improving the environment for foreign investment.

All three countries face, in varying degrees, substantial macroeconomic problems. As a result, their Governments are making difficult decisions during a period of political change, when their responsiveness to popular will is being tested.

Despite a significant drop in growth rates from 1988 levels, the economies of Cyprus and Turkey, with their increasingly sophisticated private sectors, continue to be vigorous and competitive. The close ties these countries have with the EC—Turkey is an associate member, and Cyprus has a Customs Union with the Community—make them attractive locations for new enterprises. The tourism sector, in particular, attracted substantial new private investment in 1989. Portugal's membership in the EC has brought it high economic growth and rapidly expanding private-sector investment. Cyprus and Portugal continue to enjoy relatively low levels of inflation (4 percent and 11 percent, respectively) and manageable levels of external debt. On the other hand, Turkey is still battling inflation, which fell only slightly, from 75 percent in 1988 to 69 percent in 1989, making it difficult for the Turkish private sector to raise long-term domestic financing. Although Turkey continues to have some difficulty raising external financing as well, foreign direct investment is on the rise. Authorizations for new foreign investment in Turkey climbed to $1.5 billion in 1989, an 80 percent increase over 1988; actual inflows reached $650 million.

In the Middle East, Egypt, Jordan, and the Republic of Yemen continued to adjust to a drop in incomes resulting from low oil prices, falling workers' remittances, and the decline of growth in the major oil-exporting countries. In Egypt, the Government's continuing efforts to improve the environment for private investment and decontrol prices have begun to bear fruit. Export-oriented projects in the free trade zone are attracting private capital. A loosening of price controls in the hotel industry and a remarkable increase in foreign tourism have accelerated domestic and foreign private investment in the tourism sector. In Jordan, progress is being made towards restoring the business community's confidence in the economy. The recent reunification of the Yemen Arab Republic and the People's Democratic Republic of Yemen promises to result in greater opportunities for private sector activity.



IFC helped to establish Poland's first onlending facility, the Export Development Bank, which will provide financing to small Polish enterprises like this fruit and vegetable processing company.

FY90 Project Approvals: Europe and Middle East

(US$ millions)

Company	Country	Activity	Gross Investment	Project Cost
Leptos Calypos Bay Hotels Ltd.	Cyprus	Tourism	8.20	30.00
Al-Hikma Pharmaceuticals (Jordan), Limited	Jordan	Pharmaceuticals	2.00	5.32
Bristol Hotel	Poland	Tourism	10.22	36.20
Export Development Bank*	Poland	Credit line/Quasi-equity facility	29.60	60.00
AL HIKMA Farmaceûtica (Portugal), Limitada	Portugal	Pharmaceuticals	2.00	6.00
Banco Português de Investimento (BPI)	Portugal	Development finance	2.03	72.35
Sociedade de Capital de Risco S.A.—Inter-Risco§	Portugal	Development finance	.02	2.10
União Industrial Textil e Quimica S.A. (UNITECA)	Portugal	Chemicals/petrochemicals	6.63	16.11
Anadolu Cam Sanayii A.S.§	Turkey	Glass manufacturing	.10	1.56
Conrad International	Turkey	Tourism	49.00	93.00
Kamelya Turism Islemecilik and Sol Hotels	Turkey	Tourism	11.84	43.00
Kepez Electric Company	Turkey	Power generation	25.00	67.60
Kiris Otelcilik ve Turizm A.S.	Turkey	Tourism	5.26	20.30
Koy-Tur	Turkey	Poultry production	12.60	25.90
Mersin Enternasyonal Otelcilik A.S.	Turkey	Tourism	12.50	25.00
Nasas Aluminyam Sanayii ve Ticaret A.S. (NASAS)§	Turkey	Non-ferrous metals	.05	14.67
Silkar Turism Yatirim ve Isletmeleri A.S.	Turkey	Tourism	22.64	38.50
Simplot ve Besikcioglu A.S.	Turkey	Agribusiness/food processing	9.50	47.33
Salonit Anhovo	Yugoslavia	Pipe manufacturing	6.82	16.70
		Subtotal	216.01	621.64
		Capital Markets approvals (see p. 34)	27.73	201.80
		Total	243.74	823.44

* Project undertaken in cooperation with the Capital Markets Department.
§ As a rights issue under $250,000, this project is not included in the total number of approvals.

Regional Initiatives

In Europe and the Middle East, IFC's main effort in FY90 was in expanding the role of private enterprise, particularly in the manufacturing and banking sectors. In Poland, IFC actively sought joint-venture investment opportunities arising from privatizations; IFC also provided advisory assistance to Poland's new government with regard to privatization, foreign investment, the development of local capital markets, and the introduction of foreign banks. IFC supported efforts to strengthen the financial and banking sectors in both Hungary and Poland. In Oman and Turkey, it initiated discussions and provided advice on BOT projects in industries that have traditionally been the domain of the public sector, such as power generation. In Egypt, IFC pursued promotional activities, especially in the tourism sector. Given the abundance of low-cost skilled labor in Egypt, IFC began to study the possibility of participating in export-oriented projects—particularly in the pharmaceutical, textile, and paper industries—located in free trade zones.

During FY90, IFC held discussions with the Governments of Bulgaria, Czechoslovakia, and Romania, prospective new members. To take account of growing demand for its services in Eastern Europe, the Corporation made plans to restructure its regional investment departments. The new organizational structure took effect on July 1, 1990.

Highlights of the Year's Activities

During fiscal year 1990, total financing of $244 million was approved for 21 projects in 7 countries in Europe and the Middle East, including capital markets projects. Of this amount, loans and one standby facility accounted for $188 million, equity and quasi-equity investments for $40 million, and underwritings for $16 million. In FY89, a total of $259 million in loan, equity, and quasi-equity financing was approved for 15 projects in the region.

At the close of FY90, IFC's committed portfolio included investments of $889 million in 82 companies in 12 countries in Europe and the Middle East—$798 million in loans and $91 million in equity and quasi-equity. This compares with investments of

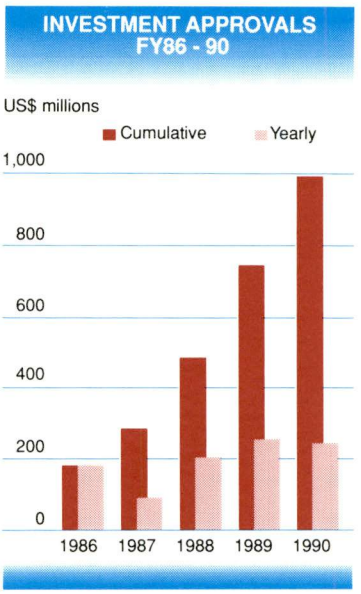
$756 million in 74 companies in 12 countries at the end of FY89.

IFC continued to participate in Turkey's rapidly growing tourism sector. Financing was approved for four beach resort hotels and two city hotels. IFC also approved investments in two agro-industrial expansion projects: Simplot ve Besikcioglu A.S., for production of frozen French fries for the export market; and Koy-Tur, for production of animal feed and poultry. IFC also approved a loan, for $25 million, to a privately owned and operated power-generation facility, Kepez Electric, to support the construction of a 47-megawatt hydroelectric dam. In addition, it provided fee-based financial advisory and restructuring services to a number of domestic and joint-ventures companies.

In FY90 IFC undertook its second project in Poland. It is providing DM50 million ($30 million equivalent) to the Export Development Bank (EDB), Poland's first credit facility. Acting as IFC's agent, EDB will provide financing in amounts ranging from DM100,000 to DM8 million in the form of quasi-equity investments and term loans to small Polish companies. The project, which was jointly undertaken by the investment department for Europe and the Middle East and IFC's Capital Markets Department, also included grant-financed technical assistance for improving EDB's capabilities in appraising and supervising loans. In FY90 IFC approved its first large joint-venture operation in Poland, with a $10 million loan for the reconstruction of Warsaw's prestigious Bristol Hotel. IFC structured the venture, which represents the first major privatization exercise in Poland, and served as the Polish Government's key adviser.

More generally, IFC provided technical assistance to the Polish Government, commenting on draft legislation on privatization and providing information on criteria and methodology for selecting privatization candidates.

In Yugoslavia, IFC approved a project to produce PVC-plastic pipes, which will replace the environmentally unsound asbestos cement pipes currently used in the country's water and sewage transport systems. It also studied the possibility of expanding its activities in the country in view of recent structural and legal changes affecting the ownership and operation of enterprises.



In Jordan, IFC approved equity financing for Al-Hikma, a successful, domestically owned pharmaceutical company, which will produce intermediate products for its domestic operations. IFC also approved loan financing to help Al-Hikma build a new plant in Portugal. IFC has made previous investments in the company.

In Hungary, IFC advised the government agency responsible for privatization activities and was invited to provide advisory services in connection with a specific privatization candidate.

LATIN AMERICA AND THE CARIBBEAN

Investment Overview

Macroeconomic performance in Latin America and the Caribbean was uneven during the past year. Chile and Paraguay grew by 10 percent and 5 percent, respectively; however, Argentina and Peru struggled with hyperinflation and severe recessions. Argentina and Brazil, which were adjusting to recent political changes, introduced major adjustment programs in 1989 and 1990. Venezuela embarked on a radical structural adjustment program last year. GDP fell by 8.1 percent; however, there was a marked improvement in the country's external accounts, as the current account went from a deficit of 7.5 percent of GDP in 1988 to an estimated surplus of 4.6 percent of GDP in 1989. The Bolivian economy maintained a modest growth rate of 2.8 percent in 1989. Mexico's economy continued to respond to adjustment efforts, growing by just under 3 percent. Colombia was also able to sustain growth of about 3 percent, despite security problems and reduced earnings from coffee exports. Growth of GDP was roughly 3 percent in Central America, but negligible in the Caribbean.

Many countries in the region are giving the private sector wider scope by reducing government regulation and public-sector investment in industry. The privatization of state-owned enterprises is part of this shift towards greater reliance on the private sector. Some countries are also liberalizing their foreign-investment policies.

Argentina and Brazil have introduced comprehensive austerity programs to break the vicious circle of extensive public borrowing, higher interest rates, and hyperinflation. They have also introduced reforms to reduce the state's direct involvement in economic activity, adopted more realistic exchange rate policies, and eliminated most investment subsidies and other government-related distortions. Although it is too early to assess the degree of success of these programs, the immediate effect has been a dramatic reduction of inflation. Not unexpectedly, private investment has been curtailed. Cash-flow problems and shrinking domestic demand have forced many firms to postpone investment. On the other hand, the long-term purpose of these programs is to make the Argentine and Brazilian economies more responsive to free-market principles and forces. If successful, these programs will reactivate the private sector. Favorable exchange rates, freer trade regimes, and reduced domestic demand are already causing some firms to turn to export markets and

Prospectus

5,882,353 American Depositary Shares
Representing
100,000,001 Shares of Series A Common Stock

Compañía de Teléfonos de Chile S.A.
(Telephone Company of Chile)

Each American Depositary Share ("ADS") represents 17 shares of Series A Common Stock, without face value ("Series A Common Stock"), of Compañía de Teléfonos de Chile S.A. (the "Company"). The ADSs are evidenced by American Depositary Receipts ("ADRs"). See "Description of American Depositary Receipts".

The offering of 5,882,353 ADSs is being made in two concurrent offerings, one offering outside the United States and Canada (the "International Offering") and one in the United States and Canada (the "U.S. Offering"). Of the 5,882,353 ADSs offered by the Company, 1,470,588 are being offered in the International Offering and 4,411,765 are being offered in the U.S. Offering, subject to transfers between the underwriters of each of the offerings. See "Underwriting".

Prior to this offering there has been no public market in the United States for the ADSs or the Series A Common Stock. The Series A Common Stock is listed on and trades on the Santiago Stock Exchange. The closing sales price on the Santiago Stock Exchange for the Series A Common Stock based on its Official Quotations Bulletin as of the close of business on July 19, 1990 was Ch$260 per share equivalent to US$14.92 per ADS (representing 17 shares of Series A Common Stock), translated at the "Dólar Observado" rate of Ch$296.32 per US$1.00 for such day.

Under applicable Chilean regulations, persons who are domiciled or resident in Chile are not entitled to the foreign exchange treatment accorded other holders of ADSs by the Central Bank of Chile. See "Foreign Investments and Exchange Controls in Chile" and "Description of American Depositary Receipts". For a discussion of certain considerations attendant with an investment in a Chilean company, see "Chilean Company Investment Considerations".

The ADSs are listed on the New York Stock Exchange under the symbol "TCH".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount(1)	Proceeds to the Company(2)
Per American Depositary Share	$15.125	$.885	$14.24
Total(3)	$88,970,589	$5,205,882	$83,764,707

(1) See "Underwriting" for information with respect to indemnification provided to the several underwriters of the U.S. and International Offerings.
(2) Before deducting offering expenses payable by the Company, estimated at $1,998,936. See "Underwriting".
(3) The Company has granted the underwriters of the U.S. and International Offerings 30-day options to purchase up to 616,984 additional ADSs (representing the right to receive up to a total of 10,488,728 shares of Series A Common Stock) at the Price to Public, less the Underwriting Discount, to cover over-allotments, if any. If all such additional ADSs are purchased by the underwriters of the U.S. and International Offering, the total Price to Public, Underwriting Discount and Proceeds to the Company will be $98,302,472, $5,721,913 and $92,550,559, respectively. See "Underwriting".

The ADSs offered by this Prospectus are offered by the underwriters of the International Offering subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the underwriters of the International Offering, and to certain further conditions. It is expected that the ADRs evidencing ADSs will be ready for delivery at the offices of Salomon Brothers International Limited, London, England, on or about July 27, 1990.

Salomon Brothers International Limited **International Finance Corporation**

The date of this Prospectus is July 20, 1990.

IFC was the lead underwriter in the first international equity offering by a Latin American company in over 20 years.

FY90 Investment Approvals: Latin America and the Caribbean

(US$ millions)

Company	Country	Activity	Gross Investment	Project Cost
Hidra Oil Development (Hidra)	Argentina	Oil development	30.00	30.00
Petroquímica Ensenada S.A. (Petroken)	Argentina	Petrochemicals	35.00	135.10
Terminal 6 S.A.	Argentina	Port services	4.00	13.20
Journey's End Caribbean Club Limited	Belize	Tourism	1.00	3.00
Banco Industrial S.A. (BISA)	Bolivia	Development finance	2.12	5.90
Bahia Sul Celulose S.A. (Bahia Sul)	Brazil	Timber, pulp, and paper	55.00	897.00
Companhia Minuano de Alimentos (Minuano)	Brazil	Poultry	7.00	28.00
Companhia Vidraria Santa Marina (Santa Marina)	Brazil	Glass manufacturing	25.00	103.00
Engepol Engenharia de Polimeros S.A. (Engepol)	Brazil	Plastics manufacturing	3.50	11.54
Ripasa S.A. Celulose e Papel (Ripasa)	Brazil	Timber, pulp, and paper	25.00	146.00
Compañía de Teléfonos de Chile S.A. (CTC)*†	Chile	Telecommunications	152.10	1,104.40
Compañía Puerto de Coronel S.A. (Puerto Coronel)	Chile	Port services	8.00	39.70
Compañía Colombiana de Tejidos, S.A. (Coltejer)	Colombia	Textiles	22.50	56.86
Oleoducto de Colombia S.A.	Colombia	Oil pipeline	70.00	321.00
San Isidro Free Trade Zone	Dominican Republic	Industrial services	6.00	15.30
Sociedad Comercializador, S.A. (Comersa)	Dominican Republic	Construction materials/cement	.08	.78
Banca Serfin*	Mexico	Development finance	6.50	22.00
Bancomer*	Mexico	Credit line	20.00	40.00
Banco Nacional de Mexico (Banamex)*	Mexico	Credit line	60.00	200.00
Grupo Condumex, S.A. de C.V.	Mexico	Manufacturing	50.00	128.00
Grupo Primex, S.A. de C.V.	Mexico	Petrochemicals	20.00	57.50
Indelpro, S.A. de C.V.	Mexico	Petrochemicals	42.00	108.00
Petrocel	Mexico	Petrochemicals	32.00	101.60
Compañía de Minas Buenaventura S.A. (Buenaventura)	Peru	Non-ferrous mining	.60	6.00
Productora de Alcoholes Hidratados, C.A. (Pralca)	Venezuela	Petrochemicals	41.40	142.50
		Subtotal	718.80	3,716.38
		Capital Markets approvals (see p. 34)	16.08	473.10
		Total	734.88	4,189.48

* Project undertaken in cooperation with the Capital Markets Department.
† Two projects, one involving loan and quasi-equity financing of $130 million, the other, underwriting of $22.1 million.

creating competitive pressures that require investments in modernization, restructuring, and expansion. However, the scarcity of medium- and long-term credit, especially in foreign exchange, continues to be a serious constraint for these companies.

Bolivia's economy has begun to recover, albeit slowly, from the problems of the early 1980s—hyperinflation and a huge debt burden resulting from inefficient macroeconomic management. Over the past five years, the Government has created an environment favorable to private investment by liberalizing markets, removing price controls and trade barriers, and reducing state involvement in the private sector. The Government has also made substantial progress in regularizing its relations with external creditors.

In Mexico, where trade and foreign-investment laws have been liberalized to encourage broader foreign participation, foreign investment increased by 10 percent in 1989. Private investment is estimated to have increased by 10 percent to almost 16 percent of GDP; the manufacturing sector has been growing by about 6 percent. However, as the growth of domestic demand is still modest, and high real domestic interest rates constrain major greenfield investments, most private-sector investment is still concentrated on debottlenecking and on improvements to increase efficiency.

In Venezuela, economic liberalization is proceeding rapidly; exchange rates have been unified, interest rates freed, and tariffs and quotas reduced. The fiscal deficit was cut from 8.3 percent of GDP in 1988 to 1.4 percent in 1989. The private sector has accepted the liberalization program and has begun to respond. Non-traditional exports increased from $1.5 billion in 1988 to $2.7 billion in 1989. The country is considering broadening its $600 million annual debt-equity conversion program to encourage larger investments, and the privatization program has begun, with an emphasis on smaller enterprises.

While the pace of change in Colombia has not been as rapid, the extent of liberalization is expected to

be similar. The Government recently launched a plan to dismantle the protective barrier surrounding domestic industry. Progress towards liberalization has generally been slower in Central America and the Caribbean.

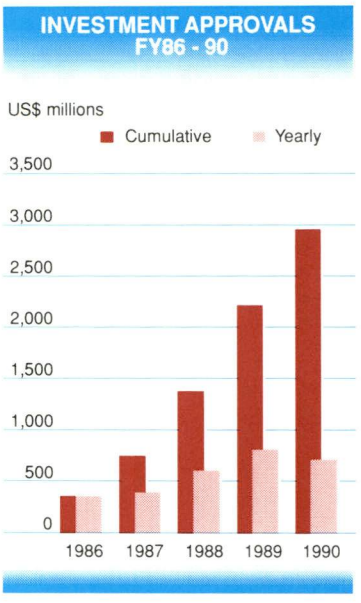
Regional Initiatives

In Mexico, IFC continues to invest in modernization and efficiency-enhancing programs in many different types of companies facing heightened competition in a more open economy. Many firms are sharpening their market focus and becoming internationally competitive. Large companies are being helped directly with IFC investments and advisory services; small and medium-size companies are being assisted through credit lines provided to local commercial banks. One of the credit lines approved in FY90 will be onlent to companies in the maquiladora sector, which produce goods for export. IFC is helping some major Mexican corporations gain access to the international capital markets, for example by arranging currency swaps and designing securities issues.

IFC continues to support projects in Venezuela that utilize the country's abundant natural resources, promote downstream integration, and produce exports. The petrochemical project approved in FY90 utilizes Venezuela's low-cost natural-gas supply to manufacture products for the domestic and international markets. In Colombia, IFC focused on projects involving industrial modernization and the manufacture of goods for export. IFC provided advisory services, as well as an investment, to support the modernization program of one of the country's leading textile producers. It also approved an investment to help finance the construction of an oil pipeline, which is expected to alleviate a major transport bottleneck. IFC's emphasis in the Caribbean was on tourism projects and on the expansion of the operations of the Caribbean Project Development Facility (p. 41).

IFC also supported ventures in the Southern Cone based on natural resources, such as a petrochemical company in Argentina, as well as import-substitution projects with strong sponsors. IFC's ability to mobilize project finance from other investors and lenders continued to be important to the success of ventures in Latin America, where many commercial banks are reluctant to increase their exposure.

The Corporation also actively promoted the role of the private sector in areas traditionally reserved for the state. The investments approved in Chile were for two enterprises, one recently privatized and the other new, that provide basic infrastructure services—telecommunications and port construction and operation. These services are essential to Chile's ability to remain one of Latin America's most efficient exporters. IFC will continue to support economically sound projects that further privatization efforts. IFC also encouraged intra-regional investment. It approved an investment in a joint venture between a Brazilian and a Chilean company.



Highlights of the Year's Activities

During fiscal year 1990, total financing of $735 million was approved for 29 projects in 10 countries in Latin America and the Caribbean, including capital markets and energy projects. Of this amount, loans, guarantees, and standby facilities accounted for $616 million, equity and quasi-equity investments for $91 million, and underwritings for $28 million. In FY89, a total of $842 million in loan, equity, and quasi-equity financing was approved for 30 projects in the region.

At the close of FY90, IFC's committed portfolio included investments of $2.1 billion in 162 companies in 21 countries in Latin America and the Caribbean —$1.8 billion in loans and $263 million in equity and quasi-equity. This compares with investments of $1.9 billion in 160 companies in 22 countries at the end of FY89.

In Mexico, IFC completed a $50 million loan to Condumex, a supplier of auto parts and electrical equipment, to help finance a program to increase Condumex's capacity and reduce costs. The share of sales represented by exports is projected to increase from 22 to 32 percent as a result of the program. A

$60 million credit line was provided to Mexico's largest commercial bank, Banco Nacional de Mexico, for onlending to small and medium-scale companies to enable them to restructure, improve efficiency, and enhance competitiveness. The project is one of three in Mexico undertaken jointly by the regional investment department and IFC's Capital Markets Department. In the second project, IFC provided a $20 million credit line to Bancomer, a commercial bank, for onlending to companies in the maquiladora sector; in the third, which also involved IFC's Financial Operations Division, IFC arranged a currency swap for Banca Serfin to reduce the foreign-exchange risk associated with a Deutsche Mark loan. This was the first such swap ever arranged by IFC for a client. Three investments were approved in Mexico's petrochemical sector: $42 million in loan and quasi-equity financing to Indelpro to help set up the country's first facility to produce polypropylene; a $20 million loan to Grupo Primex, which will expand its production of polyvinyl chloride; and $32 million in loan and quasi-equity financing to Petrocel, which is expanding its production of purified terephthalic acid and dimethyl terephthalate, the principal raw materials used in the manufacture of polyester.

In Venezuela, IFC approved financing of $41.4 million for a petrochemical company, Productora de Alcoholes Hidratados, C.A. (Pralca), which will produce ethylene oxide and ethylene glycol. In Colombia, IFC provided advisory assistance and a loan of $22.5 million in connection with the modernization program of Compañía Colombiana de Tejidos, S.A. (Coltejer), a major textile producer. IFC also approved a loan of $70 million to help Oleoducto de Colombia build a crude-oil pipeline that will transport 150,000 barrels of oil per day for export. The Caribbean Project Development Facility (p. 41) identified a project to expand a free trade zone in the Dominican Republic for which IFC subsequently approved a $6 million investment.

Despite accelerating inflation and political uncertainties, private Brazilian companies continued to invest and to seek IFC's assistance. IFC approved financing of $55 million, including $15 million in equity, for Bahia Sul, an $897 million greenfield, partially integrated pulp and paper project in the south of Bahia State, one of Brazil's less developed regions. A loan of $20 million and an equity investment of $5 million were approved for Ripasa, Brazil's third largest integrated paper manufacturer. Both projects will generate substantial export earnings for the country. IFC also approved a loan and quasi-equity financing of $25 million for Companhia Vidraria Santa Marina, a fiberglass company controlled by the St. Gobain group. A $3.5 million loan (partially convertible into equity) was approved for Engepol, a plastics manufacturing company formed by one of IFC's Brazilian clients in a 60/40 joint venture with a Chilean partner. The project will produce high-density polyethylene sheets and tubes for the mining, agricultural, and waste-treatment sectors, primarily for the Brazilian market. This project is a good example of intra-regional investment supported by IFC. A $7 million quasi-equity investment approved by IFC will help finance the expansion of Companhia Minuano de Alimentos, a medium-size, export-oriented poultry producer.

In Chile, the Corporation approved financing of $130 million for the Compañía de Teléfonos de Chile S.A. (CTC). In addition, through the International Securities Group in its Capital Markets Department, IFC supported CTC's issue of American Depositary Receipts (ADR) in the international capital markets by underwriting $22 million of CTC's placement. At a total cost of over $1.1 billion, CTC is embarking on a five-year investment program to double the number of phone lines and improve long-distance services through the use of fiber-optics and satellite linkages. IFC also approved an investment in Compañía de Puerto Coronel S.A., a new private venture that will construct and operate a commercial port in Chile's eighth region. The $5 million credit and $3 million equity investment will finance part of the estimated $40 million project, which will be undertaken by partners from Argentina, Chile, and New Zealand.

In Argentina, the Corporation approved an investment in Petroquímica Ensenada S.A., a joint venture between Ipako S.A. and Shell C.A.P.S.A. of Argentina that will produce polypropylene for the export market. IFC's $20 million credit, which was critical to the completion of the financing plan, will complement a strong equity participation and financing provided by export-credit agencies.

In Bolivia, IFC approved its second currency swap for a client. IFC will arrange for BISA (Banco Industrial, S.A.), a privately owned development bank in which IFC has made previous investments, to swap a Deutsche Mark loan from DEG into U.S. dollars, the currency used in BISA's onlending operations, minimizing its foreign exchange risk.

In Brazil, IFC provided advisory services to ABC, a large conglomerate, helping ABC's management to develop a comprehensive restructuring program and define the company's medium-term business strategy. IFC's assistance was critical in the selection of the company's core businesses and in the improvement of financial controls, management information systems, and external resource mobilization.

CAPITAL MARKETS

IFC assists its member countries in the development of their financial sectors through the operations of the Capital Markets Department:

- advising governments on the fiscal, legal, and regulatory frameworks needed for healthy, market-oriented financial sectors;
- providing both finance and technical assistance to local financial institutions—often the first of their kind in the host countries;
- introducing international investors to the emerging markets by sponsoring, underwriting, and distributing in the international markets both country funds (including debt-equity conversion funds) and new issues of securities by companies in the developing world.

Highlights of the Year's Activities

The Capital Markets Department grew significantly during fiscal year 1990. Gross investments in capital markets projects approved during the year reached $423 million—almost three times the volume approved in FY89—for 33 projects in 14 countries and one region. Thirteen of these projects were undertaken jointly by the Capital Markets Department and the regional investment departments. In FY89 investments of $160 million were approved for 20 projects in 13 countries.

While sustaining this high volume of activity, the Capital Markets Department achieved a geographic balance among its project approvals. There was also an even mix of the Department's three main investment activities: institution-building, onlending through financial intermediaries, and international securities transactions (see pie charts on p. 35).

In FY90 IFC approved ten institution-building projects. It helped establish one of the first merchant banking institutions in Pakistan; took an important equity stake in, and provided a $15 million credit line to, the RAL Merchant Bank in Zimbabwe, to help the bank increase its foreign-exchange financing business and diversify its clientele to include smaller businesses; approved an investment in a venture capital company in India to promote the commercial development of locally based technology; helped six leasing companies to increase their business capacity (one each in Chile, Korea, the Philippines, and Turkey, and two in India); and made an investment in a mutual funds management company in Thailand.

IFC expanded its onlending activities during the fiscal year. It established the first onlending facility in Poland, with a DM50 million loan to the Export Development Bank. It also approved loans to financial intermediaries in Indonesia, Mexico, and Zimbabwe for onlending to medium-size enterprises.

The fastest growing area of IFC's capital markets activities involved international securities transactions.



In FY90 IFC launched 11 country funds that mobilized over $1 billion for companies throughout the developing world.

FY90 Project Approvals: Capital Markets

(US$ millions)

Company	Country	Activity	Gross Investment	Project Cost
Corporación de Inversiones y Privatización	Argentina	Investment management	.08	388.10
Jardine Fleming Asia Select Limited	Asia	Investment fund	11.25	100.00
Compañía de Teléfonos de Chile S.A.*†	Chile	Telecommunications	22.10	110.00
Five Arrows Chile Fund†	Chile	Investment fund	6.00	75.00
Leasing Andino	Chile	Leasing	10.00	10.00
First Hungary Fund	Hungary	Investment fund	7.50	80.00
India Lease Development Limited	India	Leasing	3.94	13.37
Infrastructure Leasing and Financial Services	India	Leasing	16.95	16.95
Technology Development and Information Company of India	India	Venture capital	2.87	60.00
Bank Niaga	Indonesia	Agency credit line	7.50	15.00
Bank Umum Nasional*	Indonesia	Agency credit line	10.00	20.00
Nomura Jakarta Fund†	Indonesia	Investment fund	3.00	30.00
P.T. Saseka Gelora Leasing§	Indonesia	Leasing	.07	.56
Korea Development Leasing Corporation	Korea	Leasing	.90	46.30
The Leasing and Finance Company of Malawi§	Malawi	Leasing	.11	1.08
Banca Serfin*	Mexico	Development finance	6.50	22.00
Bancomer*	Mexico	Credit line	20.00	40.00
Banco Nacional de Mexico (Banamex)*	Mexico	Credit line	60.00	200.00
First International Investment Bank	Pakistan	Merchant bank	.69	4.76
All Asia Capital and Leasing Corporation	Philippines	Leasing	.26	2.30
The First Philippine Fund†	Philippines	Investment fund	20.00	100.00
The Manila Fund†	Philippines	Investment fund	7.00	50.00
Export Development Bank*	Poland	Credit/Quasi-equity facility	29.60	60.00
Finantia Capital	Portugal	Investment fund	4.00	30.00
Portuguese Investment Fund†	Portugal	Investment fund	6.00	30.50
Mutual Fund Company	Thailand	Fund management	.26	3.20
ISGEN Leasing	Turkey	Leasing	.23	1.30
Turkish Investment Fund†	Turkey	Investment fund	10.00	60.00
Barclays Bank of Zimbabwe Ltd.*	Zimbabwe	Credit line	20.11	20.11
Merchant Bank of Central Africa Ltd.*	Zimbabwe	Credit line	25.21	25.21
RAL Merchant Bank Ltd.*	Zimbabwe	Credit line	30.21	30.21
RAL Merchant Bank Ltd.*	Zimbabwe	Merchant bank/credit line	17.85	19.00
Scotfin Limited*	Zimbabwe	Credit line	7.50	7.50
Standard Chartered Merchant Bank*	Zimbabwe	Credit line	30.21	30.21
Syfrets Merchant Bank Ltd. Zimbabwe*	Zimbabwe	Credit line	25.21	25.21
		Total	423.11	1,727.87

* Project undertaken in cooperation with a regional investment department.
† Underwriting.
§ As a rights issue under $250,000, this project is not included in the total number of approvals.
Note: Private placements by the Capital Markets Department, which are not shown in this table, came to $328 million in FY90, including placements of $113 million for the Emerging Markets Investment Fund.

During the year, interest in, and demand for, new-money country funds that invest in emerging markets remained strong, although fund activity tapered off during the fourth quarter. IFC remained at the forefront of this activity, participating in the structuring and launching of 11 funds that mobilized over $1 billion in the international markets. It participated as promoter, underwriter, placement agent, and, when appropriate, investor. The Nomura Jakarta Fund (Indonesia), the Portuguese Investment Fund (Portugal), and the Five Arrows Chile Fund (Chile), were IFC's first funds in those countries. The First Hungary Fund, the Manila Fund, and the Turkish Investment Fund were the first investment funds ever in Hungary, the Philippines, and Turkey, respectively.

IFC made use of certain investment instruments for the first time. It was directly involved in arranging a currency swap for Banca Serfin in Mexico. Two "mezzanine" funds were launched in Portugal (Finantia Capital) and Southeast Asia (Jardine Fleming Asia Select) to invest in companies planning to obtain listings on local stock markets. IFC placed with private institutional investors a total of $328 million in securities in these two funds and three others: Corporación

de Inversiones y Privatización (Argentina), First Hungary Fund (Hungary), and the Emerging Markets Investment Fund (worldwide).

During the year IFC established the International Securities Group (ISG) to enhance its activities in international capital markets. Most important, ISG helps companies in developing countries gain access to the major financial markets through the issue of stocks and bonds. ISG became fully operational during the second quarter of FY90 and has developed an active pipeline of projects. It was instrumental in structuring, underwriting (as co-lead manager), and placing a landmark public issue of American Depositary Receipts (ADRs) for Compañía de Teléfonos de Chile S.A. in the international capital markets. This issue is registered with the Securities and Exchange Commission and listed on the New York Stock Exchange. It constitutes the first international public equity offering for a Latin American company in over 20 years.

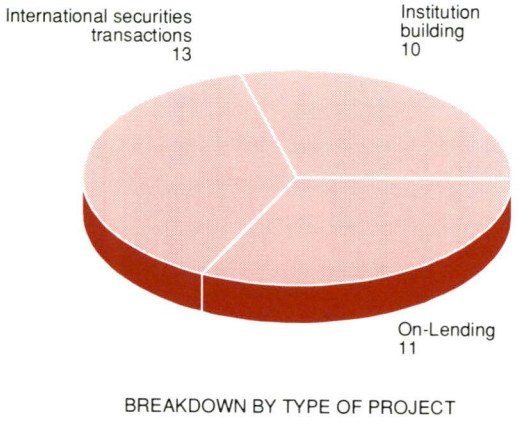
The Department's Emerging Markets Data Base (EMDB), with statistics on the stock markets of 19 developing countries and more than 700 companies, continues to enjoy commercial success. EMDB complements the Department's investment activities by providing scarce, much-needed information on emerging markets to financial institutions and the press. In response to client demand, in FY90 EMDB expanded its coverage to include Indonesia; it also produced *The EMDB Company Guide*, which presents operating data on a representative sample of companies in selected emerging markets.

During the fiscal year, IFC continued to provide technical assistance to member countries. It coordinated studies for nearly 40 countries and regions on existing and proposed legal and regulatory frameworks designed to support capital market development. It also carried out comprehensive reviews of the financial sectors of several countries at the request of their governments.

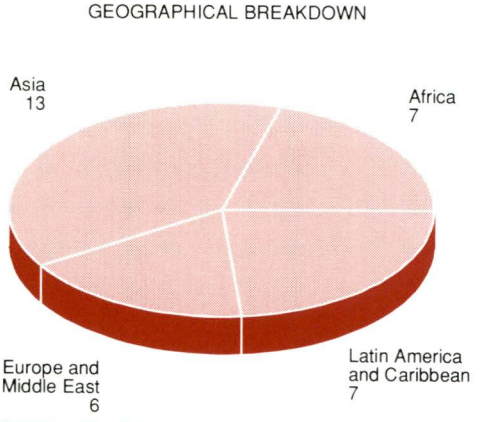
Future Efforts

In the coming fiscal year, the Capital Markets Department will continue to seek a balance among the different types of activities, financial sectors, and geographical regions in which it is involved. In response to demand, and in light of recent political events, the Department will step up its efforts in areas such as institution-building in Africa and Eastern Europe. It will expand its advisory and technical assistance program and, while supporting traditional financial transactions, develop new products in connection with international securities offerings. EMDB will complement these efforts by enlarging the array of products it provides to a sophisticated international financial community.

CAPITAL MARKETS PROJECTS



BREAKDOWN BY TYPE OF PROJECT



GEOGRAPHICAL BREAKDOWN

CORPORATE FINANCE SERVICES

The Corporate Finance Services Department (CFS) provides advisory services for corporate structuring, including financial restructuring, and privatizations. It works closely with other departments in IFC. When the CFS Group was created in FY89, IFC had already successfully completed a number of investment projects involving restructuring and privatization, and it wished to expand its activities in these areas to satisfy growing demand on the part of developing member countries. CFS has quickly gained recognition and acceptance by governments, private companies, and financial advisers. In view of the rapid growth of its activities and the success of its first advisory transactions, CFS was given departmental status in January 1990, and its staffing was increased.

Restructuring

CFS was retained in FY90 to assist with the financial restructuring of Philippine Associated Smelting and Refining Corporation (PASAR). The primary objective of this advisory project is the development of a viable financial structure for PASAR through a debt-reduction program; however, the project may also result in PASAR's privatization through a reduction of the Government's majority shareholding.

Privatizations

In FY90 IFC worked on a number of privatization advisory assignments; in most of these IFC also provided advice on financial restructuring.

- After conducting a comprehensive review of Philippine Airlines (PAL), CFS designed a detailed debt-reduction and privatization program to enable PAL to achieve financial viability with a new ownership structure. PAL accepted CFS's recommendations and has decided to implement the program.
- Having helped the Government of Pakistan in FY89 to identify suitable candidates for privatization, CFS has submitted a proposal delineating its recommendations on how to approach the privatization of selected candidates.
- CFS assisted the Government of Poland in creating the legislative and institutional frameworks needed to establish private ownership and facilitate privatization. Several enterprises are currently being considered for divestiture by the state.
- CFS continued to help the Government of Nepal formulate a privatization policy. An agreement was reached with the Government and UNDP on the details of an advisory assignment for CFS, which will encompass institution-building and the transfer of skills, as well as direct support to two transactions. UNDP is expected to fund the assignment.

During the fiscal year, CFS also held discussions on restructuring and privatization assignments with companies and governments in Antigua, Argentina, Bolivia, Egypt, Greece, Hungary, India, Jamaica, Malaysia, Mexico, Morocco, Nigeria, Paraguay, Thailand, Turkey, Uruguay, Venezuela, and Yugoslavia. A number of these countries have asked CFS to submit specific proposals either for restructuring and privatization or for financial advisory services in connection with new projects.

OTHER OPERATIONS

SYNDICATIONS

Fiscal year 1990 was a record year for IFC Syndications, reflecting the growing willingness of a number of banks to resume lending to projects in developing countries in collaboration with IFC. Of the $1.8 billion of loans approved during the year, the amount syndicated or pending syndication was $622 million, a historical high. The 37 institutions participating in these syndications are listed below.

At the end of FY90, the portfolio of loans administered by IFC for the account of participants stood at $1.1 billion, an increase of $158 million over the previous year.

Loan syndication is one of IFC's most effective catalytic functions. Employing techniques developed since the 1960s, IFC has successfully placed over $3.1 billion of participations in its loans with 249 financial institutions, primarily international banks. While participating banks remain fully exposed to commercial risk, in practice the Corporation's special status has ensured that no IFC loan, including the portion taken by participants, has ever been included in the general rescheduling of any country's foreign debt.

Other factors contributing to the success of IFC's syndication program are the Corporation's favorable experience in the servicing of its own loan portfolio, the benefit to participants of IFC's project appraisal and loan supervision capabilities, and, in a growing number of developed countries, the preferential treatment given by bank regulators to participations in IFC loans, since IFC is the lender of record.

Financial Institutions Participating in IFC Projects in FY90

The Arab Investment Company S.A.A.
Bank für Kärnten und Steiermark A.G.
Bank für Oberösterreich und Salzburg (Oberbank)
Banque CSIA
Banque Indosuez
Banque Internationale à Luxembourg S.A.
Banque Marocaine du Commerce Extérieur
Banque Nationale de Paris
Banque de l'Union Européenne
Bergen Bank A/S
Commerzbank AG
Crédit Lyonnais
Crédit National
Den norske Creditbank
Deutsche Bank AG
Ecobank Transnational Incorporated
Girozentrale und Bank der Österreichischen Sparkassen A.G.
The Industrialization Fund for Developing Countries
Kansallis-Osake-Pankki
Kreditanstalt für Wiederaufbau (KfW)
Manufacturers Hanover Trust Company
NMB Postbank Groep N.V.
Nederlandse Financierings Maatschappij voor Ontwikkelingslanden N.V.
Österreichische Länderbank A.G.
Österreichische Volksbanken A.G.
PKbanken
Postipankki, Ltd.
Raiffeisen Zentralbank Österreich A.G.
Skopbank
Société Générale
Standard Chartered Bank
The Sumitomo Bank, Limited
Swiss Bank Corporation
The Tokai Bank, Limited
Union Bank of Finland Ltd.
Union Bank of Switzerland
Zentralsparkasse und Kommerzialbank, Wien

The largest increase in IFC's syndication activity in FY90 was in Asia, with six new projects in four countries. In Thailand, IFC is syndicating a $100 million loan to help finance the $529 million Vinythai integrated PVC plant, and a $30 million loan to Shin Ho Paper Co. for a newsprint paper mill and de-inking pulp plant. In the Philippines a $25 million syndication is being arranged, alongside IFC's own $65 million loan, for the Luzon Petrochemical Corporation's $500 million petrochemicals complex. IFC is also syndicating a $29.5 million loan for the new Shangri-La Hotel in Manila. A $3.4 million loan was arranged for a fatty acids plant in Malaysia sponsored by Twenty First Century Oleochemicals Sdn. Bhd.

The gradual change in commercial bank attitudes was most evident in Latin America, where during FY90 IFC completed or had pending syndications totaling $157 million for 9 projects in Argentina, Brazil, Chile, Colombia, Mexico, and Venezuela. Examples of FY90 transactions were a $35 million syndication, linked to a French export credit arranged by Société Générale, for Oleoducto de Colombia, S.A., a joint-venture company constructing a $321 million oil pipeline in Colombia; a syndicated loan of $15 million to finance part of a $128 million expansion project for Grupo Condumex, S.A. de C.V., a major Mexican producer of wires and cables; and a $15 million syndication for Petroken Petroquímica Ensenada S.A., an Argentine joint venture company which will construct and operate a $135 million polypropylene plant.

In Africa, IFC attracted over $150 million of commercial bank financing for three major projects. For Ashanti Goldfields Corporation (Ghana) Limited, IFC syndicated a $35 million loan as part of the $93 million financing for the expansion of the Sansu gold mine complex. IFC arranged its second syndication for Crédit Immobilier et Hôtelier, a Moroccan financial institution: banks participated for $52 million in a total IFC loan of $92 million, which is being used to finance a variety of foreign-exchange earning tourism developments. In Zimbabwe, IFC, in cooperation with Banque Nationale de Paris, is syndicating a $65 million loan to a group of local financial institutions, for on-lending to new export industries.

Multi-Country Loan Facilities

IFC has developed a new instrument for mobilizing medium-term foreign exchange lending from international commercial banks for small and medium-size projects in selected developing countries. These projects would not normally be suitable for IFC financing because of their size.

Under a Multi-Country Loan Facility (MLF), IFC and an international commercial bank agree to provide matching amounts of finance, in foreign currency, to projects in specified countries. The commercial bank, through its network of local branches, subsidiaries or offices, is responsible for identifying and appraising the projects, and for subsequent loan supervision. Each loan must be approved by IFC, which applies its normal investment criteria, including adherence to World Bank Group environmental standards. IFC then acts as lender of record for the full amount of the loan, with the commercial bank's contribution taking the form of a participation of 50 percent or more in the IFC loan.

This mechanism has several advantages. It taps the local knowledge and client relationships of major international banks; it encourages commercial banks to share additional medium-term project risks with IFC in developing countries; and it provides foreign exchange for developmentally valuable projects that would normally be too small for IFC to finance.

During fiscal year 1990, IFC approved the first three such MLFs:

Commercial bank	Countries covered
NMB Postbank	Chile, Indonesia, Malaysia, Uruguay
Algemene Bank Nederland	Indonesia, Morocco, Pakistan, Sri Lanka, Turkey
Banque Indosuez	Bangladesh, Malaysia, Pakistan, Thailand, Turkey

In each case, additional countries may be added at a later stage. IFC is currently having discussions with other commercial banks about MLF lending to other areas, including countries in sub-Saharan Africa.



This announcement appears as a matter of record only.

Crédit Immobilier et Hôtelier

Projets hôteliers au Maroc
Prêts à moyen et long terme

d'une contrevaleur de

U.S. $109,000,000

Montés par

International Finance Corporation

avec

Société Générale — Österreichische Länderbank Aktiengesellschaft

¥ 2,875,000,000
FF 118,000,000

Prêt à long terme

International Finance Corporation

U.S. $33,000,000
DM 18,000,000
Dfl 15,000,000

Participations bancaires au prêt à moyen terme

Co-Lead Managers

Société Générale — Österreichische Länderbank Aktiengesellschaft

Nederlandse Financierings Maatschappij voor Ontwikkelingslanden N.V. — GIROZENTRALE und BANK der Österreichischen Sparkassen Aktiengesellschaft

Managers

Banque Française du Commerce Extérieur — Banque Internationale à Luxembourg

NMB Bank (France) — SKOPBANK — Union Bank of Finland (France) S.A.

Co-Manag

The Arab Investment Company S

Banque CSIA (CRI

österreich und
OBERBANK)
e du Commerce
BMCE"
en

This announcement appears as a matter of record only.

U.S. $80,000,000

ASHANTI GOLDFIELDS CORPORATION (GHANA) LIMITED

Financing Primarily for Development of the Sansu Project

U.S. $60,000,000
Term Loan

Provided by

International Finance Corporation

and through Participations in the IFC loan by

Banque Nationale de Paris p.l.c. — Standard Chartered Bank
Union Bank of Switzerland
Manufacturers Hanover Trust Company

U.S. $10,000,000
Lenders' Standby Loan

Provided by

International Finance Corporation
Standard Chartered Bank — Union Bank of Switzerland

U.S. $10,000,000
Sponsors' Standby Loan

Provided by

Republic of Ghana — Lonrho Plc

The undersigned acted as financial advisor to Ashanti Goldfields Corporation (Ghana) Limited, and structured and arranged the financing.

International Finance Corporation

March, 1990

This announcement appears as a matter of record only.

CONDUMEX

Grupo Condumex, S.A. de C.V.
Mexico

U.S. $53,000,000

Project Financing

Provided by

International Finance Corporation

and through Participations in the IFC Loan by

NMB Bank
Banque et Caisse d'Epargne de l'Etat, Luxembourg
Banque Française du Commerce Extérieur
Banque Internationale à Luxembourg
Société Anonyme
Crédit National
Crédit Suisse

June, 1990

This announcement appears as a matter of record only.

U.S. $154,700,000

Philippine Long Distance Telephone Company

U.S. $70,000,000
Project Financing

Provided by

International Finance Corporation

and through Participations in the IFC Loan by German banks led by

This announcement appears as a matter of record only.

HOTEL CONRAD ISTANBUL

Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.S.

U.S. $49,000,000

Project Financing

Arranged by

International Finance Corporation

U.S. $21,000,000
Project Term Loan
and
U.S. $4,000,000
Equity Investment

Provided by

International Finance Corporation

U.S. $24,000,000

Provided through participation in the IFC loan by

Swiss Bank Corporation
Banque Indosuez
Bergen Bank A/S
Crédit Lyonnais
Zentralsparkasse und Kommerzialbank, Wien
Banque Internationale à Luxembourg
Den norske Creditbank PLC
The Tokai Bank, Limited

Hotel Opening December, 1991

February, 1990

AFRICA PROJECT DEVELOPMENT FACILITY

The Africa Project Development Facility (APDF) identifies promising African entrepreneurs and helps them prepare viable projects involving the start-up of new businesses or the expansion, privatization, or diversification of established ones. Although APDF does not finance projects itself, it provides partial funding for market, technical, and other feasibility studies and works directly with project sponsors until financing has been raised.

IFC is the executing agency of APDF, which was established in 1986 as a UNDP project. UNDP's Assistant Administrator serves as Chairman of APDF's Advisory Board. The African Development Bank (ADB), APDF's regional sponsor, is represented on its Board of Directors. Funding for APDF's operating costs is provided by ADB, IFC, UNDP, and fourteen countries: Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States. Brazil, India, and Israel have agreed to provide APDF with technical assistance.

The mandate for the first phase of APDF's operations expired in June 1990. In February 1990 APDF's donors approved a five-year extension, as well as the expansion, of APDF's operations through 1995. APDF opened a new office in Harare, Zimbabwe in early FY91.

In 1989 APDF provided advisory services to 24 projects in nine countries and helped them obtain financing. These projects, which represent total investments of $51 million, will help create about 1,700 jobs at a relatively low cost per job. They bring the total number of projects assisted by APDF to 53, and the number of jobs created to 3,600.

Over the past four years APDF's field offices in Abidjan and Nairobi have received more than 1,600 project proposals. At a time when many countries are making policy adjustments to encourage private sector activity, APDF is helping Africa's entrepreneurs to take advantages of these changes.

Examples of APDF Projects

Guinea

Alpha Chandelle S.A., a new company, will set up a small facility to manufacture 36 million candles annually for the local market. The estimated cost of the project is $500,000. The technology and equipment will be imported from the Federal Republic of Germany. At the local sponsor's request, APDF commissioned a market study and reviewed the technical aspects and long-term viability of the project. Project implementation will be funded by a loan from the Banque Internationale pour le Commerce et l'Industrie de Guinée (BICIGUI).

Kenya

APDF helped two women entrepreneurs negotiate the purchase of a retail clothing business in central Nairobi. Using local materials, the sponsors design, make, and sell professional and formal wear for women. A market study commissioned by APDF and the sponsors confirmed the sponsors' belief that demand exists in Nairobi for moderately priced clothing of this type. The clothing produced by the $100,000 project, *Kwanza Clothing,* which is being financed by the sponsors' equity and a loan from Barclays Bank, will replace a small portion of Kenya's current clothing imports.

Sudan

The sponsor of the *Mistika Engineering Company* plans to set up an engineering workshop for comprehensive maintenance of diesel engines. The primary market will be heavy transport vehicles. Project costs are estimated at $1 million. Two banks, the Sudan Rural Development Corporation and the Industrial Bank of Sudan, have approved medium-term loans to the project. A loan from Sudan Development Corporation is pending, subject to formal ratification. APDF helped raise $600,000 of the financing required.

Zambia

In a $500,000 project, *Siaza Industrial Limited* is establishing a continuous casting facility to produce copper alloy billets for export to European clients identified with APDF's help. Equity provided by the sponsor will cover 49 percent of the total finance required by the project, and the Development Bank of Zambia is providing a loan. Technicians have been trained overseas. Trial production began in September 1989.

AFRICAN MANAGEMENT SERVICES COMPANY

A shortage of well-trained and experienced managers in Africa is thought to be, in part, responsible for the weaknesses of many private African companies and the sluggishness of privatization efforts in the region. IFC launched the African Management Services Company (AMSCo) in April 1989, in collaboration with UNDP and the African Development Bank (ADB), to address this problem.

AMSCo, which is being implemented as part of a UNDP project, represents a novel formula bringing together public-sector funding and private-sector investment and management expertise. AMSCo B.V. has been incorporated in Amsterdam as a Dutch company. About 70 percent of its shares are held by IFC and other financial institutions, including ADB, the Danish Industrialization Fund for Developing Countries (IFU), the Finnish Fund for Industrial Development Cooperation (FINNFUND), France's Caisse Centrale de Coopération Economique, the Netherlands' Finance Company for Developing Countries (FMO), the Development Bank of Portugal (BFN), the Swedish Fund for Industrial Cooperation with Developing Countries (SWEDFUND), and the United Kingdom's Commonwealth Development Corporation (CDC). The remainder of AMSCo's shares are held by more than 50 international private companies from 20 industrialized and developing countries. These companies, which are all members of the Industry Council for Development Services (ICDS), will provide personnel and training to African companies in accordance with AMSCo's mandate. Dr. Carl L. Angst is the first Chairman of AMSCo's Supervisory Committee, and Mr. Tener Eckelberry, AMSCo's first President.

AMSCo will fill senior positions at African client companies with executives primarily from its private-sector shareholders. With its services paid for by clients, AMSCo is designed to be a commercial, self-sustaining venture. However, AMSCo will have at its disposal a $7 million fund from which it can partially finance management contracts for clients unable to carry the full cost of its services initially. The Governments of Belgium, Denmark, Finland, the Federal Republic of Germany, the Netherlands, Portugal, the United Kingdom, and the United States will contribute to this fund.

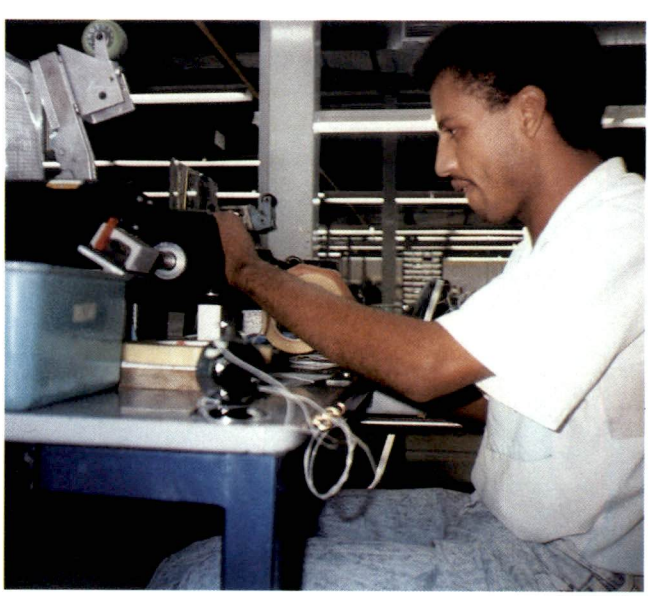
AMSCo's primary objective is to promote profitable and competitive companies that are locally managed. When the executives provided by AMSCo have completed their terms, they will be succeeded by African managers. To this end, AMSCo will provide management training programs for African nationals. ADB, UNDP, and the Governments of Belgium, Italy, the Netherlands, Sweden, and Switzerland have contributed to a $7 million training fund to support these programs.

During FY90, AMSCo recruited its two operations directors and training manager. To make the company known, AMSCo's staff travelled extensively throughout Africa, making presentations to business groups, banks, and government agencies. AMSCo now has a substantial pipeline of potential projects and has entered into its first contract, to help a Senegalese dairy operation improve its management. AMSCo expects to sign five or six contracts in the near future. Demand for AMSCo's services has been heavy; however, AMSCo is not expected to become self-sustaining for another two years.

CARIBBEAN PROJECT DEVELOPMENT FACILITY

The Caribbean Project Development Facility (CPDF) helps entrepreneurs in the Caribbean region secure debt and equity finance for new or expanding businesses. In July 1989 CPDF expanded the scope of its services, making them available to enterprises in Costa Rica, Guatemala, El Salvador, Honduras, Nicaragua, and Panama, and bringing the total number of countries and territories it serves to 27.

The San Isidro Free Trade Zone in the Dominican Republic, which leases factory shells to foreign companies for the assembly of data processing and electrical components, is expanding with the help of CPDF and a $6 million loan from IFC.



In 1989 CPDF opened an Eastern Caribbean Regional Office in Barbados, which will enable it to increase its support to businesses facing special challenges in the relatively small and isolated economies of the Leeward and Windward Islands. CPDF also entered into formal arrangements with local institutions in several larger countries, for example the Investment Promotion Council in the Dominican Republic and the Foundation for Investments and Development of Exports in Honduras, to provide promotional and logistical functions on its own behalf.

CPDF's financial base was strengthened substantially during the year. USAID and the Governments of Japan and the Netherlands joined CPDF's previous donors—IDB, IFC, UNDP, and government agencies in Canada, the Federal Republic of Germany, and the United Kingdom—in committing funding for CPDF's operations. CPDF has now almost met its funding requirements for the five-year period 1988–92.

During 1989 CPDF worked on nine new project proposals with total costs of over $83 million. Since its inception in 1981, CPDF has secured finance for a total of 52 projects with costs of nearly $120 million.

ENERGY PROGRAM

IFC's energy program originated in the Five Year Plan approved by the Board in 1984. The program's primary objective is to contribute to the energy supply of developing countries by encouraging oil companies to expand their activities in these countries. To date, the Board has approved eleven investments in nine pure exploration ventures, as well as two equity investments in oil exploration and development in the Meleiha venture in Egypt; total disbursements in the ten ventures are estimated at $46 million. In addition, a total of $665 million in loans for energy development projects has been approved under the program; of this, $380 million was for IFC's own account, and $285 million was syndicated with commercial banks.

Exploration

The first oil discovery in an IFC exploration venture has recently been made. In the Chirete-Olleros venture in Argentina, approved by the Board in FY87, a well drilled in the Olleros block produced about 800 barrels of oil per day during testing; an appraisal program will soon be carried out to determine whether the discovery is commercial. In the same venture, a deep well was drilled in the Chirete block. Encouraging oil shows were encountered during drilling, but the well had to be abandoned for mechanical reasons. There is a plan to drill a replacement well into the same structure in the near future.

In FY90 IFC's Board approved two further oil exploration ventures, bringing the total number of exploration projects in which IFC is currently involved to five. An oil exploration venture in Guinea-Bissau —IFC's first project in that country—is being undertaken offshore in the Anetibene block in partnership with Shell Pecten, the project operator, and Walter International Inc., an independent U.S. oil company. IFC is taking a 15 percent interest in the venture. The Board also approved an equity investment in the Raja-Pendopo petroleum exploration project in South Sumatra, Indonesia. IFC's partners in this project are two independent U.S. oil companies, Union Pacific Resources Co. and Enron Oil and Gas Company, and P.T. Kodel, a leading indigenous company undertaking its first oil exploration venture.

FY90 Project Approvals: Energy
(US$ millions)

Company	Country	Activity	Gross Investment	Project Cost
Hidra Oil Development	Argentina	Development	30.00	30.00
Oleoducto de Colombia, S.A.	Colombia	Development	70.00	321.00
Anetibene Petroleum Exploration Program	Guinea-Bissau	Exploration	5.85	39.00
Raja-Pendopo Petroleum Exploration Project	Indonesia	Exploration	3.60	32.60
		Total	109.45	422.60

Development

During FY90 IFC approved two loans to energy development projects. A loan of $70 million was approved for Oleoducto de Colombia, a $321 million project to construct a 476-kilometer crude oil pipeline. The pipeline is expected to increase production and export of crude oil from Colombia's two major oil-producing areas—the Llanos region and the Magdalena Valley. Half of the loan is for IFC's own account; the other half will be syndicated among seven commercial banks. IFC also approved its second investment in the Hidra project, the first commercial development of an offshore oil-field in Argentina. IFC will provide a standby loan of $20 million to the project's three main shareholders and increase the syndicated portion of its original loan by $10 million. The Hidra project is currently producing about 28,000 barrels of crude oil per day.

The Meleiha Exploration and Development Venture

IFC made its first equity investment in the Meleiha exploration and development venture in 1986, and its second investment a year later. To date, IFC has invested about $30 million in the venture and received approximately $14 million in revenues. The Corporation expects to recover its investment in full by 1994; the venture is expected to generate cash flow for at least 10 years beyond that. When IFC entered the venture, oil reserves were estimated to be 50 million barrels. New reserves were subsequently discovered, and proven reserves now stand at 80 million barrels. Ultimate recovery is expected to be in excess of 100 million barrels. The field is currently producing about 17,000 barrels of oil daily. Water is being injected into the reservoir to increase the percentage of oil recovered, and production could reach 20,000 barrels per day by 1992.

Current production is from the shallower reservoirs in the Meleiha area. A discovery well drilled into deeper reservoirs has indicated the presence of hydrocarbons, primarily gas, possibly in significant volumes. There is no gas market in the vicinity, but discussions are under way about establishing a gas-gathering system for several blocks in the Western Desert and linking this system by pipeline to the national gas grid.

The Meleiha venture has added reserves to Egypt's energy sector and continues to generate substantial revenues for the Egyptian economy. The project has considerable potential for further development, and may make an important contribution to Egypt's emerging natural gas industry.

Wahome Steel Ltd., a Ghanaian company, will use IFC financing to build a plant for the production of reinforcement bars, wire rods, wire, and other steel products.



THE FOREIGN INVESTMENT ADVISORY SERVICE

The Foreign Investment Advisory Service (FIAS), which is jointly operated by IFC and MIGA, provides advice to the governments of member countries seeking to develop policies and programs that will enable them to attract foreign direct investment. To date, FIAS's work has been heavily concentrated in Asia and sub-Saharan Africa. However, during FY90 its efforts to achieve greater geographical diversity were successful. FIAS worked in 20 countries in all, and completed 17 advisory projects, two of which were in Eastern Europe. It also identified new projects in Egypt, Saudi Arabia, and the Republic of Yemen.

As in past years, the type of advice provided by FIAS in FY90 varied widely. FIAS identified general investment policy issues for the Governments of Bangladesh, Cameroon, Lesotho, Pakistan, Poland, and Uganda. It helped several countries, including Cameroon, Madagascar, and Uganda, to review or restructure their investment codes; it also helped Kenya to develop a comprehensive investment policy statement that will serve as the basis for revising specific laws and policies. It reviewed investment incentives in Hungary and the ASEAN countries. FIAS also helped several countries, including Indonesia, Lesotho, Morocco, and Togo, develop investment-promotion strategies. It made recommendations to the Governments of Bangladesh, Lesotho, Poland, and Uganda in connection with creating investment institutions or improving the structure and functioning of existing ones. FIAS helped the Philippines to improve its foreign-investment data base, and worked with the Government of Hungary on measures to facilitate foreign investment in the privatization process.

In addition to its advisory work, FIAS organizes conferences and prepares studies on issues related to foreign direct investment. In FY90, with UNDP's support, FIAS sponsored a major conference on the promotion of foreign investment in sub-Saharan Africa, which attracted over 40 speakers and more than 200 participants. FIAS also completed two research projects growing out of its advisory work. One identified the characteristics of screening and monitoring institutions that facilitate the flow of productive investment. The other identified programs in OECD countries that promote investment by domestic firms in developing countries; these programs can be tapped by developing countries seeking to attract more foreign investment. FIAS also began to review investment policy issues in the South Pacific islands during the year.

FIAS Activities in Eastern Europe

Eastern European countries are opening up their economies to foreign investment and, at the same time, initiating privatization on a massive scale. Centrally planned, subsidized, and protected units are being converted to private companies that must compete in export markets as well as in more open home markets, without subsidies. Foreign direct investment (FDI) has a major role to play in this process because many major industrial and financial enterprises in Eastern Europe need the management, technology, marketing skills, and risk capital that FDI can bring. FDI can speed up the privatization process. It can also make it less costly in terms of unemployment, bankruptcies, and wasted resources, and more effective in increasing productivity and real incomes.

FIAS is working with governments in the region to find ways to motivate and channel foreign investment to help in this momentous transformation. In addition to providing them with informal advice, it has studied, and made recommendations on, a number of issues:

Poland

- Changing the foreign investment law to reduce government involvement in business decisions, improve access of FDI to foreign exchange, revise procedures for resolution of disputes, and expand legal coverage to regulate FDI in privatization.
- Revising tax regulations to provide more effective incentives.
- Restructuring and strengthening the Foreign Investment Agency, and improving its ability to promote Poland as a site for FDI.

Hungary

- Restructuring and re-targeting tax incentives.
- Identifying which public enterprises should be allowed to proceed on their own with "spontaneous" privatization, and which should be more closely controlled; improving the regulations governing spontaneous privatization; and assuring a competitive and open process for involving foreign investors in the privatization of the most important enterprises.
- Overhauling the screening process for FDI.

FIAS's operating costs were covered by contributions from UNDP, IFC, and MIGA; its own trust fund; and fees charged to clients. During FY90 contributions to the trust fund were received from France, Japan, the Netherlands, Switzerland, and the United Kingdom; new commitments to provide funding over several years were also made by France, Switzerland, and the United Kingdom. USAID committed funding for several years to support FIAS's work in sub-Saharan Africa.

SOUTH PACIFIC PROJECT FACILITY

During FY90, IFC's Board of Directors approved the establishment of the South Pacific Project Facility (SPPF), modeled on the Africa and Caribbean Project Development Facilities, to assist in the development of small and medium-size private enterprises in the South Pacific island countries. Average project size is expected to be around $1 million. IFC will manage SPPF and provide partial funding to cover operating expenses. Other funding will be provided by various donor countries and multilateral development institutions. SPPF will begin operations in August 1990, for an initial period of five years.

TECHNICAL ASSISTANCE AND TECHNOLOGY SERVICE

Technical Assistance

IFC seeks to contribute to the success of private enterprises in the developing world by providing them with technical assistance to ensure that they are financially, managerially, and technologically sound. IFC's Technical Assistance (TA) Trust Funds Program, which grew out of IFC's collaborative efforts with the EC and bilateral agencies in several countries—Canada, Italy, the Netherlands, Sweden, Switzerland, and the United States—continued to expand in FY90. Total contributions to the TA funds reached $8.5 million. Two new TA funds were set up with the Governments of Finland and Japan, and existing funds were replenished by new funding from the Governments of Canada, Japan, and the Netherlands. The TA funds complement UNDP's $1 million Investment Feasibility Study Facility, which is used mainly by IFC.

By financing services such as sector studies, pilot operations for new technologies, pre-feasibility and feasibility studies, training programs, and short-term management support, the TA funds enable IFC to develop promising project proposals into bankable ventures, and to rehabilitate projects in difficulty both within and outside its portfolio. IFC expects to mobilize additional resources from other countries to set up similar TA funds in the future.

During FY90 IFC supported 22 technical assistance projects, described in the box on p. 46, involving co-financing of $2 million from the trust funds. The funds have supported a total of 37 projects since the TA program began, several of which have been successfully completed: the creation of a facility to prepare viable projects in the South Pacific island countries (the South Pacific Project Facility-SPPF); a fishery/fish processing project in Senegal; a pilot metallurgical operation in Peru to refine silver concentrate into dore bars; and feasibility studies for a poplin fabric plant in Tunisia and sewing-thread operation in Egypt.

As part of its continuing efforts to promote the transfer of emerging technologies, IFC is considering an investment in a project in Argentina involving the commercial application of satellite telecommunication technology. IFC is also developing a small biotechnology project involving transfer of U.S. know-how to Cameroon to provide medical test kits for household use.

Technology Service

In FY90 IFC's Engineering Department continued to develop its Technology Service, which helps businesses in member countries with the identification, evaluation, selection, and acquisition of technologies. It has established a bank of information on sources of new and established technologies in Europe, North America, and elsewhere.

The Technology Service has assisted companies in a number of developing member countries, including Chile, India, Indonesia, Kenya, Mexico, and Pakistan, wishing to update their process technologies, or seeking new products, processes, and business activities. For example, it prepared a study for an agribusiness company in India comparing the technologies and business potential of by-products that could be produced by biotechnological processes from a material that might otherwise be underutilized or treated as waste. It conducted a search in Brazil for a company interested in manufacturing a computer developed by a Scandinavian firm. Help has been provided to businesses in fields as diverse as electronics, ceramics,

Nature of Activity	*Technical Assistance Projects*	*Country*
Sector Study	—Fabrication and export of leather goods	Bangladesh
	—Textiles	Global
Project Identification/ Linking of Partners	—Poplin fabric production	Tunisia
	—Mangoro pulpwood export	Madagascar
	—Africa/EC integrated trucking operation	Morocco
	—Production of raw silk	Thailand
	—Multi-phase study to identify investment opportunities in selected countries for IFC and foreign and local sponsors in projects providing environmental goods and services	Phase 1—Turkey, Mexico, Thailand Phase 2—Malaysia, Poland, Pakistan, Chile Phase 3—Indonesia, Hungary
Feasibility Study	—Compressed natural gas application for commercial vehicles	Bolivia
	—Leasing company	Bolivia
	—Integrated poultry project	Cameroon
	—Soft drinks project	Indonesia
	—Porcelain/ceramic tableware project	Indonesia
	—Complete systems manufacture and assembly line, services, training	Portugal
	—Silk production project	Thailand
	—Environmental impact of polystyrene project	Tunisia
	—Venture capital fund	Zimbabwe
Pilot Plant	—Paddy straw mushroom growing	Indonesia
Project Rehabilitation	—Nickel mining project	Philippines
	—Fishery/fish processing project	Uruguay
Promotional/Technology Transfer/Technical Assistance	—Biotechnology (medical test kits)	Cameroon
	—Follow-up seminars on global automotive study (Brazil, India, Mexico)	Global
	—Pollution control	Poland
	—Fish processing operation	Senegal

foundry technology, environmental engineering, paper and packaging, computer software, instrument engineering, fruit juices, plastics, mushrooms, wood products, and metal-waste processing.

Many developing countries need state-of-the-art technologies in the processing and preservation of food, both to improve domestic distribution and to gain access to export markets. The Service is reviewing the commercial and technical characteristics of a range of alternative process technologies.

The Technology Service is also offered to companies in industrialized countries that have technologies with applications in developing countries. IFC's knowledge of business conditions in the developing world can help these companies locate potential partners and opportunities.

The Technology Service's activities may lead, in certain cases, to investment projects for IFC. However, this is not a condition for assistance from the Service, which is available on a fee-paying basis to private businesses in member countries.

PERSONNEL MANAGEMENT AND ADMINISTRATION

IFC's institutional growth and the expansion of its advisory operations over the past few years led to the creation of two new departments in FY90—the first major changes at the department level since 1985. A Controller's and Business Planning Department was formed in December 1989 in connection with a realignment of the functions reporting to the Vice President of Finance and Planning. Jean-Philippe Halphen became the Department's first Director. Also in December 1989, René Karsenti joined IFC from the World Bank as Director of the Treasury and Financial Policy Department, which replaced the Finance and Budgeting Department. Mr. Karsenti succeeded Eduardo Costa, who resigned as Director of Finance and Budgeting to return to the private sector in his native Portugal. After a year of developing its corporate restructuring and privatization services into a solid line of business, IFC's Corporate Finance Services Group became a full department in January 1990. Edward A. Nassim was appointed the Department's first director, following the departure to the U.S. private sector of Peter C. Jones, who was head of Corporate Finance Services during its start-up phase.

At the end of the fiscal year, IFC senior management announced a further change in organizational structure, which went into effect on July 1, 1990. A new investment department covering the Middle East and North Africa was established, and André Hovaguimian, formerly Director, Department of Investments, Africa I, was appointed its first director. Philippe Liétard was promoted to succeed Mr. Hovaguimian as Director, Africa I. Douglas Gustafson remains Director, Department of Investments, Europe.

There were several other senior management changes during the fiscal year. Daniel F. Adams, who had been Vice President of Portfolio Operations before resigning in FY88 to pursue private business interests, returned to IFC in March 1990 as Director of the Capital Markets Department, succeeding Charles O. Sethness. Walter F. Norris, Deputy General Counsel, retired at the end of the year, and was succeeded by Daoud L. Khairallah. A new position, Special Adviser to the Vice President of Investment Operations, was established. It was filled by Ducksoo Lee, who joined IFC from the World Bank on July 1, 1990.

IFC is undertaking a major expansion of its resident and regional missions. In FY90, IFC opened a regional mission in Islamabad that will cover business activities in both Pakistan and Bangladesh. C. John Pott was named Regional Representative in Islamabad. Early in FY91, IFC opened a resident mission in Sao Paulo, Brazil, and regional missions in Douala, Cameroon and Harare, Zimbabwe, bringing the total number of IFC missions in the developing world to 14. IFC also maintains offices in London, Paris, and Tokyo, as well as a promotional office in Vienna, Austria that covers Eastern Europe. The Africa Project Development Facility (APDF) opened a new office in Harare, Zimbabwe in July 1990. IFC's new South Pacific Project Facility (SPPF), approved by the Board in FY90, will begin operations early in FY91.

To meet the need for increased staffing created by the growth of IFC's business, the Personnel Office has stepped up its recruitment and staff development activities. IFC has traditionally sought to recruit professional staff in mid-career, typically from the private sector, who have an established record of achievement and experience, are challenged by the Corporation's work, and wish to contribute to it. IFC has recently developed a recruitment program aimed at younger candidates with exceptional potential. In FY89 and FY90, IFC conducted on-campus interviews with MBA students in their last year at leading graduate schools of business in Europe and North America: Bocconi, Chicago, Harvard, IMD (Lausanne), INSEAD (Paris), Kellogg School (Northwestern University), London, Rotterdam School (Erasmus University), Sloan School (M.I.T.), Stanford, and the Wharton School (University of Pennsylvania). This program will be expanded in FY91, and IFC will also continue to hire graduates of the World Bank Group's Young Professionals Program.

At the same time, IFC is striving to improve its competitive position through efforts to develop and reward experienced staff. It is expanding its training program and offering courses on innovations in business management, corporate finance, project economics, and other areas of interest, as well as in communications and information technology. IFC has also strengthened its staff performance review procedures.

IFC's staff is internationally diverse, including nationals from nearly 70 countries of which more than 50 are classified as developing. At the end of FY90 there were 595 regular staff on IFC's payroll, compared with 541 on June 30, 1989. A total of 765 staff members were employed by IFC at the end of the fiscal year, including long-term consultants and temporary staff; staff in IFC's overseas missions, who are generally nationals of the host countries; and other specialized staff.

More than 37 percent of IFC's managers, and 45 percent of higher-level staff, are from developing countries. Women currently occupy 67, or 17 percent, of the higher-level staff positions.

During the year, IFC mourned the deaths of John W. Lowe and J. David Dodd. Mr. Lowe joined IFC in 1975 as an investment officer in the Capital Markets Department. He held progressively more senior positions in the World Bank and IFC and became Manager of the Portfolio Operations Support Unit in 1987, the post he held at the time of his death. Mr. Dodd, who joined IFC as an engineer in 1957, was instrumental in setting up IFC's Engineering Department in 1964 and served as the Department's first director.

FINANCIAL STATEMENTS

International Finance Corporation Annual Report 1990

Balance Sheet 50

Statement of Income 51

Statement of Cash Flows 52

Statement of Capital Stock and Voting Power 53

Notes to Financial Statements 54

Report of Independent Accountants 58

International Finance Corporation

Balance Sheet

Exhibit A

June 30, 1990 and June 30, 1989

In thousands of United States dollars—*See Notes to Financial Statements, Exhibit E*

	1990	1989
ASSETS		
Cash, deposits and securities—Note B	$2,162,898	$1,313,404
Receivables and other assets—Note C	151,129	146,437
Loan and equity investments disbursed and outstanding—Note D		
Loan investments	3,018,930	2,320,267
Equity investments	570,096	472,454
Total investments	3,589,026	2,792,721
Less: Reserve against losses	(319,300)	(257,927)
	3,269,726	2,534,794
Net receivable on currency swaps—Note G	25,680	11,465
TOTAL ASSETS	$5,609,433	$4,006,100
LIABILITIES AND EQUITY		
Liabilities:		
Payables and other liabilities—Note F	$ 115,955	$ 79,253
Borrowings withdrawn and outstanding—Note G		
From market sources	2,670,281	1,560,703
From International Bank for Reconstruction and Development	909,293	694,503
Total borrowings	3,579,574	2,255,206
Net payable on currency swaps—Note G	7,845	56,402
Deferred income	41,969	32,592
Total Liabilities	3,745,343	2,423,453
Capital and Accumulated Earnings:		
Capital stock, authorized 1,300,000 shares of $1,000 par value each—Note H		
Subscribed	$1,162,427	$1,112,817
Less: Portion not yet paid	(90,101)	(164,915)
	1,072,326	947,902
Payment on account of pending subscription	67	67
Accumulated earnings	791,697	634,678
Total Equity	1,864,090	1,582,647
TOTAL LIABILITIES AND EQUITY	$5,609,433	$4,006,100

International Finance Corporation

Statement of Income

Exhibit B

For the fiscal years ended June 30, 1990 and June 30, 1989
In thousands of United States dollars—*See Notes to Financial Statements, Exhibit E*

	1990	1989
INCOME		
Income from loan and equity investments:		
Interest and financial fees—Note I	$297,083	$244,357
Dividends and profit participations	30,724	30,830
Capital gains on equity sales	90,707	118,616
Service fees	16,777	25,303
Income from deposits and securities	142,218	101,517
Translation gains (losses) net	6,961	(1,554)
Other income (losses)	403	(574)
TOTAL INCOME	584,873	518,495
EXPENSES		
Charges on borrowings	230,940	184,649
Administrative expenses	105,864	76,827
Provision for losses—Note D	90,550	59,635
Contribution to special programs—Note J	500	900
TOTAL EXPENSES	427,854	322,011
NET INCOME	$157,019	$196,484

International Finance Corporation

Statement of Cash Flows

Exhibit C

For the fiscal years ended June 30, 1990 and June 30, 1989

In thousands of United States dollars—*See Notes to Financial Statements, Exhibit E*

	1990	1989
Cash flows from investing activities:		
Loan and equity disbursements	$(1,001,437)	$ (870,045)
Loan repayments and equity redemptions	285,006	234,287
Sales of loans and equity investments at cost	67,666	36,328
Net cash used in investing activities	(648,765)	(599,430)
Cash flows from financing activities:		
Draw-down of IBRD borrowings and new issues	1,207,626	502,792
Repayments on borrowings	(92,352)	(184,723)
Capital subscription payments	124,424	97,680
Net cash provided by financing activities	1,239,698	415,749
Cash flows from operating activities:		
Net income	157,019	196,484
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for losses	90,550	59,635
Translation (gains) losses	(6,961)	1,554
Increases in accrued income on loans, deposits and securities	(12,820)	(26,627)
Increase in payables and other liabilities	29,445	27,267
Increase in receivables and other assets	(10,192)	(30,447)
Net cash provided by operating activities	247,041	227,866
Increase in cash, deposits and securities	837,974	44,185
Effect of exchange rate changes on cash, deposits and securities	11,520	(8,983)
Net increase in cash, deposits and securities	849,494	35,202
Cash, deposits and securities at beginning of period	1,313,404	1,278,202
Cash, deposits and securities at end of period	$2,162,898	$1,313,404
Supplemental disclosure of non cash activities:		
Increase (decrease) resulting from exchange rate fluctuation:		
Loans outstanding	131,949	(60,398)
Borrowings and swap activities	143,513	(65,732)

International Finance Corporation

Statement of Capital Stock and Voting Power

Exhibit D

June 30, 1990 and June 30, 1989
In thousands of United States dollars

Members	Capital Stock: Amount Paid	Capital Stock: Percent of Total	Voting Power: Number of Votes	Voting Power: Percent of Total
Afghanistan	$ 111	.01	361	.03
Angola	837	.08	1,087	.10
Antigua and Barbuda	13	*	263	.02
Argentina	19,205	1.79	19,455	1.76
Australia	26,751	2.49	27,001	2.44
Austria	9,943	.93	10,193	.92
Bahamas, The	142	.01	392	.04
Bangladesh	4,552	.42	4,802	.43
Barbados	182	.02	432	.04
Belgium	27,446	2.56	27,696	2.50
Belize	50	*	300	.03
Benin	67	.01	317	.03
Bolivia	958	.09	1,208	.11
Botswana	64	.01	314	.03
Brazil	19,885	1.85	20,135	1.82
Burkina Faso	432	.04	682	.06
Burundi	100	.01	350	.03
Cameroon	885	.08	1,135	.10
Canada	45,976	4.29	46,226	4.18
Cape Verde	11	*	261	.02
Chile	4,552	.42	4,802	.43
China	8,122	.76	8,372	.76
Colombia	4,571	.43	4,821	.44
Congo, People's Republic of the	131	.01	381	.03
Costa Rica	420	.04	670	.06
Côte d'Ivoire	1,349	.13	1,599	.14
Cyprus	1,209	.11	1,459	.13
Denmark	10,487	.98	10,737	.97
Djibouti	21	*	271	.03
Dominica	22	*	272	.03
Dominican Republic	598	.06	848	.08
Ecuador	1,479	.14	1,729	.16
Egypt, Arab Republic of	6,855	.64	7,105	.64
El Salvador	11	*	261	.02
Ethiopia	33	*	283	.03
Fiji	108	.01	358	.03
Finland	8,872	.83	9,122	.83
France	68,400	6.38	68,650	6.21
Gabon	931	.09	1,181	.11
Gambia, The	35	*	285	.03
Germany, Federal Republic of	72,861	6.80	73,111	6.61
Ghana	2,242	.21	2,492	.23
Greece	3,051	.29	3,301	.30
Grenada	46	*	296	.03
Guatemala	598	.06	848	.08
Guinea	294	.03	544	.05
Guinea-Bissau	18	*	268	.02
Guyana	406	.04	656	.06
Haiti	306	.03	556	.05
Honduras	184	.02	434	.04
Hungary	5,216	.49	5,466	.49
Iceland	11	*	261	.02
India	45,976	4.29	46,226	4.18
Indonesia	16,131	1.50	16,381	1.48
Iran, Islamic Republic of	372	.04	622	.06
Iraq	147	.01	397	.04
Ireland	729	.07	979	.09
Israel	1,076	.10	1,326	.12
Italy	41,942	3.91	42,192	3.81
Jamaica	2,157	.20	2,407	.22
Japan	79,794	7.44	80,044	7.24
Jordan	735	.07	985	.09
Kenya	1,529	.14	1,779	.16
Kiribati	7	*	257	.02
Korea, Republic of	9,013	.84	9,263	.84
Kuwait	4,533	.42	4,783	.43
Lebanon	50	*	300	.03
Lesotho	18	*	268	.02
Liberia	$ 83	.01	333	.03
Libya	55	*	305	.03
Luxembourg	1,209	.11	1,459	.13
Madagascar	111	.01	361	.03
Malawi	853	.08	1,103	.10
Malaysia	7,668	.72	7,918	.72
Maldives	9	*	259	.02
Mali	116	.01	366	.03
Mauritania	55	*	305	.03
Mauritius	736	.07	986	.09
Mexico	10,306	.96	10,556	.95
Morocco	4,552	.42	4,802	.43
Mozambique	182	.02	432	.04
Myanmar	666	.06	916	.08
Nepal	306	.03	556	.05
Netherlands	31,726	2.96	31,976	2.89
New Zealand	1,583	.15	1,833	.17
Nicaragua	184	.02	434	.04
Niger	131	.01	381	.03
Nigeria	10,900	1.02	11,150	1.01
Norway	9,947	.93	10,197	.92
Oman	671	.06	921	.08
Pakistan	8,626	.80	8,876	.80
Panama	426	.04	676	.06
Papua New Guinea	490	.05	740	.07
Paraguay	270	.03	520	.05
Peru	1,777	.17	2,027	.18
Philippines	3,247	.30	3,497	.32
Poland	4,090	.38	4,340	.39
Portugal	4,705	.44	4,955	.45
Rwanda	306	.03	556	.05
St. Lucia	37	*	287	.03
Saudi Arabia	14,447	1.35	14,697	1.33
Senegal	1,106	.10	1,356	.12
Seychelles	15	*	265	.02
Sierra Leone	83	.01	333	.03
Singapore	177	.02	427	.04
Solomon Islands	19	*	269	.02
Somalia	83	.01	333	.03
South Africa	9,014	.84	9,264	.84
Spain	13,175	1.23	13,425	1.21
Sri Lanka	3,594	.34	3,844	.35
Sudan	111	.01	361	.03
Swaziland	404	.04	654	.06
Sweden	13,539	1.26	13,789	1.25
Syrian Arab Republic	72	.01	322	.03
Tanzania	724	.07	974	.09
Thailand	5,510	.51	5,760	.52
Togo	808	.07	1,058	.10
Tonga	13	*	263	.02
Trinidad and Tobago	1,818	.17	2,068	.19
Tunisia	1,795	.17	2,045	.19
Turkey	5,985	.56	6,235	.56
Uganda	735	.07	985	.09
United Arab Emirates	1,838	.17	2,088	.19
United Kingdom	68,400	6.38	68,650	6.21
United States	231,429	21.58	231,679	20.95
Uruguay	1,797	.17	2,047	.19
Vanuatu	55	*	305	.03
Venezuela	15,593	1.45	15,843	1.43
Viet Nam	166	.01	416	.04
Western Samoa	20	*	270	.02
Yemen Arab Republic‡	360	.03	610	.06
Yugoslavia	4,169	.39	4,419	.40
Zaire	2,159	.20	2,409	.22
Zambia	1,286	.12	1,536	.14
Zimbabwe	546	.05	796	.07
Total June 30, 1990	$1,072,326	100.00†	1,106,076	100.00†
Total June 30, 1989	$ 947,902	100.00†	981,152	100.00†

* Less than .005 percent.
† May differ from the sum of the individual percentages shown because of rounding.
‡ On May 22, 1990, the Yemen Arab Republic and the People's Democratic Republic of Yemen merged into a single state, the Republic of Yemen. Effective July 13, 1990, the Republic of Yemen is substituted for the Yemen Arab Republic in the Corporation's records.

Notes to Financial Statements

June 30, 1990 and June 30, 1989

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

The accounting and reporting policies of the Corporation conform to generally accepted accounting principles in the United States and International Accounting Standards. The Corporation carries its assets and liabilities principally on the historical cost basis and follows the accrual method of accounting except where noted otherwise.

The significant accounting policies are summarized as follows:

Financial Statement Presentation—Certain amounts in the prior year have been reclassified to conform to the current year's presentation.

Translation of Currencies—All assets and liabilities not denominated in United States dollars, with the exception of equity investments, are expressed in United States dollars at the approximate exchange rates prevailing at June 30, 1990 and 1989. Equity investments disbursed in currencies other than United States dollars are expressed in United States dollars at the exchange rates which applied at the time of disbursement. Translation gains and losses are credited or charged to income.

Investments—Investments are recorded at the date investment commitments are signed by the Corporation and are reflected as assets when disbursed. Loan investments are generally reported as the principal amounts outstanding. Equity investments are carried at cost. Guarantees extended by the Corporation assuring payment of principal and interest on debt issuances on behalf of commercial enterprises and other exposures relating to various contractual arrangements are not reflected in the balance sheet until such time as the guarantee is called.

Reserve Against Losses—The reserve against losses represents management's judgement as to identifiable losses on specific investments with a significant and relatively permanent decline in value and an estimate of potential losses not specifically provided for. The reserve is established through annual charges to income in the form of provision for losses on investments. Investments written off, as well as any subsequent recoveries, are recorded through the reserve.

Revenue Recognition—Dividends and profit participations are recorded as income when received in freely convertible currencies. Gains on sales of investments are measured against the average cost of the investments sold and are credited to income when received in freely convertible currencies.

Interest and commitment fees are recorded as income on an accrual basis. All other fees are recorded as income when received. The Corporation does not recognize income on loans where collectibility is in doubt or payments of interest or principal are past due more than sixty days unless management anticipates that collection will occur in the near future. Any interest which has been accrued on a loan placed in nonaccrual status is reversed out of the current income. Interest on nonaccrual loans is thereafter recognized as income only when actual payment is received. When interest not previously recognized is capitalized as part of a debt restructuring, such interest is recorded as deferred income and credited to current income only when the related principal maturity is received. Fees and costs associated with loan origination are recognized when incurred as the net of these amounts is not material.

Deposits and Securities—Prior to June 30, 1990, deposits and securities were valued at cost, which approximated market. Commencing in the current fiscal year, the Corporation's liquid assets are segregated into various pools which, at June 30, 1990, are valued at either cost or market depending on the purpose for which a particular pool is held. Gains and losses on sales of securities valued at cost are measured by the difference between cost (on a last-in, first-out basis) and proceeds of the sales and are recorded as an element of income from deposits and securities.

Due to the nature of the deposits and securities held by the Corporation and its policies governing the level and use of such assets, the Corporation classifies the deposits and securities portfolio as an element of liquidity in the Statement of Cash Flows.

Currency and Interest Rate Swaps—The Corporation enters into various currency and interest rate swap arrangements for its own asset/liability management. Associated income or expenses are recognized over the life of the swap agreement as a component of charges on borrowings.

NOTE B—CASH, DEPOSITS AND SECURITIES

Cash, deposits and securities comprise the following:

	At June 30 ($ thousands)	
	1990	1989
Cash	$ 23,209	$ 17,099
Time deposits and other obligations of banks and financial institutions	1,823,621	890,348
Government securities	316,068	405,957
Total cash, deposits and securities	$2,162,898	$1,313,404

At June 30, 1990, 40.7% of the deposits and securities portfolio was valued at market. This gave rise to an unrealized gain of approximately $600,000 at June 30, 1990. The remainder of the portfolio was valued at cost, which was not significantly different from market. The securities and deposit portfolio is denominated primarily in United States dollars with instruments in nondollar currencies representing 7.9% of the portfolio.

NOTE C—RECEIVABLES AND OTHER ASSETS

Receivables and other assets of the Corporation are summarized below:

	At June 30 ($ thousands)	
	1990	1989
Receivable from sales of deposits and securities	$ 123	$ 123
Accrued income on deposits and securities	26,028	14,460
Receivable from purchasers of loan and equity investments	22,839	24,249
Accrued income on loans	61,438	54,444
Deferred charges	15,886	8,387
Other assets	24,815	44,774
Total receivables and other assets	$151,129	$146,437

NOTE D—LOAN AND EQUITY INVESTMENTS AND RESERVE AGAINST LOSSES

Investments approved by the Board of Directors to be held by the Corporation but not signed as investment commitments, and commitments signed but on which disbursements have not yet commenced are as follows:

	At June 30 ($ thousands)	
	1990	1989
Investments approved but not committed		
Loans	$ 757,350	$ 310,560
Equities	108,610	82,900
	865,960	393,460
Investments committed but not disbursed		
Loans	1,048,978	1,151,891
Equities	114,017	100,038
	1,162,995	1,251,929
Total approved but not disbursed	$2,028,955	$1,645,389

At June 30, 1990, 57% of the disbursed loan portfolio consisted of fixed rate loans, while the remaining loans were at variable rates.

At June 30, 1990, the currency compositions of loans disbursed are as follows ($ thousands):

US Dollars	$2,056,838	European Currency Unit	24,273
Deutsche Mark	654,089	Netherlands Guilders	16,009
Swiss Francs	160,613	Pounds Sterling	6,555
French Francs	55,336	Jamaican Dollars	1,115
Japanese Yen	44,102		

Loans disbursed and outstanding are repayable as follows:

	At June 30, 1990 ($ thousands)
July 1, 1990 to June 30, 1991	$ 458,308
July 1, 1991 to June 30, 1992	431,689
July 1, 1992 to June 30, 1993	531,633
July 1, 1993 to June 30, 1994	431,582
July 1, 1994 to June 30, 1995	373,991
Thereafter	791,727
Total	$ 3,018,930

Loans on which the accrual of interest has been discontinued amounted to $156.0 million at June 30, 1990 ($174.9 million—1989). Interest income not recognized in the current period on nonaccruing loans totaled $18.8 million ($17.2 million—1989). During the fiscal year ended June 30, 1990, the Corporation collected $8.2 million ($11.5 million—1989) in interest on loans in nonaccrual status related to current and prior fiscal years.

The Corporation has also entered into commitments to issue guarantees totaling $114.0 million at June 30, 1990 ($118.3 million—1989) of which $95.4 million ($83.6 million—1989) is outstanding.

Changes in the Reserve Against Losses are summarized as follows:

	At June 30 ($ thousands)	
	1990	1989
Balance at beginning of year	$257,927	$223,590
Investments written off	(34,872)	(25,449)
Investments recovered	5,695	151
Provision for losses	90,550	59,635
Balance at end of year	$319,300	$257,927

NOTE E—PARTICIPATIONS

The Corporation mobilizes funds from commercial banks and other financial institutions through loan participations. Participations are sold without recourse to the Corporation. The Corporation administers and services such loan participations on behalf of its participants. The Corporation called and disbursed $124.8 and $207.3 million of participants' funds during the fiscal year ended June 30, 1990 and 1989, respectively. At June 30, 1990 and 1989 undisbursed participants' commitments were $430.3 and $183.3 million, respectively. In addition, the Corporation has arranged to place with participants $739.3 million of investments approved by the Board but not yet signed as commitments at June 30, 1990 ($121.8 million—1989).

NOTE F—PAYABLES AND OTHER LIABILITIES

Payables and other liabilities of the Corporation are summarized below:

	At June 30 ($ thousands) 1990	1989
Accounts payable and accrued expenses	$ 32,175	$26,407
Payable for purchase of deposits and securities	17	—
Accrued charges on borrowings	75,671	49,393
Other liabilities	8,092	3,453
Total payables and other liabilities	$115,955	$79,253

NOTE G—BORROWINGS

The Corporation's borrowings outstanding from market sources and currency swaps are summarized below:

	Market Borrowings Principal Amount ($ millions) June 30		Weighted Average Cost June 30	Currency Swaps Payable (Receivable) ($ millions) June 30		Net Currency Obligations ($ millions) June 30	
	1990	1989	1990	1990	1989	1990	1989
US Dollars	$1,163	$ 657	8.82%	$1,161	$690	$2,324	$1,347
Deutsche Mark	174	148	6.53%	81	48	255	196
Japanese Yen	430	148	6.27%	(430)	(148)	—	—
Pounds Sterling	70	63	9.13%	(70)	(63)	—	—
Swiss Francs	71	60	4.75%	(12)	(9)	59	51
European Currency Unit	68	58	6.63%	(68)	(58)	—	—
Australian Dollars	47	45	12.50%	(47)	(45)	—	—
Netherlands Guilders	28	24	6.64%	(14)	(12)	14	12
Spanish Pesetas	472	226	12.31%	(472)	(226)	—	—
Finnish Markkaa	64	57	9.63%	(64)	(57)	—	—
Swedish Kronor	83	75	10.50%	(83)	(75)	—	—
	$2,670	$1,561		$(18)	$ 45	$2,652	$1,606

Principal and interest are payable in the currency borrowed. Under its borrowing agreements, the Corporation is not permitted to mortgage or allow a lien to be placed on its assets (other than purchase money security interests) without extending equivalent security to the holders of such borrowings.

The weighted average cost of market borrowings after currency swaps at June 30, 1990 was 8.11%.

Under the currency swaps, proceeds of borrowings are converted into a different currency and, simultaneously, a forward exchange agreement is executed in order to recover the currency converted. The receivable on currency swaps of $18 million at June 30, 1990, as shown in the above table, consists of swap transactions in net receivable positions of $26 million and swap transactions in net payable positions of $8 million; these amounts result from exchange rate movements occurring subsequent to the dates of the swap transactions. The net receivable or payable will not be realized if the swaps are held to maturity. At June 30, 1990, the Corporation had gross receivables from currency swaps at a book value of $1,334 million and gross payables from currency swaps at a book value of $1,316 million.

The Corporation has also entered into interest rate swap agreements with respect to notional principal amounts of $1,048 million ($500 million—1989) under which it is obligated to make interest payments on a variable rate basis, averaging 8.37% at June 30, 1990, in exchange for receiving fixed rate payments, averaging 8.93% at June 30, 1990. The differential to be paid or received as interest rates change is recognized over the life of the agreement.

The Corporation could be exposed to credit loss in the event of nonperformance by counterparties to the swap agreements. However, the Corporation is highly selective in the choice of swap counterparties and therefore does not consider nonperformance to represent a significant risk.

Borrowings outstanding from the International Bank for Reconstruction and Development (IBRD) are summarized below. No currency or interest rate swaps have been entered into with respect to these borrowings. Principal and interest are payable in the currency borrowed.

	Principal Amount ($ millions) June 30		Weighted Average Cost June 30
	1990	1989	1990
US Dollars	$159	$194	8.21%
Deutsche Mark	465	311	7.67%
Swiss Francs	148	98	6.00%
Japanese Yen	60	36	6.20%
Other Currencies	77	56	9.38%
	$909	$695	

In addition, undrawn balances on committed borrowings from the IBRD at June 30, 1990 and 1989 were $311.8 million and $382.3 million, respectively. A commitment fee is payable on the undrawn balances of the loans at rates from 2/5 to 3/4 of 1% per annum. For the fiscal year ended June 30, 1990 such fees aggregated $2.5 million ($2.5 million—1989).

The principal amounts repayable on borrowings outstanding in all currencies during the fiscal years ending June 30, 1991 through June 30, 1995 and thereafter are as follows:

	($ millions)					
	1991	1992	1993	1994	1995	Thereafter
Borrowings from market sources	$ 0.9	$ 1.0	$459.4	$453.1	$704.7	$1,050.9
Borrowings from IBRD	85.6	104.0	114.8	144.9	109.2	350.5
	$86.5	$105.0	$574.2	$598.0	$813.9	$1,401.4

NOTE H—CAPITAL STOCK

On December 26, 1985 the Board of Governors approved a resolution increasing the authorized capital to $1,300,000,000. The resolution, as amended, also allocated $650,000,000 for additional subscriptions by members during a subscription period ending August 1, 1991. Members may elect to pay subscriptions in full or in installments payable not later than August 1, 1991 or within six months thereafter.

NOTE I—INTEREST AND FINANCIAL FEES

Interest and financial fees comprise the following:

	Fiscal Years Ended June 30 ($ thousands)	
	1990	1989
Interest income	$276,428	$224,403
Commitment fees	9,832	10,468
Other financial fees	10,823	9,486
Total interest and financial fees	$297,083	$244,357

NOTE J—CONTRIBUTIONS TO SPECIAL PROGRAMS

On December 5, 1985 the Board of Directors approved a recommendation, modified on May 21, 1986, under which the Corporation will contribute a total of $2 million to the Africa Project Development Facility. As of June 30, 1990 the Corporation had contributed $1.5 million. The remaining amount of $500,000 was accrued in fiscal year 1990 and will be paid in fiscal year 1991. In addition, the Board has authorized the Corporation to enter into a joint program with the Multilateral Investment Guarantee Agency to support the Foreign Investment Advisory Service (FIAS) activity. The Corporation's contribution to FIAS as of June 30, 1990 was $400,000. A further contribution of $400,000 will be made in the fiscal year ending June 30, 1991.

NOTE K—OTHER MATTERS

Staff Retirement Plan—The International Bank for Reconstruction and Development (IBRD) has a defined benefit retirement Plan covering substantially all of the staff of the Corporation, the IBRD and the Multilateral Investment Guarantee Agency (MIGA). Under the Plan, benefits are based on years of service and average compensation, with the staff contributing a fixed percentage of pensionable remuneration and the Corporation, IBRD and MIGA contributing the remainder of the actuarially determined cost of funding future Plan benefits. The total contribution is based upon the aggregate funding method. All contributions to the Plan and all other assets and income held for purposes of the Plan are held separately from the other assets and income of the Corporation, IBRD and MIGA and can be used only for the benefit of the participants in the Plan and their beneficiaries, until all liabilities to them have been paid or provided for. The total expense allocated to the Corporation for the fiscal year ended June 30, 1990 was $6.9 million ($4.4 million—1989).

Other Post Employment Benefits—The IBRD also provides certain life insurance and medical benefits to substantially all retired staff for the Corporation, IBRD and MIGA and their spouses. Commencing in the current fiscal year, the Corporation, IBRD and MIGA began accruing, on an actuarially determined basis, the expected future cost of providing such benefits for future retirees. The cost of these benefits is accrued over the estimated service life of employees expected to qualify for them (approximately 15 years). In addition, in the current year the Corporation expensed $7.6 million being the actuarially determined liability existing at the beginning of the year associated with the cost of providing such benefits. This expense is included in administrative expenses and is funded annually.

Service and Support Payments—The Corporation obtains some administrative and overhead services from the International Bank for Reconstruction and Development (IBRD) in those areas where common services can be efficiently provided by IBRD. This includes shared costs of the Boards of Governors and Directors, and other services such as internal auditing, administrative support, office occupancy, supplies and insurance. Payments for these services are made by the Corporation to IBRD based on negotiated fees, direct chargeback and allocated charges where chargeback is not feasible. Total of such expenses for the fiscal year ended June 30, 1990 amounted to $17.1 million ($10.8 million—1989).

Report of Independent Accountants

Price Waterhouse
(International Firm)

The Hague
London
New York

Tokyo
Washington

Price Waterhouse

July 30, 1990

President and Board of Governors
International Finance Corporation

In our opinion, the financial statements appearing on pages 50 to 57 of this report present fairly, in all material respects, in terms of United States dollars, the financial position of the International Finance Corporation at June 30, 1990 and 1989, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States and with International Accounting Standards. These financial statements are the responsibility of management of the International Finance Corporation; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse
(International Firm)

APPENDICES

Governors and Alternates 60

Directors and Alternates
and Their Voting Power 62

Banking Advisory Panel and
Business Advisory Council 63

The Year's Approvals 64

Investment Portfolio 78

Statement of Cumulative
Gross Commitments 93

IFC Management 94

Governors and Alternates

As of June 30, 1990

Member	Governor	Alternate
Afghanistan	Hamidullah Tarzi	Zalmai Ahmadi
Angola	Antonio Henriques da Silva	Antonio da Silva Inacio
Antigua and Barbuda	John E. St. Luce	Ludolph Brown
Argentina	Antonio Erman Gonzalez	Javier Gonzalez Fraga
Australia	P.J. Keating	Bob Dun
Austria	Ferdinand Lacina	Othmar Haushofer
Bahamas, The	Sir Lynden O. Pindling	Ethelyn C. Isaacs
Bangladesh	Mohammad Abdul Munim	Enam Ahmed Chaudhury
Barbados	L. Erskine Sandiford	Winston A. Cox
Belgium	Philippe Maystadt	Alfons Verplaetse
Belize	Said W. Musa	Yvonne S. Hyde
Benin	Paul Dossou	Fatiou Adekounte
Bolivia	Enrique García Rodriguez	Raul Boada Rodriguez
Botswana	F.G. Mogae	Baledzi Gaolathe
Brazil	Zelia Maria Cardoso de Mello	Ibrahim Eris
Burkina Faso	Pascal Zagre	Henri Bruno Bessin
Burundi	Gérard Niyibigira	Salvator Nkeshimana
Cameroon	Elizabeth Tankeu	Simon Ngann Yonn
Canada	Michael H. Wilson	Marcel Masse
Cape Verde	Arnaldo C. de Vasconcelos Franca	Antonio Hilario Cruz
Chile	Alejandro Foxley Rioseco	José Pablo Arellano
China	Wang Bingqian	Chi Haibin
Colombia	Luis F. Alarcón-Mantilla	Francisco J. Ortega
Congo, People's Rep. of the	Pierre Moussa	Dieudonne Diabatantou
Costa Rica	Thelmo Vargas Madrigal	Jorge Guardia Quiros
Côte d'Ivoire	Moïse Koumoue Koffi	Léon Naka
Cyprus	George Syrimis	Michael Erotokritos
Denmark	Uffe Ellemann-Jensen	Ole Loensmann Poulsen
Djibouti	Mohamed Djama Elabe	Ibrahim Kassim Chehem
Dominica	Mary Eugenia Charles	Gilbert Williams
Dominican Republic	Luis Toral Cordova	Manuel E. Gómez Pieterz
Ecuador	Jorge Gallardo Zavala	Edison Ortiz Durán
Egypt, Arab Republic of	Kamal El-Ganzoury	Maurice Makram-Allah
El Salvador	Mirna Lievano de Marques	José Roberto Orellana Milla
Ethiopia	Tekola Dejene	Seyoum Alemayehu
Fiji	J.N. Kamikamica	Rigamoto Taito
Finland	Matti Louekoski	Osmo Sarmavuori
France	Jacques de Larosière	Jean-Claude Trichet
Gabon	Marcel Doupamby-Matoka	Richard Onouviet
Gambia, The	Saihou S. Sabally	Alieu M. Ngum
Germany, Fed. Rep. of	Juergen Warnke	Horst Koehler
Ghana	Kwesi Botchwey	Kwesi Bekoe Amissah-Arthur
Greece	George Souflias	George Papastamkos
Grenada	George Ignatius Brizan	Lauriston F. Wilson, Jr.
Guatemala	Juan Francisco Pinto Casasola	Oscar Pineda Robles
Guinea	Ibrahima Sylla	Kerfalla Yansane
Guinea-Bissau	Pedro A. Godinho Gómes	José Lima Barber
Guyana	Carl Greenidge	Winston Murray
Haiti	Violene Legagneur	Ludovic Pierre
Honduras	Benjamin Villanueva	Ricardo Maduro Joest
Hungary	Imre Tarafas	Istvan Major
Iceland	Jon Sigurdsson	Olafur R. Grimsson
India	Madhu Dandavate	Bimal Jalan
Indonesia	J.B. Sumarlin	Hasudungan Tampubolon
Iran, Islamic Rep. of	Mohsen Noorbakhsh	Mehdi Navab
Iraq	Subhi Frankool	Hashim Ali Obaid
Ireland	Albert Reynolds	Sean P. Cromien
Israel	Michael Bruno	Yaacov Lifshitz
Italy	Carlo Azeglio Ciampi	Mario Sarcinelli
Jamaica	Seymour Mullings	Omar Davies
Japan	Ryutaro Hashimoto	Yasushi Mieno
Jordan	Awni Masri	Mohammad H. Al-Saqqaf
Kenya	George Saitoti	Charles S. Mbindyo
Kiribati	Teatao Teannaki	Baraniko Baaro
Korea, Republic of	Yung-Euy Chung	Kun Kim
Kuwait	Ali Al-Khalifa Al-Sabah	Bader Meshari Al-Humaidhi
Lebanon	Ali El-Khalil	Raja Himadeh
Lesotho	E.R. Sekhonyana	Tom Liphapang Tuoane

Appendix A

Member	Governor	Alternate
Liberia	Elijah E. Taylor	Mary B. Dennis
Libya	Mohamed El Madni Al-Bukhari	Bashir Ali Khallat
Luxembourg	Jean-Claude Juncker	Yves Mersch
Madagascar	Jean Robiarivony	Nirina Andriamanerasoa
Malawi	L. Chimango	Graham Chipande
Malaysia	Daim Zainuddin	Zain Azraai
Maldives	Fathulla Jameel	(Vacant)
Mali	Diango Cissoko	Souleymane Dembele
Mauritania	Moustapha Ould Abeiderrahmane	M'Rabih Rabou Ould Cheikh Bounena
Mauritius	Beergoonath Ghurburrun	Madhukarlall Baguant
Mexico	Pedro Aspe Armella	José Angel Gurría
Morocco	Mohamed Berrada	Mohammed Dairi
Mozambique	Abdul Magid Osman	Eneas da Conceição Comiche
Myanmar	D.O. Abel	Min Aung
Nepal	Devendra Raj Panday	Sashi Narayan Shah
Netherlands	W. Kok	J.P. Pronk
New Zealand	Graham C. Scott	Chris N. Pinfield
Nicaragua	Emilio Pereira	Francisco J. Mayorga
Niger	Almoustapha Soumaila	Abdou Insa
Nigeria	S. Olu Falae	Ahmadu Abubakar
Norway	Arne Skauge	Tom Vraalsen
Oman	Qais Abdul-Munim Al-Zawawi	Mohammed Bin Musa Al-Yousef
Pakistan	V.A. Jafarey	Khalid Mahmud Chima
Panama	Guillermo Ford B.	Luis H. Moreno
Papua New Guinea	Paul Pora	Morea Vele
Paraguay	Enzo Debernardi	Oscar Jacinto Obelar
Peru	Cesar Vásquez Bazán	(Vacant)
Philippines	Jesus P. Estanislao	(Vacant)
Poland	Wladyslaw Baka	Grzegorz Wojtowicz
Portugal	Luis Miguel Beleza	(Vacant)
Rwanda	Benoit Ntigulirwa	Emmanuel Ndahimana
St. Lucia	John G.M. Compton	Bernard Lacorbiniere
Saudi Arabia	Mohammad Abalkhail	Hamad Al-Sayari
Senegal	Moussa Toure	Abdoul Aziz Diop
Seychelles	Danielle de St. Jorre	Bertrand Rassool
Sierra Leone	Thomas Taylor Morgan	Y.T. Sesay
Singapore	Richard Hu Tsu Tau	Ngiam Tong Dow
Solomon Islands	Christopher C. Abe	Leonard Palmer Maenu'u
Somalia	Mohamud Ghelle Yusuf	Said Ahmed Yusuf
South Africa	C.L. Stals	J.A. Lombard
Spain	Carlos Solchaga	Mariano Rubio Jiménez
Sri Lanka	D.B. Wijetunga	R. Paskaralingam
Sudan	Abdul Rahim Mahmoud Hamdi	Mohamed Khair El Zubair
Swaziland	Andreas Fakudze	Noreen N. Maphalala
Sweden	Allan Larsson	Lena Hjelm-Wallen
Syrian Arab Republic	Mohammed Khaled Mahayni	Adnan Al-Saty
Tanzania	K.A. Malima	Simon Mbilinyi
Thailand	Pramual Sabhavasu	Panas Simasathien
Togo	Barry Moussa Barque	Kwassi Klutse
Tonga	James Cecil Cocker	Selwyn Percy Jones
Trinidad and Tobago	Selby Wilson	William G. Demas
Tunisia	Mustapha Kamel Nabli	Abdellatif Saddem
Turkey	Namik Kemal Kilic	Mahfi Egilmez
Uganda	Joshua Mayanja Nkangi	Suleiman Kiggundu
United Arab Emirates	Hamdan bin Rashid Al Maktoum	Ahmed Humaid Al-Tayer
United Kingdom	Robin Leigh-Pemberton	Timothy Lankester
United States	Nicholas F. Brady	Richard T. McCormack
Uruguay	Enrique Braga Garcia	Conrado Hughes
Vanuatu	Sela Molisa	George Pakoa
Venezuela	Miguel Rodríguez	Eduardo Quintero
Viet Nam	Cao Si Kiem	(Vacant)
Western Samoa	Tuilaepa S. Malielegaoi	Kolone Va'ai
Yemen Arab Republic†	Mohammed Saeed Al-Attar	Kaid Mohammed Al-Hirwi
Yugoslavia	Branimir Zekan	Boris Skapin
Zaire	Bombito Botomba Lompio	Mbonga Magalu Engwanda
Zambia	Gibson G. Chigaga	Lennard Nkhata
Zimbabwe	B.T.G. Chidzero	K.J. Moyana

† On May 22, 1990, the Yemen Arab Republic and the People's Democratic Republic of Yemen merged into a single state, the Republic of Yemen. Effective July 13, 1990, the Republic of Yemen is substituted for the Yemen Arab Republic in the Corporation's records.

Directors and Alternates and Their Voting Power

Appendix B

June 30, 1990

Director	Alternate	Casting Votes of	Total Votes	% of Total
Appointed				
E. Patrick Coady	Mark T. Cox, IV	United States	231,679	21.14
Masaki Shiratori	Yukio Yoshimura	Japan	80,044	7.31
Gerhard Boehmer	Bernd Esdar	Federal Republic of Germany	73,111	6.67
Jean-Pierre Landau	Stéphane Pallez	France	68,650	6.27
Frank Cassell	Robert Graham-Harrison	United Kingdom	68,650	6.27
Elected				
J.S. Baijal (India)	M. Mustafizur Rahman (Bangladesh)	Bangladesh, India, Sri Lanka	54,872	5.01
Cesare Caranza (Italy)	Fernando S. Carneiro (Portugal)	Greece, Italy, Poland, Portugal	54,788	5.00
Frank Potter (Canada)	Clarence Ellis (Guyana)	Antigua and Barbuda, The Bahamas, Barbados, Belize,Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Lucia	52,510	4.79
Jacques de Groote (Belgium)	Bahar Sahin (Turkey)	Austria, Belgium, Hungary, Luxembourg, Turkey	51,049	4.66
Jonas H. Haralz (Iceland)	Jorunn Maehlum (Norway)	Denmark, Finland, Iceland, Norway, Sweden	44,106	4.03
Jorge Pinto (Mexico)	Edgar Ayales[1] (Costa Rica)	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Spain, Venezuela	43,147	3.94
Chang-Yuel Lim (Republic of Korea)	Robert G. Carling (Australia)	Australia, Kiribati, Korea (Republic of), New Zealand, Papua New Guinea, Solomon Islands, Vanuatu, Western Samoa	39,938	3.64
Paul Arlman (Netherlands)	Cvitan Dujmovic (Yugoslavia)	Cyprus, Israel, Netherlands, Yugoslavia	39,180	3.58
Eduardo Wiesner (Colombia)	Pedro Sampaio Malan (Brazil)	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Philippines, Trinidad and Tobago	33,654	3.07
Vibul Aunsnunta (Thailand)	Le Van Chau (Viet Nam)	Fiji, Indonesia, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Viet Nam	32,995	3.01
Raymundo Morales (Peru)	Felix Alberto Camarasa (Argentina)	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay	30,059	2.74
Fawzi Hamad Al-Sultan (Kuwait)	Mohamed W. Hosny (Arab Republic of Egypt)	Egypt (Arab Republic of), Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Pakistan, Syrian Arab Republic, United Arab Emirates, Yemen Arab Republic[2]	26,646	2.43
J.S.A. Funna (Sierra Leone)	Jabez A. Langley (The Gambia)	Botswana, Burundi, Ethiopia, The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Mozambique, Nigeria, Seychelles, Sierra Leone, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	22,745	2.08
Ibrahim A. Al-Assaf (Saudi Arabia)	Abdulaziz Al-Sehail (Saudi Arabia)	Saudi Arabia	14,697	1.34
Andre Milongo (People's Republic of the Congo)	Jean-Pierre Le Bouder (Central African Republic)	Benin, Burkina Faso, Cameroon, Cape Verde, Congo (People's Republic of the), Cote d'Ivoire, Djibouti, Gabon, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Somalia, Togo, Zaire	14,206	1.30
Mourad Benachenhou (Algeria)	Salem Mohamed Omeish (Libya)	Afghanistan, Ghana, Iran (Islamic Republic of), Libya, Morocco, Tunisia	10,627	.97
Zhang Junyi (China)	Jin Liqun (China)	China	8,372	.76

In addition to the Directors and Alternates shown in the foregoing list, the following also served after June 30, 1989:

Director	End of period of service	Alternate Director	End of period of service
Mario Draghi (Italy)	January 16, 1990	J.A.L. Faint (United Kingdom)	August 20, 1989
Hélène Ploix (France)	October 1, 1989	Rodrigo M. Guimaraes (Portugal)	November 22, 1989
Mohd. Ramli Wajib (Malaysia)	October 31, 1989	Veikko Kantola (Finland)	July 31, 1989
C.R. Krishnaswamy Rao Sahib (India)	July 31, 1989	Michael von Harpe (Fed. Rep. of Germany)	September 1, 1989
Jobarah E. Suraisry (Saudi Arabia)	October 10, 1989		

Note: Angola (1,087 votes) and South Africa (9,264 votes) did not participate in the 1988 Regular Election of Executive Directors.

1. Succeeded by Silvia Charpentier (Costa Rica), effective July 1, 1990.
2. On May 22, 1990, the Yemen Arab Republic and the People's Democratic Republic of Yemen merged into a single state, the Republic of Yemen. Effective July 13, 1990, the Republic of Yemen is substituted for the Yemen Arab Republic in the Corporation's records.

The Banking Advisory Panel

Appendix C

IFC's Banking Advisory Panel meets regularly with the Corporation's management to discuss IFC's activities and policies. The Corporation wishes to express its appreciation for the valuable advice the panel members have given.

Abdlatif y Al-Hamad	Director General Arab Fund for Economic and Social Development Kuwait
Jan Ekman	Vice Chairman Svenska Handelsbanken Stockholm, Sweden
Wilfried Guth	Chairman of the Supervisory Board Deutsche Bank A.G. Frankfurt, Federal Republic of Germany
Jean-Yves Haberer	President Crédit Lyonnais Paris, France
Yusuke Kashiwagi	Chairman The Bank of Tokyo, Ltd. Tokyo, Japan
Lord Roll of Ipsden	Chairman S.G. Warburg and Co. Ltd. London, England
Robert V. Roosa	Partner Brown Brothers Harriman and Co. New York, N. Y., United States
Anthony Solomon	Chairman S.G. Warburg (USA) Inc. New York, N. Y., United States

The Business Advisory Council

The Business Advisory Council, which advises IFC's management on the needs and views of business and industry in connection with the Corporation's activities, held its Annual Meeting in April 1990.

S. Babar Ali	Adviser Packages Limited Lahore, Pakistan
Thomas J. Bata	Chairman of the Board Bata Limited Don Mills, Ontario, Canada
Sir Michael Caine	Chairman Booker plc London, England
Ariston M. Chambati	Chairman and Chief Executive T.A. Holdings Limited Harare, Zimbabwe
Mustapha Faris	Chief Executive Officer Banque Nationale pour le Développement Economique Rabat, Morocco
Jaime García Parra	President J. García P. y Co. Bogotá, Colombia
Tae Yong Hahm	President and Representative Director Korea Long Term Credit Bank Seoul, Korea
Carl H. Hahn	Chairman, Board of Management Volkswagen A.G. Wolfsburg, Federal Republic of Germany
Fouad Hashem Awad	Chairman Arab Investment Bank Cairo, Egypt
Olorogun Michael C.O. Ibru, OFR	Chief Executive Ibru Group Lagos, Nigeria
Sam E. Jonah	Managing Director Ashanti Goldfields Corporation (Ghana) Limited Accra, Ghana
W. Sidney Knox	Chairman and Chief Executive Neal & Massy Holdings Limited Port of Spain, Trinidad
Stefan Lewandowski	Chairman Haste International, Ltd. Warsaw, Poland
Keshub Mahindra	Chairman Mahindra & Mahindra Limited Bombay, India
Eugenio A. Mendoza	President of the Corporate Management Committee Mendoza Enterprises Caracas, Venezuela
Tarrin Nimmanahaeminda	President and Chief Executive Officer The Siam Commercial Bank, Ltd. Bangkok, Thailand
Daniel Parker	Chairman and Chief Executive Officer Omniflight, Inc. Charleston, South Carolina, United States
Carlo Patrucco	Vice President, Rapporti Sindacali Confindustria Rome, Italy
José Piñera	Executive Chairman Asset-Chile Ltd. Santiago, Chile
Marcus V. Pratini de Moraes	Chairman PPH - Companhia Industrial de Polipropileno Rio de Janeiro, Brazil
Rong Yiren	Chairman China International Trust and Investment Corporation Beijing, China
Antonio Ruíz Galindo, Jr.	Formerly Chairman of DESC Sociedad de Fomento Industrial, S.A. de C.V. Mexico D.F. Mexico
Erol Sabanci	Vice Chairman of the Board Akbank, T.A.S. Istanbul, Turkey
Ibrahim A. Salamah	Vice Chairman and Chief Executive Officer Saudi Basic Industries Corporation Riyadh, Saudi Arabia
Janko Smole	Formerly Federal Minister of Finance Belgrade, Yugoslavia
Amadou Moctar Sow	Chief Executive Officer Soc. Industrielle de Produits Laitiers Dakar, Senegal
Julius Tahija	Chairman, Board of Commissioners PT Caltex Pacific Indonesia Jakarta, Indonesia
Toshio Takeuchi	Senior Adviser Toyo Menka Kaisha, Ltd. Tokyo, Japan
Joseph B. Wanjui	Chairman East Africa Industries Limited Nairobi, Kenya
Gérard Worms	Managing Director Compagnie Financière de Suez Paris, France
Jaime Zobel de Ayala	President and Chairman of the Board Ayala Corporation Manila, Philippines
Federico J. L. Zorraquín	President S.A. Garovaglio y Zorraquín Buenos Aires, Argentina

The Year's Approvals

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Argentina			
Corporación de Inversiones y Privatización (CIP) will manage a new debt-equity conversion fund, the Argentina Private Development Trust Company Limited. Total fund size is $1.25 billion.	Loan	—	
	Equity	.08	
	Quasi-equity	—	
	Syndications	—	
	Total	.08	388.10
IFC approved its second investment in the *Hidra Oil Development Project,** the first commercial development of an offshore oilfield in Argentina. The project is currently producing about 28,000 barrels of crude oil per day.	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	10.00	
	Standby facility	20.00	
	Total	30.00	30.00
Petroquímica Ensenada S.A. (Petroken), a greenfield project, will build and operate a plant with the capacity to produce 100,000 tons of polypropylene annually.	Loan	15.00	
	Equity	—	
	Quasi-equity	5.00	
	Syndications	15.00	
	Total	35.00	135.10
*Terminal 6 S.A.** will expand its port services to Paraguayan and Bolivian oilseed exporters by constructing a barge terminal and storage facility to handle upriver cargo.	Loan	4.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	4.00	13.20
Asia			
Jardine Fleming Asia Select Limited is a seven-year, closed-end investment company that will make equity and quasi-equity investments, with a focus on unlisted securities, in emerging markets in the Asia Pacific region.	Loan	—	
	Equity	11.25	
	Quasi-equity	—	
	Syndications	—	
	Total	11.25	100.00
Bangladesh			
Bengal Glass Works Ltd., Bangladesh's only automated glass producer, will expand its capacity and range of glass products by installing a 20-metric ton furnace to produce 3,800 metric tons yearly of flint bottles. The company will also attach a light-bulb-shell manufacturing machine to an existing 5-metric ton furnace to produce 20 million bulb-shells per year.	Loan	2.30	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	2.30	6.80
Belize			
Journey's End Caribbean Club Limited is expanding a hotel into a 70-room resort on Ambergis Caye, which fronts the second largest barrier reef in the world. The area is attracting an increasing number of water sports enthusiasts. Tourism is an important and growing source of foreign exchange for Belize. This is IFC's first investment in Belize.	Loan	—	
	Equity	—	
	Quasi-equity	1.00	
	Syndications	—	
	Total	1.00	3.00
Bolivia			
IFC will intermediate a currency swap on behalf of *Banco Industrial S.A. (BISA)**. IFC will swap a DM 10 million fixed-rate loan from DEG to BISA into floating rate cash flows in U.S. dollars. IFC approved a US$10 million credit line to BISA in July 1987.	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Guarantee	2.12	
	Total	2.12	5.90
Botswana			
Northern Textile Mills,▼ a new company, will manufacture terry towels for both local and export markets. Many of the company's products will be made to customers' specifications. Botswana currently relies on imports to satisfy local demand.	Loan	.38	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	.38	1.82

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Brazil			
Bahia Sul Celulose S.A. (Bahia Sul) will build and operate a greenfield, partially integrated, pulp and paper mill that will produce yearly 230,000 tons of market pulp and 230,000 tons of printing and writing paper. The project includes planting and maintenance of about 70,000 hectares of eucalyptus plantations.	Loan	40.00	
	Equity	15.00	
	Quasi-equity	—	
	Syndications	—	
	Total	55.00	897.00
Companhia Minuano de Alimentos (Minuano) will expand its integrated poultry system to meet growing domestic and export demand. Expansion will emphasize value-added products, especially poultry parts and processed meats.	Loan	—	
	Equity	—	
	Quasi-equity	7.00	
	Syndications	—	
	Total	7.00	28.00
Companhia Vidraria Santa Marina (Santa Marina) will construct a facility to produce 20,500 tons of glass fibers annually. The output of the project will be used for the production of reinforced plastics for transportation, construction, marine, capital goods, and other industries.	Loan	10.00	
	Equity	—	
	Quasi-equity	5.00	
	Syndications	10.00	
	Total	25.00	103.00
Engepol Engenharia de Polimeros S.A. (Engepol) will construct and operate a greenfield plastics manufacturing plant. The company will use high-density polyethylene to develop engineered plastic products for niche markets in Brazil.	Loan	3.50	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	3.50	11.54
Ripasa S.A. Celulose e Papel (Ripasa) will expand its paper production capacity by 144,000 tons annually to complete the vertical integration of the company.	Loan	20.00	
	Equity	5.00	
	Quasi-equity	—	
	Syndications	—	
	Total	25.00	146.00
Cameroon			
IFC's investment in *Société Industrielle Laitière du Cameroun** will help the company increase its vehicle fleet, build additional infrastructure, buy production equipment, replenish working capital, and meet the cost overrun caused by delay in project start-up.	Loan	1.15	
	Equity	.21	
	Quasi-equity	—	
	Syndications	—	
	Total	1.36	4.10
Chile			
Compañía de Teléfonos de Chile S.A. (CTC) is doubling the number of phone lines in service and further increasing and diversifying its telecommunications services. In a second project, IFC underwrote $22.1 million of CTC's issue of American Depositary Receipts in the international capital markets. The issue, which was structured by IFC's International Securities Group, is registered with the U.S. Securities and Exchange Commission and listed on the New York Stock Exchange.†	Loan	60.00	
	Equity	—	
	Quasi-equity	20.00	
	Syndications	50.00	
	Underwriting	22.10	
	Total	152.10	1,104.40
Compañía Puerto de Coronel S.A. (Puerto Coronel) will construct a general cargo port to handle the growing forestry exports from southern Chile.	Loan	5.00	
	Equity	3.00	
	Quasi-equity	—	
	Syndications	—	
	Total	8.00	39.70
IFC underwrote and placed the *Five Arrows Chile Fund*, which will invest primarily in equity securities listed on the Chilean stock exchanges.	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Underwriting	6.00	
	Total	6.00	75.00
Leasing Andino will extend lease finance to small and medium-size Chilean enterprises for the acquisition of capital equipment.	Loan	5.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	5.00	
	Total	10.00	10.00

The Year's Approvals *continued*

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Colombia			
Compañía Colombiana de Tejidos S.A. (Coltejer), the largest integrated textile company in Colombia, has asked for IFC's assistance in developing a three-year, $56.86 million equivalent investment program to upgrade the company's product mix and improve product quality and contribution margins.	Loan	22.50	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	22.50	56.86
Oleoducto de Colombia S.A. is being formed to build and operate an oil pipeline from Vasconia in the Middle Magdalena Valley to Covenas on the Caribbean Coast. The pipeline will transport 150,000 barrels per day for export. The project will include a marine terminal at Covenas and will increase Colombia's oil production and exports. IFC is making a loan of $35 million for its account and arranging a syndicated loan of $35 million.	Loan	35.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	35.00	
	Total	70.00	321.00
Côte d'Ivoire			
Omnium de Transformations Alimentaires, S.A. (OTA),▼ a new company sponsored by Cosmivoire, an IFC client, will produce animal and vegetable fats for the local market. OTA received technical assistance from APDF. The company's products are expected to meet growing local demand while replacing imports, and to add value to refined and semi-refined oil produced by Cosmivoire.	Loan	.66	
	Equity	.17	
	Quasi-equity	—	
	Syndications	—	
	Total	.83	1.80
*Société des Industries Alimentaires et des Produits Laitiers de Côte d'Ivoire** will increase annual production of dairy products, including reconstituted, condensed, and sterilized milk and yoghurt, from 17,125 to 31,500 tons to meet domestic demand.	Loan	1.74	
	Equity	.35	
	Quasi-equity	—	
	Syndications	—	
	Total	2.09	4.90
IFC's loan will help finance the rehabilitation of *Tribois S.A.,*▼ a joint venture between Banque Ivoirienne pour le Développement Industriel and Ober S.A., a French wood processing company. Tribois specializes in the production of veneer, lumber, and molding, mainly for the European markets.	Loan	.36	
	Equity	—	
	Quasi-equity	.18	
	Syndications	—	
	Total	.54	1.30
Cyprus			
Leptos Calypos Bay Hotels Ltd. will construct and operate a 300-room, five-star seaside hotel for tourists in Paphos.	Loan	5.48	
	Equity	—	
	Quasi-equity	2.72	
	Syndications	—	
	Total	8.20	30.00
Dominican Republic			
San Isidro Free Trade Zone was formed to lease factory shells to major foreign companies for the assembly of data processing and electrical components. IFC will finance the construction of an additional 655,000 square feet of covered space over two and a half years.	Loan	6.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	6.00	15.30
Sociedad Comercializadora, S.A. (Comersa) will market and distribute about 12 percent of the cement produced by Cementos Nacionales. The major shareholders of Cementos Nacionales, S.A., in which IFC has an existing 9.1 percent equity interest, asked the Corporation to participate in the capital of this new sales company.	Loan	—	
	Equity	.08	
	Quasi-equity	—	
	Syndications	—	
	Total	.08	.78
The Gambia			
Pelican Seafood will rehabilitate and reactivate a fish-processing plant to make fish products for export and local consumption.	Loan	1.05	
	Equity	—	
	Quasi-equity	—	
	Syndications	.60	
	Total	1.65	2.50

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Ghana			
Alugan Co. Ltd. ▼ currently manufactures and installs aluminum doors, windows, and other building products from imported, semi-finished materials. The company is modernizing and expanding its facilities to increase production and improve efficiency, and introducing new machinery that will enable it to use domestic raw materials.	Loans	.28	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	.28	.70
*Ashanti Goldfields Corporation (Ghana) Limited (AGC)** will develop the Sansu area of its concession by surface mining and expand AGC's tailings retreatment capacity to increase the gold output by five tons annually. IFC approved a loan and arranged syndicated loans.	Loan	35.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	35.00	
	Total	70.00	93.00
A two-star hotel, *Dimples Inn* ▼ is adding 20 guest rooms and enlarging its other facilities to meet growing demand for hotel rooms in Ghana. The project received technical assistance from APDF.	Loan	.24	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	.24	.60
Ghanaian-Australian Goldfields Limited will carry out a two-phase evaluation program on the Iduapriem gold concession.	Loan	—	
	Equity	3.00	
	Quasi-equity	—	
	Syndications	—	
	Total	3.00	13.50
Plastic Laminates Ltd., ▼ the first company of its kind in Ghana, will manufacture formica and other plastic laminates for use in housing construction and furniture-making. The company's products will be sold locally and in neighboring countries. Technical and marketing assistance is being provided by an Italian company.	Loan	.60	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	.60	2.50
Guinea-Bissau			
The *Anetibene Petroleum Exploration Program* consists of seismic and geological studies and an exploration well. Contingent on initial exploration results, two wells may be drilled.	Loan	—	
	Equity	5.85	
	Quasi-equity	—	
	Syndications	—	
	Total	5.85	39.00
The *Clearwater Fishing Project* (subsequently renamed Pescas Bissau) is a one-year pilot project to test the feasibility and determine the possible scope of an integrated fishing venture in Guinea-Bissau.	Loan	—	
	Equity	—	
	Quasi-equity	.20	
	Syndications	—	
	Total	.20	1.15
Hungary			
The First Hungary Fund's principal objective is capital growth through investment, primarily in securities of Hungarian companies. Investments will be managed by First Hungarian Investment Advisory Rt., a new Hungarian joint stock company established in Budapest. IFC is making investments in both the Fund and the investment company.	Loan	—	
	Equity	—	
	Quasi-equity	7.50	
	Syndications	—	
	Total	7.50	80.00
India			
CESC Ltd. (formerly Calcutta Electric Supply Corporation) will augment its transmission and distribution system by modifying and expanding three receiving and switching stations, constructing two receiving stations, and laying new underground cables between them. This will enable CESC to distribute additional power more efficiently, reduce transmission losses, and enhance the quality and reliability of supply to the Calcutta area.	Loan	20.10	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	20.10	92.20
Herdillia Oxides and Electronics Ltd. will establish a facility to produce 2,000 metric tons yearly of magnetic iron oxide (MIO), which is used in coating audio, video, and computer tapes and disks. The company will be India's first MIO manufacturer.	Loan	—	
	Equity	.32	
	Quasi-equity	—	
	Syndications	—	
	Total	.32	13.40

The Year's Approvals *continued*

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
*India Lease Development Limited,** which leases vehicles and equipment to small-scale entrepreneurs in northern India, is increasing its capacity in response to growing demand for its services.	Loan	3.50	
	Equity	—	
	Quasi-equity	.44	
	Syndications	—	
	Total	3.94	13.37
Industrial Credit and Investment Corporation of India Ltd. (ICICI), one of India's major financial institutions, will help IFC operate an equity line to be invested in 15–20 small and medium-size enterprises over three years. ICICI will assist IFC in identifying, appraising, and supervising investments under the equity line.	Loan	—	
	Equity	25.00	
	Quasi-equity	—	
	Syndications	—	
	Total	25.00	25.00
Infrastructure Leasing and Financial Services will provide loan or lease financing for equipment and infrastructure projects, and financial services to private-sector corporations.	Loan	15.00	
	Equity	—	
	Quasi-equity	1.95	
	Syndications	—	
	Total	16.95	16.95
Mahindra & Mahindra Ltd., a leading producer of utility vehicles and tractors, will undertake an investment program to upgrade its products, introduce modern transmission and a fuel-efficient engine, and modernize and rationalize key manufacturing facilities in its automotive and tractor divisions. The investment program will increase annual production to 56,500 utility vehicles and 31,250 tractors and introduce a more modern, fuel-efficient range of products to the Indian market.	Loan	10.00	
	Equity	—	
	Quasi-equity	6.37	
	Syndications	—	
	Total	16.37	212.00
*Mahindra Ugine Steel Co. Ltd. (MUSCO)** invited IFC to exercise its pre-emptive rights in a partly convertible debenture issue of $14.9 million offered to the company's shareholders and employees. MUSCO, one of India's leading alloy and specialized steel producers, is diversifying into hotels and real estate. It is undertaking a joint venture with the U.S. company Days Inns, Inc. to construct and operate five three-star hotels and two commercial/residential complexes.	Loan	—	
	Equity	1.32	
	Quasi-equity	—	
	Syndications	—	
	Total	1.32	26.20
*Tata Electric Companies (TEC)** will increase their generation and transmission capacity by adding a pumped storage unit to generate 150 megawatts of additional peak power, expanding transmission lines, and replacing three old conventional thermal units by one 180-megawatt combined cycle plant. TEC will also invest in a second flue gas desulfurization unit to scrub sulfur dioxide from power station emissions.	Loan	60.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	60.00	273.70
Tata Keltron Ltd.‡* asked IFC to participate in a rights issue of equity shares offered to current shareholders.	Loan	—	
	Equity	.13	
	Quasi-equity	—	
	Syndications	—	
	Total	.13	.68
Technology Development and Information Company of India will provide venture capital to promote the commercialization of locally developed, technology-based products and services.	Loan	—	
	Equity	2.87	
	Quasi-equity	—	
	Syndications	—	
	Total	2.87	60.00
IFC exercised its pre-emptive rights in a convertible debenture issue offered by *Titan Watches Ltd.*‡* to the company's shareholders and employees on a rights basis.	Loan	—	
	Equity	.17	
	Quasi-equity	—	
	Syndications	—	
	Total	.17	9.10
Indonesia			
A credit line to *Bank Niaga* will be onlent to small and medium-size clients in agriculture, agro-industry, and manufacturing, and natural resource-based industries with export potential.	Loan	7.50	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	7.50	15.00

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
A $10 million credit line to *Bank Umum Nasional*† will complement the credit line provided to Bank Niaga. It will be used to make long-term loans in U.S. dollars to small and medium-size clients with export potential. Bank Umum will provide matching funds of $10 million in local currency.	Loan	10.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	10.00	20.00
The *Nomura Jakarta Fund* is a privately placed fund that will invest in securities traded on the Indonesian market.	Loan	—	
	Equity	1.45	
	Quasi-equity	—	
	Syndications	—	
	Underwriting	1.55	
	Total	3.00	30.00
P.T. Indo-Rama Synthetics will build and operate a polyester plant in West Java to produce annually 24,500 tons of polyester staple fiber, 5,600 tons of polyester texturized filament yarn, and 22,400 tons of polyester chips.	Loan	12.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	12.00	74.00
P.T. Kayu NIC Indonesia will produce 88,300 cubic meters yearly of medium-density fiberboard, utilizing wood waste from existing timber and plywood mills in Central Java. Around 90 percent of the output will be exported to Japan, Korea, and other East Asian countries.	Loan	12.20	
	Equity	.90	
	Quasi-equity	—	
	Syndications	—	
	Total	13.10	52.10
IFC exercised its pre-emptive rights in a proposed issue at par by *P.T. Saseka Gelora Leasing**‡ to increase paid-in capital by 50 percent.	Loan	—	
	Equity	.07	
	Quasi-equity	—	
	Syndications	—	
	Total	.07	.56
IFC approved an equity investment in the *Raja-Pendopo Petroleum Exploration Project* in South Sumatra.	Loan	—	
	Equity	3.60	
	Quasi-equity	—	
	Syndications	—	
	Total	3.60	32.60
Jordan			
*Al-Hikma Pharmaceuticals (Jordan), Limited** will build a facility in Jordan to produce intermediate products for its pharmaceutical-manufacturing operations.	Loan	—	
	Equity	2.00	
	Quasi-equity	—	
	Syndications	—	
	Total	2.00	5.32
Republic of Korea			
IFC exercised its pre-emptive rights to participate in a capital increase, which will allow *Hae Un Dae Development Company Ltd.** to proceed with the renovation of its hotel property.	Loan	—	
	Equity	.50	
	Quasi-equity	—	
	Syndications	—	
	Total	.50	15.80
The *Korea Development Leasing Corporation** increased its capital base in 1990 by 20 percent to meet the growing demand for leasing services in Korea.	Loan	—	
	Equity	.90	
	Quasi-equity	—	
	Syndications	—	
	Total	.90	46.30
IFC participated in a share capital increase offered by *Korea Long Term Credit Bank** to support the bank's growing operations.	Loan	—	
	Equity	15.98	
	Quasi-equity	—	
	Syndications	—	
	Total	15.98	450.00

The Year's Approvals *continued*

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Lesotho			
Upper Qeme Holdings (Pty) Limited▼ produces cement blocks used in construction, particularly in low and medium-cost housing. The company is acquiring larger and more efficient machinery and additional working capital to expand operations.	Loan	.12	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	.12	.31
Madagascar			
IFC is participating in a capital increase for *Financière d'investissement ARO (Fiaro),*▼ a venture capital company that will make equity and quasi-equity investments in small and medium-size Malagasy companies. Fiaro is receiving technical assistance from Institut de développement industriel, an established French venture capital company.	Loan	—	
	Equity	.40	
	Quasi-equity	—	
	Syndications	—	
	Total	.40	2.60
Malawi			
The *Leasing and Finance Company of Malawi, Limited**‡ undertook a rights issue that nearly tripled its capital base, enabling it to expand its principal activity — providing equipment financing for small and medium-size enterprises through hire purchase, leasing, and business loans.	Loan	—	
	Equity	.11	
	Quasi-equity	—	
	Syndications	—	
	Total	.11	1.08
Malaysia			
Twenty First Century Oleochemicals Sdn. Bhd. will construct a 125-tons-per-day hydrolysis plant to produce fatty acids from palm kernel oil and palm oil derivatives. Most of the project's output, which is used in various industrial and consumer applications, will be exported.	Loan	4.50	
	Equity	.73	
	Quasi-equity	—	
	Syndications	3.40	
	Total	8.63	20.00
Mauritius			
General Haulage Limited,▼ a trucking business, is expanding and restructuring operations. It is acquiring two new trucks and additional working capital.	Loan	.11	
	Equity	.03	
	Quasi-equity	—	
	Syndications	—	
	Total	.14	.32
IFC provided loan and equity financing to *Saxon Properties Limited* to complete a 206-room beach hotel in Mauritius. The IFC investment will also allow the hotel to be upgraded to four stars.	Loan	2.60	
	Equity	.99	
	Quasi-equity	—	
	Syndications	—	
	Total	3.59	14.70
Textile Industries Ltd. will upgrade equipment and construct a factory to consolidate garment manufacturing operations in one location. IFC approved a loan to the project.	Loan	3.10	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	3.10	7.60
Mexico			
IFC has arranged a currency swap intermediation for *Banca Serfin.** The bank had contracted a nine-year, DM40 million loan from DEG for onlending to private enterprises, which it wished to swap into U.S. dollars. This was the first transaction of this type for a Mexican bank.†	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Guarantee	6.50	
	Total	6.50	22.00
Bancomer will onlend IFC's credit line to Mexican companies to develop new, or expand existing, maquiladora industrial parks, which will then be leased to small and medium-scale export-oriented companies.†	Loan	20.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	20.00	40.00

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Banco Nacional de México (Banamex), the largest commercial bank in Mexico, will use IFC's credit line to provide funds to small and medium-size companies for corporate restructuring.†	Loan	60.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	60.00	200.00
IFC's investment will help to finance the program of *Grupo Condumex, S.A. de C.V.* to increase capacity and improve efficiency over the five-year period 1989–93. The program is aimed at reducing costs and making the company competitive in both international markets and the increasingly open Mexican economy. Capacity to produce fiber optics and telephone, computer, and auto cable will be increased.	Loan	35.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	15.00	
	Total	50.00	128.00
With IFC financing, *Grupo Primex, S.A. de C.V.** will be able to increase production of polyvinyl chloride at its Tampico plant from 80,000 to 200,000 metric tons per year. Georgia Gulf Corporation of the United States has agreed to supply the necessary feedstock through 1995 and market half of the output. Primex will sell the remainder, primarily in export markets.	Loan	13.00	
	Equity	—	
	Quasi-equity	7.00	
	Syndications	—	
	Total	20.00	57.50
Indelpro, S.A. de C.V., will design, construct, and operate Mexico's first polypropylene resins plant. Most of the plant's yearly output of 100,000 metric tons will be for the domestic market, replacing imports.	Loan	17.00	
	Equity	—	
	Quasi-equity	10.00	
	Syndications	15.00	
	Total	42.00	108.00
Petrocel is embarking on an investment program to improve efficiency and expand its capacity to produce purified terephthalic acid (PTA) and dimethyl terephthalate (DMT), the principal raw materials used in the manufacture of polyester.	Loan	26.00	
	Equity	—	
	Quasi-equity	6.00	
	Syndications	—	
	Total	32.00	101.60
Morocco			
IFC will provide *Crédit Immobilier et Hôtelier (CIH)*,* Morocco's leading development bank for tourism and housing, with the foreign exchange required to finance substantial private-sector investments in tourism projects. IFC arranged a syndicated loan with several financial institutions.	Loan	40.61	
	Equity	—	
	Quasi-equity	—	
	Syndications	51.51	
	Total	92.12	200.00
Société Ennasr de Pêche will acquire a fleet of four deep-freeze trawlers to operate along Morocco's Atlantic Coast.	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Guarantee	4.83	
	Total	4.83	13.00
Multi-Country Loan Facilities (MLFs)			
An MLF developed with NMB Postbank will provide foreign exchange lending to small and medium-size projects in Chile, Indonesia, Malaysia, and Uruguay.	Loan	25.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	37.50	
	Total	62.50	62.50
An MLF developed with Algemene Bank Nederland will provide foreign exchange lending to small and medium-size projects in Indonesia, Morocco, Pakistan, Sri Lanka, and Turkey.	Loan	25.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	25.00	
	Total	50.00	50.00
An MLF developed with Banque Indosuez will provide foreign exchange lending to small and medium-size projects in Bangladesh, Malaysia, Pakistan, Thailand, and Turkey.	Loan	25.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	25.00	
	Total	50.00	50.00

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Nigeria			
IFC approved a loan to *Afcott Nigeria Limited* to help finance the expansion of its cotton estate and the modernization of a ginnery. Afcott will also build an oilseed processing plant on the cotton estate.	Loan	4.50	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	4.50	17.30
Intermatch Nigeria Ltd. ▼ operates match manufacturing plants at Oregun and Sokoto. It intends to expand operations with a mill to produce tissue paper using paper waste, which is available locally.	Loan	.96	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	.96	3.10
IFC has arranged a financial restructuring of, and approved a subordinated loan for, *Tiger Battery Company (Nigeria) Limited* * to reduce the company's debt burden.	Loan	—	
	Equity	—	
	Quasi-equity	1.55	
	Syndications	.15	
	Total	1.70	1.70
Pakistan			
First International Investment Bank will be one of the first private merchant banking firms in Pakistan. It will be based in Lahore, with branch offices in Karachi and Islamabad. The company will provide specialized services, including money-market operations, underwriting of securities issues, and corporate financial services.	Loan	—	
	Equity	.69	
	Quasi-equity	—	
	Syndications	—	
	Total	.69	4.76
Pak-Suzuki Motor Company Ltd., the only assembler of passenger cars in Pakistan, will establish a partially integrated car plant for engine and transmission assembly, and the painting, stamping, and inspection of 30,000 automobiles and light commercial vehicles per year.	Loan	15.14	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	15.14	92.60
Rupali Polyester Ltd. will add two 25,000-metric-ton polyester staple fiber lines to increase its current output of 22,750 metric tons per year. The synthetic fiber produced will be used by the local spinning industry to manufacture blended polyester-cotton yarns.	Loan	21.95	
	Equity	2.55	
	Quasi-equity	—	
	Syndications	—	
	Total	24.51	89.00
Peru			
Compañía de Minas Buenaventura S.A. * *(Buenaventura)* called for a capital increase, for which IFC exercised its pre-emptive rights.	Loan	—	
	Equity	.60	
	Quasi-equity	—	
	Syndications	—	
	Total	.60	6.00
Philippines			
The *All Asia Capital and Leasing Corporation* * has decided to double its capital base through a rights issue in order to expand the volume of its leasing business and undertake more merchant banking activities.	Loan	—	
	Equity	.26	
	Quasi-equity	—	
	Syndications	—	
	Total	.26	2.30
Avantex Mill Corporation will set up a new spinning mill to produce 4,500 tons yearly of high-quality combed cotton yarn and 2,000 tons yearly of polyester/cotton blended yarn, 70 percent of which will be exported either directly or via the Philippines' growing exports of textiles and garments.	Loan	11.50	
	Equity	2.24	
	Quasi-equity	—	
	Syndications	—	
	Total	13.74	51.00
The *First Philippine Fund* is a non-diversified, closed-end management company that invests in equity securities of Philippine companies.	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Underwriting	20.00	
	Total	20.00	100.00

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
IFC participated in a rights issue of common shares to finance *General Milling Corporation's** expansion program, which will almost double the company's production of food and animal feed.	Loan	—	
	Equity	.64	
	Quasi-equity	—	
	Syndications	—	
	Total	.64	14.20
Luzon Petrochemical Corporation will build and operate the Philippines' first integrated petrochemical complex, with capacities to produce annually 140,000 tons of polyethylene (PE), 110,000 tons of polypropylene (PP), and 90,000 tons of surplus ethylene. Output from this project will be sold mainly in the domestic market to meet the growing demand for PE and PP resins.	Loan	65.00	
	Equity	15.00	
	Quasi-equity	—	
	Syndications	25.00	
	Total	105.00	500.00
Makati Shangrila Hotel and Resort Inc. will construct a 697-room, five-star hotel in a prime location in Makati, the business and shopping district of Manila. The hotel will help alleviate the shortage of hotel rooms in Makati.	Loan	29.50	
	Equity	—	
	Quasi-equity	—	
	Syndications	29.50	
	Total	59.00	118.00
The *Manila Fund* is a five-year, closed-end fund seeking long-term capital appreciation by investing mainly in equity securities listed on the Philippine stock exchange. It is the first country fund ever for the Philippines.	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Underwriting	7.00	
	Total	7.00	50.00
Poland			
The Bristol, Warsaw's most prestigious hotel, will be totally renovated under a joint-venture privatization agreement with Trusthouse Forte and IFC.	Loan	10.22	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	10.22	36.20
The *Export Development Bank (EDB)* will manage a line of credit for IFC. It will provide long-term loans and quasi-equity investments for private-sector and cooperative projects too small for direct IFC financing. Projects will involve primarily small, private manufacturing businesses and joint-venture companies that produce goods for export.†	Loan	23.68	
	Equity	—	
	Quasi-equity	5.92	
	Syndications	—	
	Total	29.60	60.00
Portugal			
A Jordanian company will build a plant in Portugal to formulate and distribute pharmaceuticals there through a wholly owned subsidiary, *AL HIKMA Farmaceûtica (Portugal), Limitada.*	Loan	2.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	2.00	6.00
Banco Português de Investimento (BPI)✦ made two new share offerings in which IFC subscribed its pre-emptive rights.	Loan	—	
	Equity	2.03	
	Quasi-equity	—	
	Syndications	—	
	Total	2.03	72.35
Finantia Capital will provide equity and quasi-equity to finance the modernization, expansion, and restructuring of medium-size private enterprises with a view to their eventually making public share offerings.	Loan	—	
	Equity	4.00	
	Quasi-equity	—	
	Syndications	—	
	Total	4.00	30.00

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
The *Portuguese Investment Fund* is a new-money country fund that invests primarily in equity securities listed on Portugal's stock exchanges.	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Underwriting	6.00	
	Total	6.00	30.50
*Sociedade de Capital de Risco S.A.**‡ made a new offering of shares in which IFC subscribed its pre-emptive rights.	Loan	—	
	Equity	.02	
	Quasi-equity	—	
	Syndications	—	
	Total	.02	2.10
União Industrial Textil e Quimica S.A. will expand its chlorine production facilities from 45,000 to 57,000 tons per year.	Loan	6.63	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	6.63	16.11
Thailand			
IFC made an additional investment in *The Mutual Fund Company, Ltd.*,* an investment management company.	Loan	—	
	Equity	.26	
	Quasi-equity	—	
	Syndications	—	
	Total	.26	3.20
IFC made an additional equity investment in *Northeast Agriculture Company Ltd. (NACO)**‡ as part of a capital investment and private placement to finance a doubling of NACO's capacity.	Loan	—	
	Equity	.05	
	Quasi-equity	—	
	Syndications	—	
	Total	.05	.41
Shin Ho Paper (Thailand) Co. Ltd. will establish the first newsprint paper mill in Thailand, with annual capacity of 100,000 metric tons. The plant will use waste paper, to be imported mostly from the United States, as its primary raw material.	Loan	22.00	
	Equity	5.08	
	Quasi-equity	—	
	Syndications	30.00	
	Total	57.08	108.00
Siam Asahi Technoglass Company will establish a plant to manufacture medium-size color television glass bulb components. The plant will have the capacity to produce 12 million funnels and 7.5 million panels annually for both domestic and export markets.	Loan	—	
	Equity	8.06	
	Quasi-equity	—	
	Syndications	—	
	Total	8.06	313.00
Vinythai Company Ltd. will construct and operate facilities near Thailand's second petrochemical complex at Map Ta Phut to produce annually 135,000 tons of polyvinyl chloride and 140,000 tons of vinyl chloride monomer. The project will draw ethylene from the petrochemical complex.	Loan	50.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	100.00	
	Total	150.00	529.00
Togo			
Togotex will acquire and rehabilitate Togo's two state-owned textile mills, Togotex (Kara) and ITT (Dadja).	Loan	—	
	Equity	1.61	
	Quasi-equity	—	
	Syndications	—	
	Total	1.61	22.70

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Turkey			
IFC exercised its pre-emptive rights in the share capital increase of *Anadolu Cam Sanayii A.S.**‡ to finance the modernization of its container glass operations.	Loan	—	
	Equity	.10	
	Quasi-equity	—	
	Syndications	—	
	Total	.10	1.56
Conrad International will construct and operate a new 667-room international deluxe hotel in Istanbul.	Loan	18.00	
	Equity	4.00	
	Quasi-equity	—	
	Syndications	24.00	
	Standby facility	3.00	
	Total	49.00	93.00
*ISGEN Leasing** will lease medium-size and industrial equipment to Turkish companies.	Loan	—	
	Equity	.23	
	Quasi-equity	—	
	Syndications	—	
	Total	.23	1.30
Kamelya Turism Islemecilik and Sol Hotels will build and operate a resort complex with two 232-room, four-star hotels and a 333-room holiday village on the southern coast of Turkey.	Loan	9.47	
	Equity	—	
	Quasi-equity	2.37	
	Syndications	—	
	Total	11.84	43.00
The *Kepez Electric Company* will build a 32 megawatt hydroelectric dam on the Karacaoren River, upgrade its transmission facilities, and expand its hydroelectric generating facilities.	Loan	25.00	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	25.00	67.60
*Kiris Otelcilik ve Turizm A.S.** will complete, and add 74 rooms to, its five-star resort hotel on Turkey's Mediterranean coast.	Loan	5.26	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	5.26	20.30
Koy-Tur will expand its production of poultry and animal feed operations.	Loan	8.60	
	Equity	4.00	
	Quasi-equity	—	
	Syndications	—	
	Total	12.60	25.90
Mersin Enternasyonal Otelcilik A.S. will build a 220-room, five-star Hilton hotel located in Mersin, in southwestern Turkey.	Loan	8.50	
	Equity	—	
	Quasi-equity	—	
	Syndications	4.00	
	Total	12.50	25.00
IFC exercised its pre-emptive rights in the share capital increases of *Nasas Aluminyum Sanayii ve Ticaret A.S.**‡ to support the company's efforts to improve its financial structure by increasing equity and reducing reliance on short-term bank loans.	Loan	—	
	Equity	.05	
	Quasi-equity	—	
	Syndications	—	
	Total	.05	14.67
*Silkar Turism Yatirim ve Isletmeleri A.S.** will build a Club Robinson Holiday Village and four-star hotel.	Loan	8.29	
	Equity	—	
	Quasi-equity	4.88	
	Syndications	9.47	
	Total	22.64	38.50

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
Simplot ve Besikcioglu A.S. will expand its French-fry processing facilities from 30,000 to 60,000 tons per year for export to fast food chains in Europe.	Loan	9.50	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	9.50	47.33
The *Turkish Investment Fund* invests in Turkish equity securities listed on the Istanbul Stock Exchange. The Fund is listed on the New York Stock Exchange.	Loan	—	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Underwriting	10.00	
	Total	10.00	60.00
Venezuela			
Productora de Alcoholes Hidratados, C.A. (Pralca) will build a new ethylene oxide/ethylene glycol plant alongside Lake Maracaibo. The project will export to regional markets, and replace imports. It will produce annually 16,000 metric tons of ethylene oxide and 66,000 metric tons of ethylene glycol.	Loan	30.80	
	Equity	5.80	
	Quasi-equity	—	
	Syndications	2.00	
	Standby facility	2.80	
	Total	41.40	142.50
Yugoslavia			
Salonit Anhovo will build a glass-reinforced PVC water and sewage production facility to replace its asbestos cement pipeline plant.	Loan	6.82	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	6.82	16.70
Zimbabwe			
IFC will provide a loan to *Mashonaland Holdings Limited* to modernize and expand its enameled copper wire operation. The project will improve quality, reduce the scrap rate, and allow a greater range of wire sizes to be produced.	Loan	4.44	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	4.44	6.54
Mat Tools and Forging (Private) Limited,▼ a new company, is building facilities on two sites to manufacture hand tools for the domestic and export markets, and tools and dies for its own use and for sale in local markets. The project received technical assistance from APDF.	Loan	.44	
	Equity	.31	
	Quasi-equity	—	
	Syndications	—	
	Total	.75	3.80
IFC will become a 10 percent shareholder in *RAL Merchant Bank* and provide a credit line for onlending to RAL's corporate clients for the acquisition of capital imports.†	Loan	14.95	
	Equity	2.90	
	Quasi-equity	—	
	Syndications	—	
	Total	17.85	19.00
Retrofit (Private) Limited,▼ an electrical contracting firm in its third year of operations, is expanding facilities and strengthening technical and administrative staff.	Loan	.29	
	Equity	.08	
	Quasi-equity	—	
	Syndications	—	
	Total	.37	1.10
IFC will provide a credit line to *Scotfin Limited*, a finance company, for hire-purchase operations, mostly in the commercial transport sector.†	Loan	7.50	
	Equity	—	
	Quasi-equity	—	
	Syndications	—	
	Total	7.50	7.50

Investments approved in fiscal year 1990 (US$ millions equivalent as of June 30, 1990)		IFC's Investment	Project Cost
IFC will syndicate medium-term, non-revolving, foreign exchange credit lines to five Zimbabwean merchant and commercial banks. The credit lines will be used for onlending to local export-oriented companies to finance the importation of capital equipment. The banks are *Barclays Bank of Zimbabwe Ltd.* ($20 million), *Merchant Bank of Central Africa Ltd.* ($25 million), *RAL Merchant Bank Ltd.* ($30 million), *Standard Chartered Merchant Bank Ltd.* ($30 million), and *Syfrets Merchant Bank Ltd. Zimbabwe* ($25 million).†	Loan	65.95	
	Equity	—	
	Quasi-equity	—	
	Syndications	65.00	
	Total	130.95	130.95

Total loans	$1,209.46
Total equity	$162.04
Total quasi-equity	$95.08
Total syndications	$622.13
Total guarantees	$13.45
Total standby facilities	$25.80
Total underwritings	$72.65
Grand total	$2,200.61

	$9,376.82

* IFC has made one or more previous investments in this company.
▼ Africa Enterprise Fund project.
† This project was undertaken jointly by the Capital Markets Department and the regional investment department.
‡ As a rights issue below $250,000, this project is not included in the total number of approvals.
✦ Counts as one project.

International Finance Corporation

Investment Portfolio

June 30, 1990

Expressed in United States dollars (in thousands)

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Argentina							
Alpargatas S.A.I.C.	Textiles	FY77, 84, 86, 88	42,935	7,500	27,215	5,000	32,215
Alpesca, S.A.	Food and agribusiness	FY79, 83, 84	6,811	0	769	1,611	2,380
Arcor S.A.I.C.	General manufacturing	FY88	12,000	0	12,000	0	12,000
Argentine Investment Company	Financial services	FY89	2,000	0	0	2,000	2,000
Astra—Compañía Argentina de Petróleo S.A.	Energy	FY89	25,000	0	25,000	0	25,000
Astra—C.A.P.S.A. (Lindero Field)	Energy	FY88	12,375	0	10,125	0	10,125
Banco Francés del Rio de la Plata S.A.	Capital markets	FY89	15,000	0	15,000	0	15,000
Banco General de Negocios S.A.	Capital markets	FY88, 89	20,000	0	19,507	0	19,507
Banco Rio de la Plata, S.A.	Capital markets	FY88	30,000	0	30,000	0	30,000
Banco Roberts S.A.	Capital markets	FY86, 89	20,000	0	16,841	0	16,841
Bridas S.A.P.I.C.	Energy	FY88	20,625	0	11,625	0	11,625
Bunge y Born S.A.	General manufacturing	FY88	40,000	0	40,000	0	40,000
Celulosa Argentina, S.A.	Timber, pulp and paper	FY65, 72	8,250	4,000	120	0	120
Chihuidos Oil Exploration Program	Energy	FY89	4,950	0	0	4,950	4,950
Chirete/Morillo/Olleros Oil Exploration Program	Energy	FY88	5,200	0	0	5,200	5,200
Compañía General de Inversiones	Financial services	FY89	100	0	0	100	100
Corporación de Inversiones y Privatización S.A.	Financial services	FY90	75	0	0	75	75
Hidra Oil Development Project	Energy	FY87, 90	80,000	21,900	65,600	0	65,600
Ipako Industrias Petroquímicas Argentinas S.A.	Chemicals and petrochemicals	FY78, 79, 82, 87	20,308	0	0	2,000	2,000
Juan Minetti S.A.	Cement and construction materials	FY78, 81, 82, 86, 87	35,500	67,500	16,424	0	16,424
Massuh S.A.	Timber, pulp and paper	FY78, 85, 87, 88	26,948	3,000	16,280	2,448	18,728
Petroquímica Cuyo S.A.I.C.	Chemicals and petrochemicals	FY84, 86	25,000	21,197	19,241	4,000	23,241
Petroquímica Ensenada S.A. (Petroken)	Chemicals and petrochemicals	FY90	20,000	0	20,000	0	20,000
Roberts Participaciones S.A. (Ropasa)	Capital markets	FY90	50	0	0	50	50
S.A. de Inversiones de Capital de Riesgo (SADICAR)	Capital markets	FY86, 90	2,050	0	0	2,000	2,000
S.A. Garovaglio y Zorraquín	Chemicals and petrochemicals	FY87	13,000	0	11,917	0	11,917
Terminal 6 S.A.	Industrial services	FY87, 90	8,500	0	7,125	0	7,125
					364,789	29,434	394,223
Bangladesh							
Bata Shoe Company (Bangladesh) Limited	General manufacturing	FY85, 86	3,551	1,415	2,376	509	2,886
Industrial Development Leasing Company of Bangladesh Limited	Capital markets	FY85	3,187	0	2,268	157	2,425
Industrial Promotion and Development Company of Bangladesh Limited	Development financing	FY80	1,051	0	0	1,051	1,051
					4,644	1,717	6,362
Barbados							
Caribbean Financial Services Corporation	Capital markets	FY84	300	0	0	300	300
Town and Commercial Properties Limited	Tourism	FY87	1,250	0	1,140	0	1,140
					1,140	300	1,440
Bolivia							
Banco Industrial, S.A.	Development financing	FY76, 88	10,550	0	10,000	0	10,000
Compañía Minera Concepción S.A.	Mining	FY87	1,200	0	200	400	600
Compañía Minera del Sur, S.A.	Nonferrous metals	FY90	10,000	0	7,000	3,000	10,000
Plasmar, S.A.	General manufacturing	FY73	400	0	0	100	100
					17,200	3,500	20,700
Botswana							
Botswana Development Corporation Limited	Development financing	FY79, 85	607	0	0	607	607
ULC (Proprietary) Limited	Capital markets	FY90	423	0	0	423	423
					0	1,030	1,030

Appendix E

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Brazil							
Amapa Florestal e Celulose S.A.—AMCEL	Timber, pulp and paper	FY87	14,000	0	14,000	0	14,000
Bahia Sul Celulose, S.A.	Timber, pulp and paper	FY90	55,000	0	40,000	15,000	55,000
Banco Bozano, Simonsen de Investimento S.A.	Capital markets	FY88	20,000	0	20,000	0	20,000
Banco Itaú S.A.	Capital markets	FY88	30,000	0	30,000	0	30,000
Brasilpar Comércio e Participações S.A.	Capital markets	FY81	1,500	0	0	1,185	1,185
Brasital S.A. para a Indústria e o Comércio	Textiles	FY88	100	0	100	0	100
Cebrace—Companhia Brasileira de Cristal	Industrial equipment and machinery	FY88	45,000	0	40,000	5,000	45,000
Cimento Caue S.A.	Cement and construction materials	FY82, 87	25,000	20,000	10,758	3,255	14,014
CIMINAS—Cimento Nacional de Minas, S.A.	Cement and construction materials	FY72, 75, 81, 87	51,084	154,756	13,333	0	13,333
Companhia Alcoolquímica Nacional—Alcoolquímica	Chemicals and petrochemicals	FY84	24,000	0	5,147	3,719	8,866
Companhia Brasileira de Agropecuária—COBRAPE	Food and agribusiness	FY81	8,500	0	4,500	3,000	7,500
COPENE—Petroquímica do Nordeste S.A.	Chemicals and petrochemicals	FY89, 90	45,000	5,000	45,000	0	45,000
Dende do Para S/A—DENPASA—Agricultura, Indústria e Comércio de Oleaginosas	Food and agribusiness	FY80	4,500	0	722	1,000	1,722
Duratex S.A.	Timber, pulp and paper	FY88	7,370	0	7,370	0	7,370
Eluma S.A. Indústria e Comércio	Nonferrous metals	FY89	15,000	0	15,000	0	15,000
Empresa de Desenvolvimento de Recursos Minerais "CODEMIN" S.A.	Iron and steel	FY73, 78, 83	26,140	67,600	0	4,340	4,340
Equity Fund of Brazil	Financial services	FY88, 89,90	20,549	0	0	16,254	16,254
Fabrica Carioca de Catalisadores S.A.	Chemicals and petrochemicals	FY88	20,500	0	20,500	0	20,500
Fabrica de Tecidos Tatuape S.A.	Textiles	FY88	16,550	0	8,800	0	8,800
Hering do Nordeste S.A.—MALHAS.	Textiles	FY80	2,000	0	1	0	1
Iochpe S/A—Arrendamento Mercantil ("IAM")	Capital markets	FY82	10,450	20,000	2,000	0	2,000
Minerações Brasileiras Reunidas S.A.	Iron and steel	FY88	20,000	0	20,000	0	20,000
Nitroclor Productos Químicos S.A.	Chemicals and petrochemicals	FY86, 88	8,700	0	1,200	5,700	6,900
Papel e Celulose Catarinense, S.A.	Timber, pulp and paper	FY89	19,561	2,631	15,000	0	15,000
Perdigão S.A. Comércio e Indústria	Food and agribusiness	FY88	20,000	0	20,000	0	20,000
Petroquímica Triunfo S.A.	Chemicals and petrochemicals	FY81, 87	19,106	31,000	3,562	3,065	6,627
PISA—Papel de Imprensa S.A.	Timber, pulp and paper	FY83, 85, 88	58,800	31,670	22,000	7,200	29,200
Polisul Petroquímica S.A.	Chemicals and petrochemicals	FY80, 81, 87	20,999	28,000	4,000	5,999	9,999
Politeno Linear Indústria e Comércio de Productos	Chemicals and petrochemicals	FY89	25,000	0	18,500	6,500	25,000
PPH—Companhia Industrial de Polipropileno	Chemicals and petrochemicals	FY80	33,000	0	16,009	1,643	17,651
Quimica da Bahia Indústria e Comércio S.A.	Chemicals and petrochemicals	FY85	5,286	0	231	1,800	2,031
Santista Indústria Textile de Sergipe S.A.	Textiles	FY88	4,500	0	3,200	1,300	4,500
São Paulo Alpargatas S.A.	Textiles	FY87	30,000	0	30,000	0	30,000
SOCOCO S/A—Agroindustrias da Amazonia	Food and agribusiness	FY83	5,500	0	0	2,500	2,500
Sotave Amazonia Química e Mineral S/A	Fertilizers	FY80, 83	28,000	13,000	14,200	0	14,200
S.A. Moinho Santista Indústrias Gerais.	Textiles	FY88	4,000	0	4,000	0	4,000
Tecanor S.A.—Textil Catarinense do Nordeste	Textiles	FY76, 80	16,200	0	3	0	3
Toalia S.A. Industria Textil.	Textiles	FY88	1,900	0	1,900	0	1,900
Unibanco—União de Bancos Brasileiros S.A.	Capital markets	FY88	30,000	0	30,000	0	30,000
Villares Indústrias de Base S.A. —VIBASA	Iron and steel	FY80	5,000	0	833	0	833
					481,870	88,460	570,330
Burundi							
Verreries du Burundi, S.A.R.L.	General manufacturing	FY81, 82, 87	5,878	0	0	1,108	1,108

Investment Portfolio *(continued)*

June 30, 1990
Expressed in United States dollars (in thousands)

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Cameroon							
Alucam—Compagnie Camerounaise de l'Aluminum Pechiney—Ugine. . .	Nonferrous metals	FY79	7,932	0	0	932	932
Cotonnière Industrielle du Cameroun (CICAM)	Textiles	FY86	2,981	0	3,581	0	3,581
Prestige Bottling Company.	General manufacturing	FY88	3,036	0	2,990	302	3,292
Société Camerounaise de Minoteries .	Food and agribusiness	FY81	1,308	0	140	0	140
Société Camerounaise de Verrerie . . .	General manufacturing	FY81	1,802	0	0	102	102
Société des Palmeraies de la Ferme Suisse, S.A.	Food and agribusiness	FY85	2,536	0	1,028	558	1,586
Société des Plantations Nouvelles du Penja	Food and agribusiness	FY88	2,250	0	2,148	357	2,505
Société Industrielle Laitière du Cameroun "SILAC".	Food and agribusiness	FY87	2,851	0	2,462	571	3,032
Société Sucrière du Cameroun.	Food and agribusiness	FY83	1,444	0	877	0	877
					13,225	2,821	16,046
Chile							
Cape Horn Methanol Ltd.	Chemicals and petrochemicals	FY86, 88	100,000	0	45,000	5,000	50,000
Celulosa Arauco y Constitución S.A.. .	Timber, pulp and paper	FY87, 88	85,000	35,500	83,846	0	83,846
Celulosa del Pacífico, S.A.	Timber, pulp and paper	FY90	50,000	33,000	40,000	10,000	50,000
Compañía Chilena de Inversiones S.A. Agente de Valores	Capital markets	FY82	200	0	0	120	120
Compañía de Carbones de Chile COCAR S.A..	Mining	FY86	18,700	0	7,125	2,200	9,325
Empresa Minera de Mantos Blancos S.A..	Nonferrous metals	FY58, 59, 66, 84	23,851	15,500	0	7,476	7,476
International Investment Company of Chile S.A.	Financial services	FY89	3,750	0	0	3,750	3,750
Investment Management Company . .	Capital markets	FY88	60	0	0	60	60
Minera Escondida Limitada	Nonferrous metals	FY89	85,000	0	61,000	15,000	76,000
The Chile Investment Company S.A.. .	Financial services	FY88	4,650	0	0	4,650	4,650
					236,971	48,256	285,227
China							
China Bicycles Company Limited . . .	General manufacturing	FY88	5,000	0	4,167	0	4,167
Crown (China) Electronics Co. Ltd.. . .	General manufacturing	FY89	15,000	0	15,000	0	15,000
Guangzhou Peugeot Automobile Company Ltd.	Automotive and accessories	FY86	18,225	0	14,063	3,225	17,288
JF China Investment Company Limited	Development financing	FY88	3,036	0	3,000	36	3,036
Shenzhen-Chronar Solar Energy Co., Ltd.	General manufacturing	FY89	3,000	0	2,000	1,000	3,000
					38,229	4,261	42,490
Colombia							
Carbones del Caribe, S.A.	Mining	FY84, 87	14,782	0	11,844	0	11,844
Cementos Rioclaro S.A.	Cement and construction materials	FY84	16,000	11,473	1,240	1,400	2,640
Corporación Financiera del Norte . . .	Development financing	FY69, 73	454	0	0	15	15
Corporación Financiera del Valle	Development financing	FY88, 89	9,784	0	5,000	4,784	9,784
Corporación Financiera Nacional. . . .	Development financing	FY62, 63, 85	8,042	0	0	52	52
Enka de Colombia, S.A.	Textiles	FY67, 70, 74, 85, 86, 87, 89	43,816	17,103	32,897	0	32,897
Frigoríficos Colombianos S.A.	Industrial services	FY83, 89	1,576	0	0	724	724
Leasing Bolívar, S.A.	Capital markets	FY81, 85, 87, 90	7,218	7,000	1,816	218	2,034
Petróleos Colombianos Limited	Energy	FY81, 82	6,750	9,259	1,790	3,435	5,225
Productos Derivados de la Sal, S.A. (PRODESAL).	Chemicals and petrochemicals	FY87	7,180	0	5,077	1,180	6,257
Promotora de la Interconexión de los Gasoductos de la Costa Atlántica S.A.	Industrial services	FY77	18,000	7,000	10,000	2,000	12,000
San Fernando/Chucuri Oil Exploration Program	Energy	FY86	5,000	0	0	4,185	4,185
					69,664	17,992	87,656
Congo, People's Republic of the							
Congolaise des Bois Imprégnés, S.A. .	Timber, pulp and paper	FY87	2,134	0	2,005	272	2,277
Congolaise Industrielle des Bois (C.I.B.), S.A.	Timber, pulp and paper	FY85, 86	2,134	0	3,223	0	3,223
					5,228	272	5,500

Appendix E

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Costa Rica							
Matas de Costa Rica, S.A.	Food and agribusiness	FY83, 88	1,524	0	2,134	0	2,134
Scott Paper Company de Costa Rica, S.A.	Timber, pulp and paper	FY78, 87	4,000	0	938	0	938
					3,072	0	3,072
Côte d'Ivoire							
Etablissements R. Gonfreville, S.A.	Textiles	FY77, 87	9,656	0	8,021	885	8,905
Industrial Promotion Services (Côte d'Ivoire) S.A.	Capital markets	FY88	833	0	0	833	833
Omnium Chimique et Cosmétique (COSMIVOIRE)	Food and agribusiness	FY87	2,129	0	1,716	0	1,716
Omnium de Transformations Alimentaires S.A.	Food and agribusiness	FY90	834	0	684	174	858
Pêchazur, S.A.R.L.	Food and agribusiness	FY90	472	0	537	0	537
Société des Industries Alimentaires et Laitières "SIALIM"	Food and agribusiness	FY88, 90	5,802	0	5,282	884	6,165
					16,239	2,775	19,014
Cyprus							
Dome Investments Limited	Tourism	FY83	2,058	0	0	274	274
Dominica							
Fort Young (1986) Ltd.	Tourism	FY89	700	0	0	701	701
Dominican Republic							
Cementos Nacionales, S.A.	Cement and construction materials	FY74, 81, 88	7,828	0	0	1,828	1,828
Compañía Dominicana de Leasing, S.A.	Capital markets	FY84	3,150	0	0	52	52
Productora Nacional de Algodón, C. por A.	Food and agribusiness	FY83, 84, 89	2,936	2,400	1,363	728	2,091
Sociedad Comercializadora S.A.	Cement and construction materials	FY90	85	0	0	85	85
Transamerican Hoteles, Dechiaro, Siskind, Vincent & Co. S. en C. por A.	Tourism	FY87	6,000	0	5,633	0	5,633
Zona Franca San Isidro S.A.	Industrial services	FY90	6,000	0	6,000	0	6,000
					12,996	2,692	15,688
Ecuador							
Compañía Financiera Ecuatoriana de Desarrollo, S.A.	Development financing	FY69, 73, 75, 77, 81, 82, 89	4,589	0	4,000	375	4,375
Facturas Internacionales S.A.	Capital markets	FY88	88	0	0	88	88
					4,000	463	4,463
Egypt, Arab Republic of							
Alexandria National Iron & Steel Company S.A.E.	Iron and steel	FY84	38,400	64,000	0	7,200	7,200
Aluminum Sulphate Company of Egypt S.A.E.	Chemicals and petrochemicals	FY86	565	0	0	565	565
Arab Ceramic Company S.A.	Cement and construction materials	FY76, 82	6,243	1,500	772	954	1,726
Bechtel Egypt S.A.E.	Industrial services	FY88	100	0	0	100	100
Crocodile Tourist Project Company SAE	Tourism	FY82	5,131	0	650	721	1,371
Delta Sugar Company S.A.E.	Food and agribusiness	FY78, 83	15,506	8,000	5,000	3,506	8,506
Egypt Investment Finance Corporation, S.A.E.	Capital markets	FY85	1,640	0	0	139	139
Ismailia Fish Farming Company, S.A.E.	Food and agribusiness	FY80, 81, 83	5,009	0	965	100	1,065
Ismailia Misr Poultry Company, S.A.E.	Food and agribusiness	FY79, 83	14,353	0	0	1,645	1,645
Meleiha Oil Development and Exploration Project	Energy	FY87, 88	28,700	0	0	17,821	17,821
Phoenix Resources Company of Egypt	Energy	FY88	20,000	0	12,800	0	12,800
Suez Cement Company S.A.E.	Cement and construction materials	FY80	30,000	0	4,289	0	4,289
					24,476	32,752	57,229
Ethiopia							
Red Sea Petroleum Exploration Program	Energy	FY89	7,800	0	0	7,800	7,800

International Finance Corporation

Investment Portfolio *(continued)*

June 30, 1990

Expressed in United States dollars (in thousands)

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Fiji							
Capos Limited	Tourism	FY86	8,818	0	8,171	0	8,171
Fiji Forest Industries Limited	Timber, pulp and paper	FY87	3,627	0	1,989	1,638	3,627
Merchant Bank of Fiji Limited	Capital markets	FY87	2,347	0	0	347	347
					10,160	1,985	12,145
Gabon							
Compagnie Minière de l'Ogooué	Mining	FY89	32,000	0	27,000	0	27,000
Elf Gabon	Energy	FY90	10,000	0	10,000	0	10,000
Shell Gabon S.A.	Energy	FY89	50,000	110,000	50,000	0	50,000
Société de Placages d'Essassa S.A.	Timber, pulp and paper	FY88	3,671	0	4,386	0	4,386
					91,386	0	91,386
Gambia, The							
Kombo Beach Hotel Limited	Tourism	FY84	2,823	0	4,623	0	4,623
Ghana							
Ashanti Goldfields Corporation (Ghana) Limited	Mining	FY85, 90	62,500	62,500	62,500	0	62,500
Canadian Bogosu Resources Limited	Mining	FY88, 89, 90	20,000	0	18,500	1,500	20,000
Continental Acceptances Limited	Capital markets	FY90	875	0	0	875	875
Ghanaian-Australian Goldfields Limited	Mining	FY90	3,000	0	0	3,000	3,000
Keta Basin Oil	Energy	FY90	0	0	0	2,900	2,900
Wahome Steel Limited	Iron and steel	FY90	3,200	0	3,200	0	3,200
					84,200	8,275	92,475
Greece							
Aluminium de Grèce, Société Anonyme Industrielle et Commerciale	Nonferrous metals	FY70, 72	4,922	3,731	0	577	577
Grenada							
Issa Nicholas (Grenada) Limited	Tourism	FY86	6,000	0	4,500	0	4,500
Guinea							
Banque Internationale pour le Commerce et l'Industrie de la Guinée	Capital markets	FY87	1,000	0	0	1,000	1,000
Société Aurifère de Guinée S.A.	Mining	FY88	7,500	0	7,402	0	7,402
Société Mixte Aredor Guinée S.A.	Mining	FY83	14,835	0	6,200	1,228	7,428
					13,602	2,228	15,830
Guinea-Bissau							
Anetibene Petroleum Exploration Program	Energy	FY90	5,850	0	0	5,850	5,850
Haiti							
Promoteurs et Investisseurs Associés, S.A.	Food and agribusiness	FY82	1,500	0	263	114	377
Honduras							
Granjas Marinas San Bernardo S.A. de C.V.	Food and agribusiness	FY87	575	0	0	575	575
Textiles Río Lindo, S.A. de C.V.	Textiles	FY78, 90	4,770	6,000	2,742	1,000	3,742
					2,742	1,575	4,317
Hungary							
AGROFERM Hungarian-Japanese Fermentation Industry Ltd.	Food and agribusiness	FY87	11,250	0	8,550	2,700	11,250
Dexter Mold Making Company Limited	General manufacturing	FY90	3,893	0	3,006	922	3,928
Dunamont Polisztirolgyarto Rt	Textiles	FY89	17,209	11,375	15,430	3,735	19,165
First Hungarian Investment Advisory Rt.	Financial services	FY90	36	0	0	36	36
Salgotarjan Glass Wool Limited	Industrial equipment and machinery	FY88	4,972	0	3,440	1,533	4,973
Tetra Pak Hungary Limited	Timber, pulp and paper	FY90	10,510	0	7,471	3,039	10,510
The First Hungary Fund Limited	Financial services	FY90	7,500	0	0	7,500	7,500
Unicbank Rt.	Capital markets	FY87	3,227	0	0	3,227	3,227
					37,897	22,692	60,589

Appendix E

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
India							
Ahmedabad Electricity Company, Limited	Industrial services	FY89	19,455	0	21,384	0	21,384
Bihar Sponge Iron Limited	Iron and steel	FY85	15,440	0	16,651	630	17,280
Deepak Fertilisers and Petrochemicals Corporation Limited	Fertilizers	FY80, 82, 87, 89	11,722	0	3,748	2,851	6,599
Export-Import Bank of India	Capital markets	FY87	15,000	0	14,174	0	14,174
Gujarat Narmada Valley Fertilizers Company Limited	Fertilizers	FY87	33,911	0	39,192	0	39,192
Gujarat Rural Housing Finance Corporation	Capital markets	FY87	195	0	0	195	195
Gujarat State Fertilizers	Chemicals and petrochemicals	FY89	27,161	0	30,039	0	30,039
Hero Honda Motors Limited	Automotive and accessories	FY87	7,738	0	7,453	0	7,453
Hindustan Motors Limited	Automotive and accessories	FY87	36,886	0	29,452	0	29,452
Housing Development Finance Corporation Limited	Capital markets	FY78, 87	5,608	0	200	1,001	1,201
India Equipment Leasing Limited	Capital markets	FY86	2,817	0	0	309	309
India Lease Development Limited	Capital markets	FY85, 90	5,786	0	0	786	786
Invel Transmissions Limited	Automotive and accessories	FY88	1,067	0	0	1,067	1,067
J.M. Share & Stock Brokers Private Limited	Capital markets	FY90	430	0	0	430	430
Keltron Telephone Instruments Limited	Industrial equipment and machinery	FY89, 90	394	0	0	394	394
Mahindra Ugine Steel Company, Ltd.	Iron and steel	FY64, 75, 79, 90	14,324	142	0	2,499	2,499
Mahindra & Mahindra Ltd.	Automotive and accessories	FY90	16,383	0	10,000	6,383	16,383
Modi Cement Limited	Cement and construction materials	FY85	13,047	0	22,241	0	22,241
Nagarjuna Coated Tubes Limited	Iron and steel	FY81	0	0	1,500	245	1,745
Nagarjuna Signode Limited	Iron and steel	FY86	0	0	1,173	300	1,473
Nagarjuna Steels Limited	Iron and steel	FY87	8,150	0	323	241	563
Tata Electric Companies	Industrial services	FY90	42,689	0	42,689	0	42,689
The Great Eastern Shipping Company Limited	Industrial services	FY86	11,866	0	5,975	5,891	11,866
The Indian Rayon Corporation Limited	Cement and construction materials	FY82, 87	14,554	0	4,118	0	4,118
The Tata Iron and Steel Company Limited	Iron and steel	FY81, 86, 89	70,844	20,000	28,786	12,336	41,122
Titan Watches Limited	General manufacturing	FY87, 89, 90	22,174	0	20,539	510	21,050
UCAL Fuel Systems Limited	Automotive and accessories	FY90	628	0	0	628	628
WBI Advanced Technology	General manufacturing	FY89	200	0	0	200	200
					299,636	36,895	336,532
Indonesia							
Bank Niaga	Capital markets	FY90	7,500	0	7,500	0	7,500
Nomura Jakarta Fund (NJF)	Capital markets	FY90	3,000	0	0	1,450	1,450
P.T. Astra International, Incorporated	Automotive and accessories	FY90	25,000	0	0	12,500	12,500
P.T. Asuransi Jiwa Dharmala Manulife	Capital markets	FY88	321	0	0	321	321
P.T. Bali Holiday Village	Tourism	FY88	9,325	2,000	3,063	0	3,063
P.T. Bank Umum Nasional	Capital markets	FY90	10,000	0	10,000	0	10,000
P.T. Jakarta International Hotel	Tourism	FY73, 89	5,498	7,000	0	2,664	2,664
P.T. Monterado Mas Mining	Mining	FY88	5,500	4,500	3,500	2,000	5,500
P.T. Papan Sejahtera	Capital markets	FY80	5,202	0	0	1,202	1,202
P.T. Private Development Finance Company of Indonesia	Development financing	FY74	483	0	0	362	362
P.T. Saseka Gelora Leasing	Capital markets	FY82, 85	3,371	2,000	0	371	371
P.T. Semen Andalas Indonesia	Cement and construction materials	FY80, 88	27,658	25,898	20,871	0	20,871
P.T. Unitex	Textiles	FY71	1,550	1,750	0	347	347
					44,933	21,217	66,151
Jamaica							
Eagle Merchant Bank of Jamaica Limited	Capital markets	FY89	5,000	0	5,000	0	5,000
Jamaica Citizens Bank Limited	Capital markets	FY89	5,000	0	5,000	0	5,000
Jamaica Flour Mills Limited	Food and agribusiness	FY82	5,000	0	440	0	440
Mutual Security Bank Limited	Capital markets	FY89	5,000	0	5,000	0	5,000
St. Mary Banana Estates Limited	Food and agribusiness	FY87	4,660	0	3,701	879	4,580
The Falcon Fund (1985) Limited	Financial services	FY86	2,555	0	1,115	0	1,115
					20,257	879	21,136

International Finance Corporation

Investment Portfolio *(continued)*

June 30, 1990

Expressed in United States dollars (in thousands)

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Jordan							
Al-Hikma Pharmaceuticals Company	General manufacturing	FY87	2,193	0	2,072	0	2,072
Jordan Lime and Silicate Brick Industries Company Limited	Cement and construction materials	FY79, 85	3,848	0	1,539	0	1,539
Jordan Phosphate Mines Company Limited	Fertilizers	FY75, 78, 82	38,229	50,000	3,556	0	3,556
					7,166	0	7,166
Kenya							
Bamburi Portland Cement Company Limited	Cement and construction materials	FY82	4,430	0	1,642	0	1,642
Development Finance Company of Kenya Limited	Development financing	FY80, 84	6,381	0	2,750	1,314	4,064
Diamond Trust of Kenya Limited	Capital markets	FY82	804	0	0	804	804
Equatorial Beach Properties Limited	Tourism	FY86	3,671	0	6,036	0	6,036
Industrial Promotion Services (Kenya) Limited	Capital markets	FY82, 87	2,046	0	0	2,046	2,046
Kenya Commercial Finance Company Limited	Capital markets	FY81	5,000	0	1,434	0	1,434
Leather Industries of Kenya Limited	General manufacturing	FY84	2,713	0	1,030	595	1,625
Panafrican Paper Mills (E.A.) Limited.	Timber, pulp and paper	FY70, 74, 77, 79, 81, 90	43,049	3,965	17,800	4,510	22,310
Rift Valley Textiles Limited.	Textiles	FY76	9,638	1,296	3,888	0	3,888
Tetra Pak Converters Limited.	Timber, pulp and paper	FY83	2,540	0	310	0	310
Tourism Promotion Services (Kenya) Ltd.	Tourism	FY72	1,629	791	0	45	45
					34,892	9,314	44,206
Korea, Republic of							
Anam Industrial Company Limited	Industrial equipment and machinery	FY88	15,747	0	0	15,747	15,747
Gold Star Company, Ltd.	General manufacturing	FY75, 76, 77, 79, 80, 84, 85, 87, 88	35,908	13,635	0	15,531	15,531
Hae Un Dae Development Company, Ltd.	Tourism	FY75, 90	3,957	0	0	1,207	1,207
Korea Development Investment Corporation	Capital markets	FY83, 85	5,952	0	0	5,952	5,952
Korea Development Leasing Corporation	Capital markets	FY77, 79, 87, 90	6,754	10,000	0	1,223	1,223
Korea Investment and Finance Corporation	Capital markets	FY71, 74, 76, 79, 80, 82, 85, 89	8,509	0	0	6,920	6,920
Korea Long Term Credit Bank	Development financing	FY68, 74, 76, 77, 78, 80, 88, 90	32,478	8,938	0	22,005	22,005
Korea Securities Finance Corporation	Capital markets	FY75, 77, 80, 82, 84	8,392	0	0	2,014	2,014
Korea Zinc Company, Ltd.	Nonferrous metals	FY76, 86	26,612	0	4,736	5,612	10,348
Taihan Bulk Terminal Co., Ltd.	Industrial services	FY81	6,000	3,500	0	2,500	2,500
Tong Yang Nylon Company, Limited	Textiles	FY75, 88, 89	12,060	0	0	4,545	4,545
					4,736	83,256	87,992
Liberia							
Liberian Bank for Development and Investment	Development financing	FY66, 77, 84	702	1	0	70	70
Liberian Timber and Plywood Operation Company	Timber, pulp and paper	FY88	8,500	0	7,286	0	7,286
					7,286	70	7,356
Madagascar							
Financière d'Investissement ARO	Capital markets	FY90	283	0	0	283	283
La Cotonnière d'Antsirabé (COTONA) S.A.	Textiles	FY86, 90	11,032	0	10,085	184	10,269
Les Pêcheries de Nossi Bé, S.A.	Food and agribusiness	FY84, 90	7,009	0	4,952	249	5,202
Société Textile de Majunga S.A.	Textiles	FY77, 87	15,026	0	3,550	309	3,859
					18,588	1,025	19,613

Appendix E

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Malawi							
David Whitehead and Sons (Malawi) Ltd	Textiles	FY76, 82	10,784	0	1,868	0	1,868
Dwangwa Sugar Corporation Limited	Food and agribusiness	FY77, 81, 85	11,306	0	6,643	0	6,643
Ethanol Company Limited	Chemicals and petrochemicals	FY81, 82	2,458	0	199	245	444
Investment and Development Bank of Malawi Limited	Development financing	FY79	605	0	0	605	605
The Leasing and Finance Company of Malawi, Limited	Capital markets	FY86, 90	858	0	0	186	186
Viphya Plywoods and Allied Industries Limited	Timber, pulp and paper	FY87	4,427	0	3,907	500	4,407
					12,618	1,537	14,154
Malaysia							
South East Asia Venture Investment Project (SEAVI)	Capital markets	FY85	1,000	0	0	812	812
Twenty First Century Oleochemicals Sdn. Bhd.	Chemicals and petrochemicals	FY90	5,238	3,400	4,500	738	5,238
					4,500	1,550	6,050
Mauritius							
Saxon Management Limited and Saxon Properties Limited	Tourism	FY90	3,605	0	2,686	984	3,670
Socota Textile Mills Ltd.	Textiles	FY87	5,993	0	4,643	993	5,636
Textile Industries Limited	Textiles	FY90	3,100	0	3,100	0	3,100
					10,428	1,977	12,406
Mexico							
Agro Industrial Exportadora, S.A. de C.V.	Food and agribusiness	FY87	2,001	0	357	0	357
Apasco, S.A. de C.V.	Cement and construction materials	FY88, 89, 90	56,250	0	10,250	0	10,250
Banca Serfin, S.N.C.	Development financing	FY89	60,000	0	60,000	0	60,000
Banco Nacional de México, S.N.C.	Capital markets	FY90	60,000	0	60,000	0	60,000
Bancomer, S.N.C.	Capital markets	FY90	20,000	0	20,000	0	20,000
Celulosa y Papel de Durango, S.A. de C.V.	Timber, pulp and paper	FY86, 89	13,069	0	10,000	3,069	13,069
Cementos Veracruz, S.A.	Cement and construction materials	FY73, 79	11,352	4,500	446	0	446
Cemex Group	Cement and construction materials	FY89	60,000	8,000	60,000	0	60,000
Conductores Monterrey, S.A.	Industrial equipment and machinery	FY79	5,000	13,000	4,496	0	4,496
Crescent Market Aggregates Project.	Mining	FY88	37,000	0	14,000	0	14,000
Empresas Tolteca de México, S.A.	Cement and construction materials	FY79, 84	37,950	138,000	4,412	3,427	7,839
Fomento Económico Mexicano S.A. de C.V. (Visa)	General manufacturing	FY89, 90	107,600	0	80,000	27,600	107,600
Grupo Condumex S.A. de C.V.	General manufacturing	FY90	35,000	15,000	35,000	0	35,000
Grupo Primex, S.A. de C.V.	Chemicals and petrochemicals	FY85	12,000	4,400	2,000	0	2,000
Hotel Camino Real Ixtapa, S.A.	Tourism	FY79, 81, 87	4,201	0	0	4,198	4,198
Indelpro, S.A. de C.V.	Chemicals and petrochemicals	FY90	27,000	3,000	27,000	0	27,000
Industrias Sulfamex, S.A. de C.V.	Fertilizers	FY87	2,500	0	1,900	500	2,400
Metalsa, S.A.	Automotive and accessories	FY84, 88	9,400	0	5,750	0	5,750
Papeles Ponderosa, S.A.	Timber, pulp and paper	FY79, 81, 84	11,157	4,500	340	0	340
Polimar, S.A. de C.V.	Chemicals and petrochemicals	FY89	14,500	0	14,500	0	14,500
Proteison, S.A. de C.V.	Food and agribusiness	FY85	2,770	0	0	820	820
Salumi, S.A. de C.V.	Food and agribusiness	FY88, 90	22,516	0	17,516	2,000	19,516
Sealed Power de Mexico, S.A. de C.V. and Spimex, S.A. de C.V.	Automotive and accessories	FY88	9,000	0	7,500	0	7,500
Universal de Valores, S.A. de C.V.	Food and agribusiness	FY81	9,300	5,000	497	1,670	2,167
Vidrio Plano de México, S.A. and Vitro Flotado, S.A.	Industrial equipment and machinery	FY80	15,000	99,900	3,000	0	3,000
					438,964	43,284	482,248

International Finance Corporation

Investment Portfolio *(continued)*

June 30, 1990

Expressed in United States dollars (in thousands)

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Morocco							
Banque Nationale pour le Développement Economique	Development financing	FY63, 78, 84, 86	46,690	40,240	44,425	1,544	45,970
Cimenterie Nouvelle de Casablanca —Cinouca, S.A.	Cement and construction materials	FY82, 83	17,844	0	5,925	2,044	7,969
Compagnie Maritime Maroco-Norvégienne (COMARIT)	Industrial services	FY89	4,300	2,000	3,991	0	3,991
Crédit Immobilier et Hôtelier	Development financing	FY87, 90	67,150	78,304	66,199	0	66,199
Fruitière Marocaine de Transformation "FRUMAT"	Food and agribusiness	FY86	7,583	0	5,327	0	5,327
Settat Filature "SETAFIL"	Textiles	FY88	4,864	0	3,378	919	4,298
Société Minière du Bou-Gaffer "SOMIFER"	Nonferrous metals	FY80	15,335	0	0	2,348	2,348
					129,246	6,855	136,101
Mozambique							
Companhia Agro-Industrial Lonrho-Moçambique Limitada	Food and agribusiness	FY87	2,500	0	2,000	0	2,000
Xai Xai	Energy	FY88	7,750	0	0	5,237	5,237
					2,000	5,237	7,237
Nepal							
Nepal Orind Magnesite (Private) Limited	Mining	FY82	4,966	0	8,716	0	8,716
Soaltee Hotel Limited	Tourism	FY75	3,128	0	0	428	428
					8,716	428	9,144
Niger							
Les Moulins du Sahel, S.A.	Food and agribusiness	FY82	2,267	0	2,404	0	2,404
Nigeria							
Afcott Nigeria Limited	Food and agribusiness	FY90	4,500	0	4,500	0	4,500
Arewa Textiles, Ltd.	Textiles	FY64, 67, 70	847	728	0	442	442
Dunlop Nigerian Industries Limited	Automotive and accessories	FY88	12,500	0	12,500	0	12,500
Ikeja Hotel Limited	Tourism	FY81, 85, 88, 90	13,051	0	9,135	1,459	10,593
Nigerian Textile Mills Limited	Textiles	FY80, 87, 90	23,490	0	2,862	0	2,862
Tiger Battery Company (Nigeria) Limited	General manufacturing	FY85, 90	4,397	2,429	6,308	0	6,308
					35,305	1,901	37,206
Oman							
Oman Development Bank S.A.O.G.	Development financing	FY79	2,029	0	0	1,014	1,014
Pakistan							
Attock Refinery Limited	Energy	FY79, 82, 84	8,357	7,500	0	607	607
Dawood Hercules Chemicals, Ltd.	Fertilizers	FY69, 89	21,223	0	17,300	2,923	20,223
First International Investment Bank Limited	Capital markets	FY90	683	0	0	683	683
Habib Arkady Limited	Food and agribusiness	FY81	3,315	0	2,100	165	2,265
Hala Spinning Limited	Textiles	FY89	3,217	0	2,992	0	2,992
Mari Gas Company Limited	Energy	FY86	24,982	21,543	5,144	0	5,144
Millat Tractors Limited	Industrial equipment and machinery	FY88	4,898	0	5,539	0	5,539
Packages Limited	Timber, pulp and paper	FY65, 80, 82, 87, 88	16,932	10,087	6,188	620	6,808
Pakistan Industrial Credit and Investment Corporation Limited	Development financing	FY63, 69, 75, 89	3,629	0	0	592	592
Pakistan Oilfields Limited	Energy	FY79, 82, 84	8,183	7,000	0	1,028	1,028
Pakistan Petroleum Limited	Chemicals and petrochemicals	FY83, 85	26,856	79,200	13,810	1,560	15,370
Pak-Suzuki Motor Company Limited.	Automotive and accessories	FY90	15,559	0	15,559	0	15,559
Rupali Polyester Limited	Textiles	FY90	22,097	0	20,097	2,000	22,097
Thatta Exploration Project	Energy	FY87	6,800	0	0	1,607	1,607
					88,728	11,784	100,513
Panama							
Banco Latinoamericano de Exportaciones, S.A.	Capital markets	FY79, 85, 86, 88	49,827	0	12,750	2,500	15,250
Vidrios Panameños, S.A.	General manufacturing	FY78	3,800	0	0	640	640
					12,750	3,140	15,890

Appendix E

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Paraguay							
Empresa Hotelera de Encarnación S.A.	Tourism	FY81, 86	1,450	0	135	280	415
Sociedad Agrícola Golondrina S.A. . .	Food and agribusiness	FY82, 90	7,358	0	3,578	0	3,578
					3,713	280	3,993
Peru							
Compañía de Cemento Pacasmayo, S.A.	Cement and construction materials	FY64, 67	248	1,357	0	91	91
Compañía de Minas Buenaventura, S.A.	Mining	FY79, 83, 86	8,060	0	0	2,060	2,060
Compañía de Minas Orcopampa, S.A..	Mining	FY86	9,000	0	6,000	0	6,000
Compañía Minera San Ignacio de Morococha, S.A.	Nonferrous metals	FY80, 85	7,200	0	0	500	500
Consorcio Energético de Huancavelica, S.A.	Industrial services	FY82	4,500	0	1,732	0	1,732
S.A. Minera Regina.	Nonferrous metals	FY85	5,240	0	1,500	240	1,740
					9,232	2,891	12,123
Philippines							
Acoje Mining Company, Inc.	Mining	FY77, 85	3,721	0	1,342	0	1,342
All Asia Capital and Leasing Corporation (AACL)	Capital markets	FY80, 83, 85, 90	5,848	6,000	1,413	656	2,069
BPI Agricultural Development Bank . .	Development financing	FY88	976	0	0	976	976
Davao Union Cement Corporation . . .	Cement and construction materials	FY81	16,000	0	3,503	0	3,503
General Milling Corporation	Food and agribusiness	FY79, 90	5,730	0	0	1,730	1,730
Hambrecht & Quist Venture Capital Fund	Capital markets	FY89	2,417	0	0	2,326	2,326
Manila Electric Company.	Industrial services	FY89	36,926	2,958	25,932	0	25,932
Maria Cristina Chemical Industries, Inc.	Iron and steel	FY74, 79	2,190	0	0	436	436
NDC-Guthrie Plantations, Inc.	Food and agribusiness	FY82	11,000	0	11,000	0	11,000
Philippine Associated Smelting and Refining Corporation	Nonferrous metals	FY81	5,000	0	0	5,000	5,000
Philippine Long Distance Telephone Company	Industrial services	FY70, 82, 87, 88, 90	88,530	40,000	84,000	0	84,000
Pure Foods Corporation	Food and agribusiness	FY86	1,391	0	0	1,390	1,390
					127,190	12,513	139,703
Poland							
Centrala Spoldzielni Ogrodniczych i Pszczelarskich (Hortex)	Food and agribusiness	FY89	15,044	0	17,432	0	17,432
Export Development Bank	Financial services	FY90	30,055	0	30,055	0	30,055
					47,487	0	47,487
Portugal							
Banco Português de Investimento	Development financing	FY82, 85, 87, 88, 89, 90	22,655	2,000	8,000	3,410	11,410
Finantia Capital Sociedade de Capital de Risco S.A..	Capital markets	FY90	4,000	0	0	4,000	4,000
Finantia-Sociedade de Investimentos, S.A.	Capital markets	FY88, 89	1,239	0	0	996	996
Inter-Risco—Sociedade de Capital de Risco S.A.	Capital markets	FY90	22	0	0	265	265
União Industrial Textil e Quimica, S.A. .	Chemicals and petrochemicals	FY89	6,629	0	6,629	0	6,629
					14,629	8,671	23,299
Rwanda							
Société Rwandaise des Allumettes (SORWAL) S.A.R.L.	Timber, pulp and paper	FY88	197	0	0	197	197
Senegal							
Africamer S.A.	Food and agribusiness	FY90	3,454	0	3,581	0	3,581
African Seafood S.A.	Food and agribusiness	FY86, 88, 89	4,201	0	2,993	950	3,943
Banque de l'Habitat du Sénégal S.A. .	Capital markets	FY80	465	0	0	465	465
Industries Chimiques du Sénégal, S.A..	Fertilizers	FY82, 88	37,145	0	13,800	145	13,945
					20,374	1,560	21,933
Seychelles							
Ailee Development Corporation Ltd. . .	Tourism	FY87	9,132	0	10,672	0	10,672

International Finance Corporation

Investment Portfolio *(continued)*

June 30, 1990

Expressed in United States dollars (in thousands)

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Sierra Leone							
Sierra Cement Manufacturing Company, Limited—"SERACEM"	Cement and construction materials	FY80	2,050	0	2,050	0	2,050
Somalia							
Somali Bag Company Limited	General manufacturing	FY85	976	0	1,103	0	1,103
Somali Molasses Company Limited	Industrial services	FY81	375	0	69	0	69
					1,172	0	1,172
Spain							
Sociedad Española de Financiación de la Innovación, S.A.	Capital markets	FY78	877	0	0	346	346
Sri Lanka							
Bank of Ceylon	Capital markets	FY78, 81	7,000	0	2,022	0	2,022
Development Finance Corporation of Ceylon	Development financing	FY78, 80, 83	457	0	0	457	457
Taj Lanka Hotels Limited	Tourism	FY81	8,900	11,100	1,800	650	2,450
Union Assurance Limited	Capital markets	FY88	485	0	0	485	485
					3,822	1,592	5,414
Sudan							
Cotton Textile Mills, Ltd.	Textiles	FY76	9,979	0	871	0	871
Gezira Managil Textile Company Limited	Textiles	FY78	8,083	0	669	0	669
					1,540	0	1,540
Swaziland							
Natex Swaziland Limited	Textiles	FY88	8,770	0	5,000	1,771	6,771
Spintex Holdings Swaziland	Textiles	FY90	3,726	0	0	3,726	3,726
Swaziland Industrial Development Company Limited	Development financing	FY87, 89	3,000	0	2,300	700	3,000
The National Textile Corporation of Swaziland Limited	Textiles	FY85	2,202	0	1,233	0	1,233
The Royal Swaziland Sugar Corporation Limited	Food and agribusiness	FY78, 86	10,429	0	0	461	461
					8,533	6,658	15,191
Tanzania							
Amboni Limited	Food and agribusiness	FY85	4,379	712	2,770	0	2,770
Highland Soap and Allied Products Limited	General manufacturing	FY78	1,741	0	472	0	472
Tanganyika Sisal Spinning Company Limited	Food and agribusiness	FY90	2,000	0	2,000	0	2,000
					5,242	0	5,242
Thailand							
HMC Polymers Company Limited	Chemicals and petrochemicals	FY88	16,499	11,000	15,000	1,497	16,497
National Petrochemical Corporation Limited	Chemicals and petrochemicals	FY84, 86, 88, 89	35,512	0	35,000	512	35,512
Northeast Agriculture Company Limited	Food and agribusiness	FY87, 90	2,147	0	1,744	517	2,261
Peroxythai Limited	Chemicals and petrochemicals	FY89	10,700	0	10,700	0	10,700
Phansrivivat Company, Ltd.	Food and agribusiness	FY88	4,673	0	3,600	1,074	4,674
Sea Minerals Limited	Nonferrous metals	FY83	556	0	0	482	482
Siam Asahi Technoglass Co., Ltd.	General manufacturing	FY90	2,353	0	0	2,353	2,353
Siam City Cement Co., Ltd.	Cement and construction materials	FY79, 81, 85, 87	56,169	68,000	0	2,860	2,860
Siam Commercial Bank (SCB)	Development financing	FY90	15,000	0	0	15,000	15,000
The Mutual Fund Company Limited	Financial services	FY77, 90	554	0	0	554	554
The Siam Cement Co., Ltd.	Cement and construction materials	FY69, 76, 78, 80, 85	16,878	15,874	0	1,422	1,422
The Thai Farmers Bank Limited	Development financing	FY90	5,000	0	0	5,000	5,000
					66,044	31,271	97,315
Togo							
Ducros—Togo, S.A.	Food and agribusiness	FY88	1,303	0	1,522	0	1,522
Société Togolaise de Sidérurgie, S.A.	Iron and steel	FY88	850	0	815	0	815
Togotex International S.A.	Textiles	FY90	1,611	0	0	1,611	1,611
					2,336	1,611	3,948

Appendix E

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Trinidad and Tobago							
The Home Mortgage Bank	Capital markets	FY87	411	0	0	411	411
Trinidad and Tobago Development Finance Company Limited	Development financing	FY89	469	0	0	471	471
Trinidad Nitrogen Company Limited	Fertilizers	FY87	34,930	150,000	28,376	0	28,376
					28,376	882	29,258
Tunisia							
Adwya S.A.	General manufacturing	FY87	2,390	0	2,480	286	2,766
Banque de Développement Economique de Tunisie	Development financing	FY66, 70, 78	2,305	0	0	2,305	2,305
Banque Nationale de Développement Touristique	Development financing	FY69	9,081	1,167	0	2,248	2,248
Comète Engineering	Industrial services	FY87	38	0	0	38	38
Industries Chimiques du Fluor, S.A.	Nonferrous metals	FY74	640	0	0	640	640
Rozzi Edilizzia Industrializzata de Tunisie "REIT"	Industrial equipment and machinery	FY87	1,565	0	1,364	415	1,779
Société des Industries Textiles Réunies, S.A.	Textiles	FY88	4,393	0	2,686	2,146	4,831
Société Industrielle des Textiles (SITEX)	Textiles	FY86	8,211	0	4,063	2,152	6,214
Société Minière de Spath Fluor et Barytine "Fluobar"	Mining	FY85	245	0	0	245	245
Société Tunisienne de Leasing "Tunisie Leasing", S.A.	Capital markets	FY85, 86	3,938	0	497	0	497
Sociétés d'Etudes et de Développement de Sousse Nord	Tourism	FY73, 75	3,161	0	0	631	631
					11,088	11,107	22,195
Turkey							
Anadolu Cam Sanayii A.S.	Industrial equipment and machinery	FY70, 86, 87, 88, 90	19,552	3,294	10,328	2,054	12,382
Cam Elyaf Sanayii A.S.	Industrial equipment and machinery	FY86	7,942	0	7,913	0	7,913
Dusa Endustriyel Iplik Sanayi	Textiles	FY89	17,000	8,000	17,000	0	17,000
Elginkan Holding A.S.	General manufacturing	FY88	16,454	0	17,432	0	17,432
Eska Turism ve Ticaret A.S.	Tourism	FY86, 89	9,078	0	9,978	0	9,978
Guney Sanayi ve Ticaret Isletmeleri A.S.	Textiles	FY87	16,478	0	17,457	0	17,457
Is Genel Finansal Kiralama A.S.	Capital markets	FY88, 90	536	0	0	536	536
Isko Testil Sanayi ve Ticaret A.S.	Textiles	FY89	32,266	0	38,847	0	38,847
Kamelya Turizm Isletmecilik Ticaret A.S.	Tourism	FY90	11,844	0	12,022	0	12,022
Kiris Otelcilik Ve Turizm A.S.	Tourism	FY89, 90	13,029	0	14,514	0	14,514
Kirklareli Cam Sanayii A.S.	General manufacturing	FY81, 89	30,450	1,955	22,442	0	22,442
Man Kamyon ve Otobus Sanayi A.S.	Automotive and accessories	FY85	6,466	0	8,016	0	8,016
Mersin Enternasyonal Otelcilik, A.S.	Tourism	FY90	8,500	4,000	8,500	0	8,500
M.A.N. Motor Sanayi ve Ticaret A.S.	Automotive and accessories	FY82	7,886	0	4,082	0	4,082
Pinar Entegre et ve Yem Sanayii A.S.	Food and agribusiness	FY84	3,900	0	1,671	0	1,671
Ram Dis Ticaret A.S.	Capital markets	FY89	3,249	1,505	3,697	0	3,697
Sanko Santral Konfeksiyon ve Ticaret A.S.	General manufacturing	FY89	6,223	0	7,213	0	7,213
Santral Dikis Sanayii A.S.	Textiles	FY89	7,338	0	8,415	0	8,415
Sariville Turistik Tesisler A.S.	Tourism	FY89	4,811	0	3,006	2,151	5,157
Silkar Turizm Yatirim ve Isletmeleri A.S.	Tourism	FY86, 90	18,984	9,601	14,679	4,893	19,572
Simplot-Besikcioglu A.S. French Fries (SB)	Food and agribusiness	FY90	9,000	0	9,000	0	9,000
Trakya Cam Sanayii A.S.	Industrial equipment and machinery	FY79, 81, 83, 84, 89	62,495	31,395	38,061	7,133	45,194
Turk Dis Ticaret Bankasi A.S.	Capital markets	FY89	12,500	47,500	12,500	0	12,500
Turkiye Sinai Kalkinma Bankasi, A.S.	Development financing	FY64, 67, 69, 72, 73, 75, 76, 77	19,742	45,028	0	2,698	2,698
Uluslararasi Endustri ve Ticaret Bankasi A.S.	Financial services	FY85, 88	15,000	45,000	15,000	0	15,000
Viking Kagit ve Seluloz, A.S.	Timber, pulp and paper	FY70, 71, 82, 83	3,323	0	0	823	823
Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.S.	Tourism	FY90	25,000	24,000	21,000	4,000	25,000
					322,773	24,289	347,062

International Finance Corporation

Investment Portfolio *(continued)*

June 30, 1990

Expressed in United States dollars (in thousands)

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Uganda							
Development Finance Company of Uganda Limited	Development financing	FY85	375	0	0	376	376
Sugar Corporation of Uganda	Food and agribusiness	FY84	8,000	0	8,000	0	8,000
The Toro and Mityana Tea Company Limited	Food and agribusiness	FY84	1,123	500	439	0	439
Uganda Tea Corporation Limited	Food and agribusiness	FY85	2,808	0	3,139	0	3,139
					11,578	376	11,954
Uruguay							
Astra Pesquerías Uruguayas S.A.	Food and agribusiness	FY79, 83, 86, 89, 90	10,042	0	7,330	0	7,330
Azucitrus S.A.	Food and agribusiness	FY85	9,972	0	8,606	2,400	11,006
Migranja S.A.	Food and agribusiness	FY90	4,350	0	2,350	2,000	4,350
Sur Invest Casa Bancaria S.A.	Capital markets	FY89	12,586	10,000	730	1,786	2,516
					19,015	6,186	25,202
Venezuela							
C.A. Venzolana de Cementos	Cement and construction materials	FY88	10,000	0	10,000	0	10,000
Operaciones al Sur del Orinoco	Iron and steel	FY89	37,375	35,750	37,375	0	37,375
Polipropileno de Venezuela	Chemicals and petrochemicals	FY89	33,000	14,000	40,000	0	40,000
					87,375	0	87,375
Yemen Arab Republic							
Marib Agriculture Company, Y.S.C.	Food and agribusiness	FY87	2,703	0	2,400	0	2,400
National Company for Vegetable Oil and Ghee Industries Limited	Food and agribusiness	FY85	4,652	0	3,557	0	3,557
Yemen Battery Manufacturing Company, Y.S.C.	General manufacturing	FY84, 85	3,797	349	3,250	0	3,250
Yemen Hunt Oil Company	Energy	FY86	9,000	0	1,125	0	1,125
					10,332	0	10,332
Yugoslavia							
Belisce-Bel Tvornica Papira, Poluceluloze i Kartonaze—Belisce.	Timber, pulp and paper	FY73, 81	30,976	39,889	6,670	0	6,670
Ina-Naftaplin	Energy	FY85	28,873	8,909	9,574	0	9,574
Industrija Za Avtomobilski Delovi i Traktori—"Ruen" Kocani	Automotive and accessories	FY82	10,631	0	7,258	0	7,258
Institut Za Fizikalnu Medicinu I Rehabilitaciju—Dr. Simo Milosevic-Igalo	Industrial services	FY82	19,149	0	16,903	0	16,903
Investiciona Banka Titograd-Udruzena Banka	Tourism	FY80	21,000	0	5,000	0	5,000
ISKRA	Industrial equipment and machinery	FY85, 89	22,668	10,600	23,751	0	23,751
Jugobanka—Udruzena Banka Beograd	Financial services	FY86	25,445	10,360	26,413	0	26,413
Ljubljanska Banka—Zdruzena Banka	Financial services	FY83, 86	71,149	30,117	62,960	0	62,960
Radoje Dakic	Industrial equipment and machinery	FY80	18,700	0	4,675	0	4,675
Salonit Anhovo Industrija Grad Materiala	Cement and construction materials	FY90	7,500	0	7,901	0	7,901
Small-Scale Enterprise Project (Loan to Eight Banks)	Financial services	FY80	26,000	4,233	5,797	0	5,797
Sour Energoinvest	Industrial equipment and machinery	FY85	15,180	0	13,088	0	13,088
Tovarna Avtomobilov in Motorjev Maribor	Automotive and accessories	FY71, 80, 87	35,390	869	28,332	0	28,332
Tovarna Avtopnevmatike "Sava-Semperit"	Automotive and accessories	FY72, 78, 80, 88	26,815	1,341	15,028	0	15,028
Tvornica Kartona I Ambalaze Cazin	Timber, pulp and paper	FY77	10,821	7,366	4,448	0	4,448
UNIAL—Tovarna Glinice in Aluminija Boris Kidric	Nonferrous metals	FY86	35,603	0	39,252	0	39,252
Vojvodjanska Banka-Udruzena Banka	Financial services	FY87, 89	51,940	31,094	56,666	0	56,666
					333,715	0	333,715

Appendix E

Country, region or other area and obligor	Sector	Fiscal years in which commitments were made	Original Commitments[1] Total IFC	Original Commitments[1] Total Syndications	Investment held for the Corporation (including undisbursed balances) Loans	Equity (at cost)	Total loans and equity
Zaire							
Grands Hôtels du Zaïre, S.Z.A.R.L.	Tourism	FY85	15,000	0	10,500	0	10,500
Société Financière de Développement	Development financing	FY70, 85	1,297	0	0	1,297	1,297
Société Textile de Kisangani, S.Z.A.R.L	Textiles	FY85	9,065	0	9,375	575	9,950
Utexafrica, S.P.R.L. and Usines Textiles Cotonnières de Kinshasa (Utexco), S.Z.A.R.L.	Textiles	FY88	12,909	0	14,258	0	14,258
					34,133	1,872	36,005
Zambia							
Gwembe Valley Development Company Limited	Food and agribusiness	FY88	4,500	0	3,700	800	4,500
Kafue Textile of Zambia Limited	Textiles	FY80, 85	10,746	0	11,296	0	11,296
Masstock (Zambia) Limited.	Food and agribusiness	FY89	8,000	0	8,000	0	8,000
Zambia Bata Shoe Company Limited	General manufacturing	FY72, 73	1,146	1,131	0	228	228
Zambia Consolidated Copper Mines Limited	Nonferrous metals	FY80, 82	45,142	8,000	23,382	0	23,382
Zambia Hotel Properties Limited	Tourism	FY84	7,500	13,509	7,031	0	7,031
					53,410	1,028	54,438
Zimbabwe							
Crest Breeders International (Private) Limited	Food and agribusiness	FY86	5,805	0	4,689	625	5,314
Mashonaland Holdings Limited	General manufacturing	FY90	4,568	0	4,568	0	4,568
Retrofit (Private) Limited	Industrial services	FY90	357	0	290	67	357
Scotfin Limited	Capital markets	FY90	7,500	0	7,500	0	7,500
udc Limited.	Capital markets	FY85, 87, 89	11,911	0	10,009	416	10,425
Wankie Colliery Company Limited	Mining	FY81	20,000	18,000	3,750	0	3,750
					30,806	1,108	31,914
Regional Investments							
Africa							
SIFIDA Investment Company, S.A.	Development financing	FY71, 76, 85	3,773	1,940	0	635	635
African Management Services Company	Industrial services	FY89	1,400	0	0	1,400	1,400
Asia							
Jardine Fleming Asia Select Limited	Financial services	FY90	11,422	0	0	10,457	10,457
South East Asia Venture Investment Management, Ltd. (SEAVIM)	Capital markets				0	50	50
South East Asia Venture Investment Company N.V. (SEAVIC).	Capital markets	FY85	1,050	0	0	675	675
Latin America							
New World Investment Fund	Financial services	FY89	12,500	0	0	12,500	12,500
					0	25,717	25,717
Worldwide Investments							
Algemene Bank Nederland N.V. (Multi-Country Loan Facility)	Capital markets	FY90	25,000	25,000	25,000	0	25,000
Banque Indosuez (Multi-Country Loan Facility)	Capital markets	FY90	25,000	25,000	25,000	0	25,000
Emerging Markets Growth Fund, Inc.	Financial services	FY88	18,911	0	0	12,664	12,664
Emerging Markets Investment Fund	Financial services	FY88	10,000	0	0	10,000	10,000
NMB (Multi-Country Loan Facility)	Capital markets	FY90	25,000	37,500	25,000	0	25,000
					75,000	22,664	97,664
Other[2] (Taiwan, China)							
Asia Cement Corporation	Cement and construction materials	FY70	4,019	200	0	36	36
				Total	4,067,908	684,112	4,752,020

Investment Portfolio *(continued)*

June 30, 1990
Expressed in United States dollars (in thousands)

Summary

	JUNE 30, 1990			JUNE 30, 1989		
	Loans	Equity (at cost)	Total Loans and Equity	Loans	Equity (at cost)	TotalLoans and Equity
INVESTMENTS HELD FOR THE CORPORATION	$4,067,908	$684,112	$4,752,020	$3,472,158	$572,492	$4,044,650
Undisbursed balances	1,048,978	114,017	1,162,995	1,151,891	100,038	1,251,929
Disbursed balances	$3,018,930	$570,095	$3,589,025	$2,320,267	$472,454	$2,792,721
INVESTMENTS HELD BY THE CORPORATION FOR PARTICIPANTS						
Total	$1,131,202	$349	$1,131,551	$ 923,030	$ 349	$923,379
Undisbursed balances	430,318	—	430,318	183,293	—	183,293
Disbursed balances	$ 700,884	$349	$ 701,233	$ 739,737	$349	$740,086
TOTAL INVESTMENTS HELD FOR THE CORPORATION AND FOR PARTICIPANTS						
Total	$5,199,110	$684,461	$5,883,571	$4,395,188	$572,841	$4,968,029
Undisbursed balances	1,479,296	114,017	1,593,313	1,335,184	100,038	1,435,222
Disbursed balances	$3,719,814	$570,444	$4,290,258	$3,060,004	$472,803	$3,532,807

1. Commitments include funds to be provided by IFC for its own account, funds to be provided by participants through the purchase of an interest in IFC's investment, and funds to be provided by other financial institutions in association with IFC, where IFC has rendered material assistance in mobilizing those funds. Original commitments are composed of disbursed and undisbursed balances. The undisbursed portion is revalued at current exchange rates while the disbursed portion represents the cost of the commitment at the time of the disbursement. Loan investments held for the Corporation are revalued at the current exchange rates.
2. Represents investments made at a time when the authorities on Taiwan represented China in the International Finance Corporation (prior to May 15, 1980).
Note: The operational investments are represented by loans and equity, as stated. In addition, in certain investments, the Corporation has the right to acquire shares and/or participate in the profits of the enterprise.

International Finance Corporation

Statement of Cumulative Gross Commitments

Appendix F

June 30, 1990

In thousands of United States dollars

Country, region or other area	Number of Enterprises	Cumulative Gross Commitments[1] IFC	Syndications	Total
Afghanistan	1	322	—	322
Argentina	36	562,687	128,958	691,645
Australia	2	975	—	975
Bangladesh	5	12,842	4,155	16,997
Barbados	2	1,550	—	1,550
Bolivia	7	29,487	1,000	30,487
Botswana	2	1,030	—	1,030
Brazil	67	1,018,189	532,442	1,550,631
Burkina Faso	1	542	—	542
Burundi	1	5,878	—	5,878
Cameroon	12	28,595	253	28,848
Chile	15	391,815	85,100	476,915
China	5	44,261	—	44,261
Colombia	32	176,509	54,821	231,330
Congo, People's Republic of the	4	7,925	—	7,925
Costa Rica	4	7,997	217	8,214
Côte d'Ivoire	9	29,847	—	29,847
Cyprus	4	5,270	597	5,867
Dominica	1	700	—	700
Dominican Republic	7	28,999	2,400	31,399
Ecuador	8	44,360	1,236	45,596
Egypt, Arab Republic of	13	166,240	73,500	239,740
El Salvador	2	1,074	—	1,074
Ethiopia	4	20,078	3,490	23,568
Fiji	4	20,792	—	20,792
Finland	4	1,075	2,073	3,148
Gabon	4	95,671	110,000	205,671
Gambia, The	1	2,823	—	2,823
Ghana	6	94,075	62,500	156,575
Greece	7	26,006	41,107	67,113
Grenada	1	6,000	—	6,000
Guatemala	3	18,200	—	18,200
Guinea	4	23,443	—	23,443
Guinea-Bissau	1	5,850	—	5,850
Guyana	1	2,000	—	2,000
Haiti	1	1,500	—	1,500
Honduras	4	5,697	6,101	11,798
Hungary	8	58,595	11,375	69,970
India	47	576,391	96,474	672,865
Indonesia	21	166,280	78,281	244,561
Iran, Islamic Republic of	7	34,343	8,193	42,536
Israel	1	10,500	—	10,500
Italy	1	960	—	960
Jamaica	10	35,749	926	36,675
Jordan	6	46,810	50,250	97,060
Kenya	15	110,334	35,667	146,001
Korea, Republic of	19	202,782	45,135	247,917
Lebanon	4	6,505	2,600	9,105
Lesotho	1	330	—	330
Liberia	2	9,202	1	9,203
Madagascar	5	34,599	—	34,599
Malawi	7	32,523	—	32,523
Malaysia	9	42,980	16,307	59,287
Mali	2	2,932	—	2,932
Mauritania	1	10,448	9,558	20,006
Mauritius	5	14,964	98	15,062
Mexico	43	785,642	526,787	1,312,429
Morocco	12	190,287	120,964	311,251
Mozambique	2	10,250	—	10,250
Nepal	2	8,094	—	8,094
Nicaragua	3	8,543	929	9,472
Niger	1	2,267	—	2,267
Nigeria	11	73,958	3,674	77,632
Oman	1	2,029	—	2,029
Pakistan	27	222,654	126,987	349,641
Panama	3	55,100	—	55,100
Paraguay	4	15,008	—	15,008
Peru	16	82,295	3,621	85,916
Philippines	35	272,927	86,941	359,868
Poland	2	45,099	—	45,099
Portugal	7	44,348	11,000	55,348
Rwanda	2	1,308	—	1,308
Senegal	9	55,353	755	56,108
Seychelles	1	9,132	—	9,132
Sierra Leone	1	2,050	—	2,050
Somalia	2	1,351	—	1,351
Spain	5	19,048	1,685	20,733
Sri Lanka	8	25,526	13,672	39,198
Sudan	6	26,511	6,489	33,000
Swaziland	5	28,127	—	28,127
Tanzania	5	14,288	712	15,000
Thailand	26	245,609	139,558	385,167
Togo	4	11,853	—	11,853
Trinidad and Tobago	5	38,160	150,000	188,160
Tunisia	13	40,241	2,324	42,565
Turkey	42	484,059	233,777	717,836
Uganda	6	15,836	1,588	17,424
Uruguay	6	41,700	10,000	51,700
Venezuela	11	110,585	51,661	162,246
Yemen Arab Republic[2]	5	22,552	1,099	23,651
Yugoslavia	24	517,774	200,339	718,113
Zaire	7	42,704	—	42,704
Zambia	10	85,072	22,640	107,712
Zimbabwe	6	50,142	18,000	68,142
Regional investments				
Africa	2	5,173	1,940	7,113
Asia	3	12,472	—	12,472
Latin America	1	10,000	—	10,000
Worldwide investments	6	116,411	87,500	203,911
Other[3]	2	8,444	1,400	9,844
TOTAL	848	$8,147,514	$3,290,857	$11,438,372

1. Cumulative commitments are composed of disbursed and undisbursed balances. The undisbursed portion is revalued at current exchange rates while the disbursed portion represents the cost of commitment at the time of disbursement.

2. On May 22, 1990, the Yemen Arab Republic and the People's Democratic Republic of Yemen merged into a single state, the Republic of Yemen. Effective July 13, 1990, the Republic of Yemen is substituted for the Yemen Arab Republic in the Corporation's records.

3. Represents investments made at a time when the authorities on Taiwan represented China in the International Finance Corporation (prior to May 15, 1980).

IFC Management

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Vice President, Investment Operations	Judhvir Parmar
Vice President, Portfolio and Advisory Operations	Wilfried E. Kaffenberger
Vice President, Finance and Planning	Richard H. Frank
Vice President and General Counsel	José E. Camacho
Vice President, Engineering	Makarand V. Dehejia
* Secretary	Timothy T. Thahane

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Divisional Manager—Benin, Cape Verde, Côte d'Ivoire, Gambia, Guinea, Guinea-Bissau, Liberia, Senegal, Sierra Leone, Togo	G. K. van der Mandele
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* These officers hold the same position in the International Bank for Reconstruction and Development.
** These appointments were effective July 1, 1990.
*** These appointments were effective August 1, 1990.
1. Directors of Investment Departments and the Capital Markets Department report to the Vice President, Investment Operations, on new business, and to the Vice President, Portfolio and Advisory Operations, on portfolio supervision matters.
2. The Director, Business Development and Syndications, reports to the Vice President, Investment Operations. With respect to energy matters, he reports to the Vice President, Investment Operations on new business, and to the Vice President, Portfolio and Advisory Operations on portfolio supervision.
3. John H. Stewart will assume this position on September 1, 1990.

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