



Department of Finance
Canada

Ministère des Finances
Canada

Report on Operations Under the Bretton Woods and Related Agreements Act 1994

Canada

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY NOTE.....	1
 <u>INTERNATIONAL MONETARY FUND</u>	
I. Objectives and Benefits.....	3
II. International Economic Environment	4
III. The Fund's Resources	7
IV. Operations of the Fund.....	8
V. Financial Results in 1994.....	9
VI. Managing Canada's Interest in the IMF	9
(a) Key Issues in 1994.....	10
(b) Results of Activities of Interest to Canada.....	11
(c) Canadian Financial Participation in the IMF	12
(d) Consultations with the IMF.....	14
(e) Canadian Representation at the Fund	14
(f) Activities of Canada's Office at the IMF	14
VII. Continuing Challenges	15
 <u>THE WORLD BANK GROUP</u>	
I. Progress and Benefits.....	17
II. Structure	18
III. Objectives.....	19
A. Poverty Reduction	19
B. Environmentally Sustainable Development	20

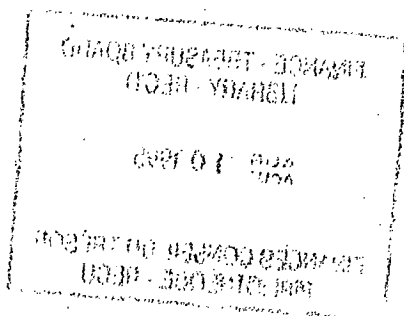
FINANCE - TREASURY BOARD
LIBRARY - REC'D

AUG 10 1995
80UT

FINANCES CONSEIL DU TRÉSOR
BIBLIOTHÈQUE - REÇU

C.	Good Governance.....	21
D.	Portfolio Performance Review	23
E.	IDA 10	24
F.	Coordination.....	24
IV.	Resources	25
V.	Loan Activities.....	26
VI.	Review of Financial Activities in 1994.....	28
VII.	Financial Results in 1994.....	28
VIII	Managing Canada's Interest in the World Bank Group	29
(a)	Objectives.....	29
(b)	Oversight of Canada's Participation in the World Bank.....	30
(c)	Activities in the Executive Director's Office	30
(d)	Canadian Procurement and Personnel.....	31
(e)	Country Level Cooperation.....	32
(f)	Canadian Subscriptions and Contributions.....	33
(g)	World Bank Borrowings in Canada.....	34
IX.	Continuing Challenges	34

TABLES



INTRODUCTORY NOTE

The requirement for the preparation of the Annual Report to Parliament is set out in the Bretton Woods and Related Agreements Act as follows:

"The Minister of Finance shall cause to be laid before Parliament, on or before March 31 next following the end of each year or, if Parliament is not then sitting, on any of the first thirty days next thereafter that either House of Parliament is sitting, a report containing a general summary of operations under this Act and details of all those operations that directly affect Canada, including the resources and lending of the World Bank Group, the funds subscribed or contributed by Canada, borrowings in Canada and procurement of Canadian goods and services."

This report reviews the operations during 1994 of the Bretton Woods Institutions: the International Monetary Fund (IMF) and the World Bank Group, which includes the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

The IMF and the IBRD were established at the Bretton Woods Conference in 1944. Canadian participation in these institutions was authorized under the Bretton Woods Agreements Act of 1945. The IFC was founded in 1956 as an affiliate of the IBRD by means of separate Articles of Agreement. Canadian participation in IDA was authorized under the International Development Association Act in 1960. In 1985, the legislation for all three institutions was consolidated under the Bretton Woods and Related Agreements Act. The act was amended in 1987 to allow for Canadian participation in MIGA.

Review Of The Bretton Woods Institutions

This year's Annual Report to Parliament is being prepared within a context of growing scrutiny by the public, interest groups and member governments of the operations of the Bretton Woods Institutions. The 50th anniversary of the IMF and the World Bank, celebrated last year, provided a natural opportunity to review whether the mandate and structure of these institutions remains adequate to respond to changing global economic challenges. To address these questions, a number of recent initiatives have been undertaken to review and assess the operations of Bretton Woods Institutions. The key ones are:

- **The Halifax Summit:** At the Naples Summit, G-7 Leaders agreed that the Halifax Summit should focus on how to "assure that the global economy of the 21st century will provide sustainable development with good prosperity and well-being of the peoples of our nationals and the world" by identifying the framework of institutions (including the Bretton Woods Institutions) required to meet these challenges.

- **The Bretton Woods Commission:** The Bretton Woods Commission, a private independent group of senior experts in international finance, development and economics, prepared a review in 1994 and made recommendations with respect to the present state of the international monetary system, development finance and the structure of the IMF and World Bank.
- **The Multilateral Development Bank (MDB) Task Force:** The MDB Task Force was established by the Development Committee of the Bank and the IMF in 1994 to examine the implications of economic change on the development priorities of the MDBs and to propose procedures for better coordination among the MDBs and other members of the development community. An interim report is expected to be presented to the Development Committee in the Spring 1995.

These initiatives are continuing the positive process of reexamination which has been ongoing within the IFIs themselves for some time. The results will provide the basis for future discussion on the evolution of the institutions and their respective mandates.

INTERNATIONAL MONETARY FUND¹

I. OBJECTIVES AND BENEFITS

The International Monetary Fund promotes the smooth functioning of the international monetary system so as to encourage international trade and capital movements and, ultimately, high rates of sustainable economic growth, high levels of employment, and the development of the productive resources of member countries. In line with these general objectives, the Fund seeks to promote stability and order in exchange rates, to foster a multilateral system of settlements for current transactions between members, and to eliminate exchange restrictions that hinder world trade.

As the central institution in the international monetary system, the IMF has two main roles. First, it exercises a surveillance function by monitoring the economic policies of all of its member countries, assessing the consistency of policies among countries and providing policy advice. Second, it provides short- and medium-term financial assistance to members faced with balance of payments difficulties, regardless of their degree of economic development, to enable them to correct temporary imbalances with a minimum of disruption to the international monetary system. For the most part, financing is provided on the condition that countries undertake policy reforms designed to eliminate the imbalances within their economies, thus creating the conditions necessary for sustainable non-inflationary growth.

The provision of financing from the IMF, and the additional financing which an arrangement with the Fund often attracts from other sources, enables economic adjustments to be taken less abruptly than would otherwise be the case. It also provides, upon request, technical assistance to member countries. At the end of 1994, 179 countries were members of the IMF.

As an open economy that is highly dependent on foreign trade and financial flows, Canada has a major stake in a strong international monetary system. Membership in the IMF gives Canada a vehicle for promoting a sound world financial system, and orderly and early policy

¹ Figures in the section on the Fund are expressed in terms of Special Drawing Rights (SDRs), the unit of account for all IMF transactions. The SDR is defined in terms of a weighted "basket" of five major currencies (the U.S. dollar, the German mark, the Japanese yen, the pound sterling, and the French franc) and its value on any given day reflects current exchange rates for those currencies. In 1994, the value of the SDR varied between Cdn\$1.83 and Cdn\$2.04.

Detailed information on the policies and operations of the IMF as well as on world financial and economic developments is contained in the following Fund publications: the International Financial Statistics, the Annual Report on Exchange Arrangements and Exchange Restrictions, the IMF Annual Report, and the World Economic Outlook.

adjustment by countries experiencing unsustainable external imbalances. These are goals which Canada has always supported and which continue to influence Canadian policies toward the Fund.

IMF membership conveys a number of specific benefits to Canada:

- Canada's voting share in the IMF of about 3 per cent gives Canada direct representation on the Fund's Executive Board and its ministerial policy advisory committee, the Interim Committee. This representation provides Canada with an opportunity for input into the formulation of policies on major international economic and financial issues.
- Through its regular country economic reviews, the IMF provides an opportunity to exchange ideas and judgments on the economic policies and performance of Canada and other member countries.
- In the event Canada were to experience severe balance of payments problems, it would have the option of approaching the IMF for financial assistance.
- Canada earns a modest amount of interest payments on its financial position in the IMF.
- For those countries using Fund resources, the conditionality associated with IMF-supported programs helps to ensure that Canada's bilateral assistance is used effectively. In addition, policy actions required by such conditionality enhances the capacity of debtor countries to repay their obligations to creditor governments, such as Canada.

II. INTERNATIONAL ECONOMIC ENVIRONMENT

In 1994, real world output growth is estimated to have expanded 3.1 per cent -- the highest growth rate this decade.² The recovery primarily reflects a broadening and strengthening of activity in the industrialized countries where growth accelerated to 2.7 per cent in 1994. In the developing countries, growth remained robust at 5.6 per cent, albeit more modest than a year ago due to moderating activity in Asia and the Western hemisphere. Growth in Africa strengthened to 3.3 per cent, but many economies on the continent continued to post output declines. Output fell in the formerly centrally planned economies for the fifth year in a row. The unanticipated strength of the world recovery in 1994 contributed to an upturn in interest rates at the beginning of the year.

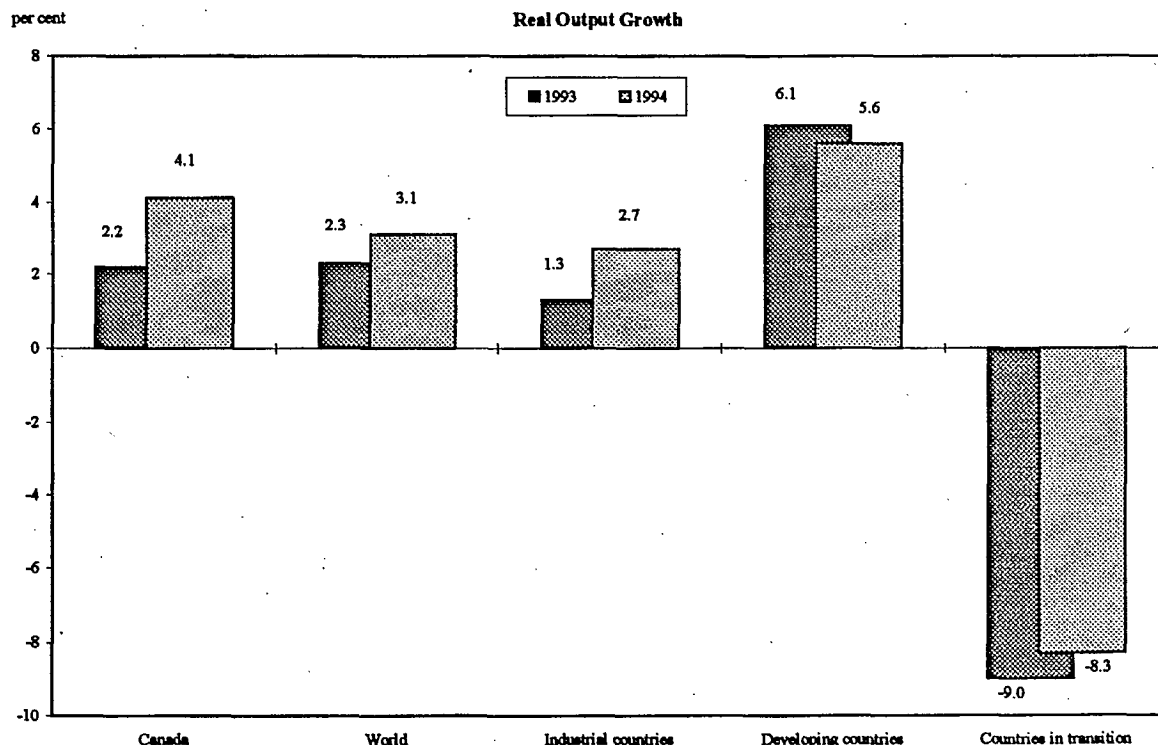
The pace of growth in the major industrial countries converged in 1994 as the recovery strengthened in Europe and Japan and remained robust in the United Kingdom, Canada and the United States. In continental Europe, exports supported growth in the first half of the year with domestic demand growth becoming increasingly important in the second half. The United States economy continued to grow strongly (4.6 per cent at an annual rate in the fourth

²Complete data for 1994 were not available at the time of writing. Estimates are based on the IMF *World Economic Outlook*, October 1994.

quarter) despite efforts by the Federal Reserve to slow activity due to concerns that excess capacity had been exhausted. In Japan, the economy began to turn around only in the second half of 1994 as the lingering effects of asset price deflation and the strength of the yen moderated activity.

Unemployment remains high in most of the major industrialized countries despite the recovery. Unemployment rates are the highest in the major continental European economies. Rates peaked during the course of the year in all countries except Italy. In Japan, the unemployment rate rose in 1994 as company restructuring continued. Unemployment rates continued to decline in the United Kingdom, Canada and the United States, the three economies where the recovery is most advanced. Indeed, in the United States, unemployment is at historically low levels.

Within the developing countries, the success stories were largely restricted to Asia, which on average grew 8.0 per cent last year. This is somewhat slower than in 1993 largely due to slower growth in China. In addition, many developing countries, particularly in Asia and the Western hemisphere, experienced a marked slowdown in capital inflows during 1994.



The average rate of inflation in the industrial countries slowed to 2.4 per cent in 1994 from 2.9 per cent in 1993. Among the G-7 countries, the lowest inflation rates (below 2 per cent) were in Canada, Japan and France while the highest (above 3.5 per cent) was in Italy. In the

United States, inflation remained low despite levels of activity that in the past have been associated with the emergence of inflationary pressures. In developing countries, inflation remained problematic averaging 47.5 per cent in 1994. The situation was particularly serious in the Western hemisphere, where the average inflation rate in 1994 was 245 per cent. However, some countries including Argentina, Chile and Mexico were able to reduce inflation rates significantly.

Growth in the volume of world trade accelerated from 4 per cent in 1993 to 7.2 per cent in 1994. Between 1975 and 1990, the volume of trade increased at an average annual rate of just over 4 per cent. The rebound in trade reflects increased activity in industrial countries, rapid growth in developing countries and stronger import demand in the formerly centrally planned economies. In the industrial countries, import volume growth rose 7.2 per cent in 1994 compared to 1.8 per cent in 1993 while export volumes rose 6.0 per cent compared to 2.4 per cent. In the developing countries, export volumes increased 9.1 per cent in 1994 supported by economic recovery in the industrial countries, as well as regional trade liberalization and direct investment.

During 1994, the U.S. dollar fell just over 12 per cent against the yen and the deutschmark, ending the year at 99.6 Yen and 1.5495DM. However, the dollar appreciated against the currencies of some of its major trading partners including Canada and Mexico. The peso was devalued against the US dollar at the end of last year, sparking a period of financial market turbulence that weakened a number of developing countries' currencies and prompted declines in many developing country equity markets. The currencies of some of the major European economies, including the British pound and the Italian lira, depreciated against the deutschmark during the course of last year.

Current account balances widened on average in the industrial countries last year. For the G-7 as a whole, the aggregate deficit increased to about US\$23 billion in 1994 from US\$9.9 billion in 1993. This largely reflects the significant increase in the deficit for the United States, which rose from US\$103.9 billion in 1993 to US\$149.4 billion in 1994 as domestic demand strengthened. The Japanese current account surplus expanded modestly in 1994 to US\$135.7 billion from US\$131.4 billion in 1993.

The formerly centrally-planned economies continued to struggle with their transition to market economies. Last year, however, a growing number of countries began to reap the rewards of their reform efforts in the form of higher output or at least smaller declines in output levels. The economies of central and eastern Europe (excluding Belarus and the Ukraine) saw output rise 1.4 per cent in 1994 following years of decline. Indeed, in Poland, output was estimated to have exceeded its pre-transition peak. In Belarus and the Ukraine, however, output declined more rapidly than in 1993 falling 17.1 and 25 per cent respectively in 1994. In Russia and most of the transcaucasus and central Asian republics of the former Soviet Union, output also continued to decline, albeit at a more modest pace than in 1993. In Russia, output fell 12 per cent in 1994, the same pace of decline as in 1993.

Significant progress was also made towards reducing inflation in many transition economies, but high and variable inflation remains a significant problem in much of the region. In Russia, monthly inflation slowed to 4 per cent in July but accelerated to nearly 20 per cent by December as lax macroeconomic policies boosted inflationary pressures and contributed to October's currency crisis. In a number of Baltic states, as well as the faster reforming economies of Eastern Europe, monthly inflation was less than 5 per cent. Only the Czech Republic was able to attain monthly inflation below one per cent last year.

III. THE FUND'S RESOURCES

The resources of the IMF are provided by its members and are based on a system of "quotas" which reflect each country's relative economic importance in the world economy. The size of individual quotas is an important determinant of membership on the Executive Board, which manages the day-to-day operations of the Fund, and the Interim Committee, which provides broad policy guidance to the institution. Quotas also determine the extent to which the Fund can borrow from individual members and the rights of individual members to draw on IMF financial resources for balance of payments support. In addition, members' quotas serve as a basis for determining SDR allocations.³ Total IMF quotas were SDR 144.9 billion (about C\$295 billion) at the end of 1994.

Members seeking financial assistance from the Fund's General Resources Account to help correct balance of payments disequilibria can draw on a "reserve tranche" and four "credit tranches", each amounting to 25 per cent of their quota. Drawings beyond the first credit tranche are phased under "stand-by" arrangements (SBAs) tied to performance criteria associated with a stabilization program. Members can also use the permanent facilities created for specific purposes, including the Buffer Stock Facility (BSF) created in 1969 to help members with balance of payments difficulties finance participation in international buffer stock arrangements, and the Extended Fund Facility (EFF) created in 1974 for members suffering from balance of payments problems resulting from structural rigidities. In 1988, the Compensatory and Contingency Financing Facility (CCFF) was established to provide financial support when members pursuing adjustment programs face shortfalls in export earnings or other specified difficulties. The CCFF also makes available contingent Fund financing to help maintain the momentum of adjustment programs in the face of other external shocks.

The Fund created the Structural Adjustment Facility (SAF) in 1986, which provides balance of payments assistance to low-income countries on concessional terms. This form of concessional assistance was further expanded in 1988 with the establishment of the Enhanced Structural Adjustment Facility (ESAF). The Fund created the Systemic Transformation Facility (STF), in 1993 to deal with the special problems of countries in transition from centrally-planned to market economies. The operation of the STF will be described below in greater detail.

³The current stock of SDRs totals SDR 21.4 billion. New SDRs can only be created by a decision of the Board of Governors.

IV. OPERATIONS OF THE FUND

As of December 31, 1994, the Fund had 57 active arrangements with member countries. These comprised 20 SBAs, nine EFFs, two SAFs and 26 ESAF arrangements. The total committed resources under these arrangements amounted to SDR 11.3 billion with undrawn balances of SDR 5.3 billion. This compares to 16 SBAs, five EFFs, three SAF and 20 ESAF arrangements at the end of 1993 which constituted total committed resources of SDR 7.7 billion and undrawn balances of SDR 4 billion.

As shown in the following table, Fund credit increased again during 1994 as new drawings (i.e. purchases) exceeded repayments (repurchases). Member drawings in 1994 increased to SDR 5.9 billion and repayments to SDR 4.6 billion. Financial activity was marked by a tripling of lending under the Fund's concessional facilities -- the Structural Adjustment Facility (SAF) and the Enhanced Structural Adjustment Facility (ESAF) -- to SDR 900 million. Lending under stand-by arrangements also increased substantially in 1994, while drawings under the Extended Fund Facility (EFF) decreased by more than half. In addition, lending under the new Systemic Transformation Facility continued to increase (see Section VI for further information).

TABLE 1

IMF RESOURCE FLOWS
(in SDR billions)

	<u>1993</u>	<u>1994</u>
1. Total Purchases	5.3	5.9
Of which:		
Stand-by Arrangements	1.0	1.8
Compensatory and Contingency Financing Facility	0.7	0.3
Extended Fund Facility	1.9	0.9
Structural Adjustment Facility and Enhanced Structural Adjustment Facility	0.3	0.9
Systemic Transformation Facility	1.4	1.9
2. Total Repurchases	3.8	4.6
3. Net Purchases	1.5	1.3

V. FINANCIAL RESULTS IN 1994

The Fund attempts to earn a positive net income each financial year to add to its reserves, after covering its expenses and paying remuneration to creditors. A net income target of 5 per cent of reserves has been in effect since 1985. Net income for year 1994 amounted to SDR 87 million, SDR 1 million less than the target of SDR 88 million. Net income after taking into account the affect of accounting changes was SDR 74 million, which was added to reserves at the end of April 1994.

The Fund also holds precautionary balances to protect its subscribed assets against impairment. The Fund's precautionary balances consist of reserves (SDR 1.7 billion) and the additional revenues generated by adjustments to the rates of charge and remuneration that are allocated to the Special Contingency Accounts (SCAs). The SCA-1 (SDR 517 million) was established to safeguard the Fund against the protracted arrears of some members. The SCA-2 (SDR 637 million) safeguards purchases made after a rights-accumulation program (described below) has been completed. In fiscal 1994, SDR 82 million was added to SCA-1 and SDR 161 million to SCA-2. At the end of fiscal 1994, total precautionary balances amounted to SDR 2.9 billion.

Precautionary balances available to protect the Fund's financial position against overdue credit outstanding (reserves plus SCA-1) totaled SDR 2.2 billion, equivalent to 128 per cent of such credit. Adjustments due to burden-sharing arrangements in fiscal 1994 increased the rate of interest paid by borrowers on their drawings by 56 basis points and reduced the rate of remuneration to be paid by the Fund to creditors for the use of their currencies by 85 basis points. For fiscal 1994, the adjusted rate of charge on the use of the Fund's ordinary resources averaged 5.3 per cent and the adjusted rate of remuneration averaged 3.4 per cent.

VI. MANAGING CANADA'S INTEREST IN THE IMF

Canadian participation in the IMF is coordinated by the Department of Finance. Other departments and agencies that play a role are the Bank of Canada, Foreign Affairs and International Trade Canada (FAITC), and the Canadian International Development Agency (CIDA). In cooperation with these agencies and departments, the International Finance and Development Division and International Economic Analysis Division of the Department of Finance conduct analysis of policy papers and country lending programs with a view to ensuring that IMF activities and operations are consistent with the effective use of resources. In addition to this report, Parliament is informed of the activities and operations of the Bretton Woods institutions through the appearances of the Canadian Executive Directors and departmental officials before its various committees.

Since most decisions at the IMF are taken on the basis of consensus, Canada rarely has the opportunity to exercise its influence through a formal vote at the Board. However, Canada does influence Fund policies through Board discussions, pre-Board discussions with Fund

staff and Management, representation at the ministerial level Interim Committee, and participation in quota review negotiations.

(a) Key Issues in 1994

The IMF examined a number of measures in 1994 to extend additional support to transition economies and countries embarking on comprehensive economic reform. This examination included proposals to: (i) increase members' access to IMF resources; (ii) extend the expiration date of the Systemic Transformation Facility (STF); and (iii) consider a new allocation of SDRs (Special Drawing Rights).

Access to IMF Resources. Under its traditional lending instruments the Fund provides phased assistance to a member for a period of 12 to 18 months for a stand-by and 3 years for an extended arrangement. The access to Fund resources under these arrangements is subject to lending limits set as a percentage of each member's quota. In October 1994, agreement was reached to increase the annual access limit for drawings for stand-by and extended credits from 68 per cent to 100 per cent of a country's quota over the next three years.

The increase in annual access limits is intended to provide confidence to countries with potentially large financial needs that the Fund can respond in a timely matter, and on an appropriate scale, to support strong economic programs. The limit is not a target and access to IMF financing will continue to be determined on a case-by-case basis in light of the magnitude of a member's balance of payments problem and the strength of its economic adjustment program.

Systemic Transformation Facility. In April 1993, the Fund created a temporary financial window, the Systemic Transformation Facility (STF), to help Russia and other former centrally planned economies address the challenges associated with the transformation to market economies. The facility provides financial assistance to countries with balance of payments difficulties resulting from a sharp drop in exports or a significant increase in the cost of energy imports. Access to the STF is limited to 50 per cent of quota, and financing is provided in two equal disbursements, with the second installment dependent upon agreement to undertake specific policy measures. The facility is designed to "pave" the way for a stand-by, Extended Fund Facility or ESAF arrangement.

The facility was originally due to expire at the end of 1994. However, the Fund extended the period under which members can make their first drawing to April 30, 1995. The extension will provide those countries that have not utilized the facility, and wish to do so, time to negotiate an STF arrangement.

New SDR Allocation. Discussions were held in 1994 on a number of proposals for a new SDR allocation. SDRs are allocated to IMF members as a supplement to foreign currency reserves in the face of a shortfall in global liquidity. The last SDR allocation took place in the early 1980s. Recent discussions have focussed on making SDRs available to the large number of members,

including Russia, that have joined the Fund since the last allocation. Although no agreement has been reached on the modalities of a new allocation, discussions are continuing.

(b) Results of Other Activities of Interest to Canada

A number of other developments at the Fund were of particular interest to Canada. These included: (i) governance issues; (ii) renewal of the Enhanced Structural Adjustment Facility (ESAF); and (iii) further progress on Fund arrears.

Governance Issues. Canada has taken a particular interest in ensuring that international financial institutions such as the IMF that counsel member governments to implement financial restraint also conduct their own operations in a fiscally responsible manner. To that end, Canada has urged the Fund to consolidate its activities and has opposed real increases in staff salaries. In view of the position taken by Canada and others on these issues, and a subsequent streamlining of activities and productivity improvements, the Fund proposed a modest reduction of staff and administrative expenses over the next two fiscal years.

Renewal of ESAF. The Enhanced Structural Adjustment Facility was established in 1987 as the principal means by which the IMF provides financial support on concessional terms to low-income countries facing protracted balance of payments problems. The facility was originally endowed with SDR 5 billion in loans from creditor governments. A further SDR 2 billion in grant contributions from creditor governments were used to fund a subsidy account to provide highly concessional lending. ESAF was initially due to lapse in November 1993. However, there was broad support among the Fund membership for a successor ESAF arrangement in light of the positive experience with the original facility.

Negotiations to enlarge ESAF were carried out at the IMF's Executive Board and among G-7 countries. The IMF approved the initiation of operations under the enlarged ESAF on February 23, 1994. The terms and conditions of the enlarged ESAF are to be the same as those of its predecessor and it is to be funded by a capital account of SDR 5 billion and a subsidy account of SDR 2 billion. Over 40 countries, including 24 developing countries, are providing contributions to the enlarged facility.

Canada supported the ESAF renewal as an effective way to support the reform efforts of the low-income countries without unduly adding to their debt burdens. During the negotiations leading up to the renewal, Canada worked to ensure that the expanded ESAF will pay greater attention to social safety nets and give greater emphasis to the quality of public spending. This would involve increasing government spending in a number of areas that directly benefit the poor. Canada's contribution to the enlarged ESAF will be a loan of SDR 200 million and grant assistance of SDR 60 million.

Fund Arrears. Efforts continued to reduce overdue financial obligations to the Fund. In 1994, the amount of arrears to the Fund stabilized at SDR 2.9 billion and the number of countries in

protracted arrears declined. Nevertheless, a number of cases involving large amounts of arrears remained to be resolved.

Fund arrears have consequences both for the country involved and the general membership. In cases of protracted arrears, countries become ineligible for Fund resources. More generally, the Fund has been forced to take steps to protect its income position by adjusting the rates of charge and remuneration for debtor and creditor countries. In 1988, the Fund broadened its approach to the arrears problem to include preventive measures and "intensified collaboration" for member countries cooperating with the Fund. Intensified collaboration involves coordinated financing by a "support group" of donor governments to help resolve the financial difficulties of countries that are willing to undertake strong programs of economic reform.

In May 1990, the Interim Committee endorsed a "rights accumulation" program, under which a country with protracted arrears could earn the "right" to draw on a specified amount of Fund resources based on satisfactory performance under a Fund-monitored program. Upon successful completion of a rights accumulation program and clearance of its IMF arrears, the country would be able to "cash in" its accumulated rights to obtain the first disbursement under a successor arrangement. Sierra Leone completed its rights accumulation program in February 1994 and eliminated its arrears to the Fund in March 1994.

Haiti fully settled its arrears to the Fund in December 1994. Haiti represented the tenth country to reach a settlement on protracted arrears since 1990. Canada participated in a "support group" that helped Haiti resolve its arrears problem. The restoration of normal Fund relations with Sierra Leone and Haiti was an important step in reintegrating these countries into the international financial system.

Five countries -- Sudan, Liberia, Somalia, Zaire and Zambia -- remained ineligible to use the Fund's general resources. Sudan had its voting rights suspended in 1993 following its persistent failure to cooperate with the Fund to clear its arrears. The suspension of voting rights is the first action of its kind following the entry into force of the Third Amendment of the IMF's Articles of Agreement in November 1992. The Third Amendment provided for this sanction as a means to strengthen the Fund's arrears strategy. Sudan resumed making some small payments to the Fund in 1994.

(c) Canadian Financial Participation in the IMF

Each member of the IMF has a quota, expressed in SDRs, that is equal to its subscription in the IMF. As illustrated in Table 2, Canada's quota at the IMF was SDR 4,320.3 million, or about 3 per cent of total quotas at the end of 1994. This position reflects an increase in Canada's quota of SDR 1,379 million resulting from the Ninth Quota Review which came into effect in 1992. Seventy-five per cent of the increase in Canada's quota was paid in Canadian dollars. The actual cash payment was a non-budgetary expenditure of SDR 3 million. The remainder of the Canadian dollar portion is held in demand notes by the Bank of Canada in the

event that the Fund needs to draw upon additional resources. Twenty-five per cent of the quota increase was paid in SDRs from Canada's official reserves. The reduction in the Exchange Fund Account's holdings of SDRs was offset by a matching increase in the Canadian reserve position in the IMF, leaving Canada's total official international reserves unchanged.

The IMF holdings of Canadian dollars as of December 31, 1994 amounted to SDR 3,691.2 million or 85 per cent of quota. This compares to holdings of SDR 3,630.4 million (84 per cent of quota) at the end of 1993. Canada's reserve position in the Fund (the amount that may be drawn on demand for balance of payments purposes) was SDR 629.2 million at year's end, compared to SDR 689.9 million at the end of 1993. Canada received SDR 12.8 million from the Fund in interest on Canada's net creditor position in the General Resource Account in 1994. Changes in Canada's net creditor position normally reflect a small net use of Canadian dollars in Fund financial transactions with other members during the year. Canada's cumulative allocation of SDRs remained at SDR 779 million during 1994. At the end of the year, Canada's holdings of SDRs increased to SDR 786.4 million or 100.9 per cent of its cumulative allocation as holdings have been rebuilt following the SDR payment for the 1992 quota increase referred to above. Interest paid to the IMF by Canada on the use of its SDR holdings was SDR 34 thousand.

TABLE 2

Canada's Financial Position in the IMF
(SDR millions)

	<u>December 31, 1994</u>	<u>December 31, 1993</u>
Quota	4,320.3	4,320.3
Fund holdings of C\$	3,691.2 (1)	3,630.4 (1)
Reserve position in the Fund	629.9 (2)	689.9 (2)

- (1) One quarter of 1 per cent of the quota is held by the IMF in Canadian dollars. The remainder is held in demand notes. Encashment of notes to finance the Fund's operations and transactions results in offsetting changes in the levels of two components of Canada's international reserves, i.e., foreign exchange holdings and our reserve position in the Fund.
- (2) This is the amount Canada is entitled to immediately draw on demand from the IMF for balance of payments purposes.

In order to assist the Fund's operations, Canada has made lines of credit available that can be used to temporarily supplement the IMF's own resources. In addition, Canada put in place arrangements to lend SDR 300 million to the ESAF Trust and to provide grants of approximately SDR 135 million for an interest subsidy which will apply to ESAF loans. At the

end of 1994, loan payments under these arrangements totaled SDR 150.4 million and subsidy contributions equaled SDR 32.6 million. Remaining commitments at the end of 1994 were SDR 149.6 million under the ESAF loan and SDR 102.4 million under the interest subsidy. Canada's commitment under the General Arrangements to Borrow (GAB), a credit arrangement established by the Group of Ten (G-10) industrial countries to supplement the Fund's resources, is the equivalent of SDR 892.5 million. As was the case in 1993, this line of credit was not used by the Fund in 1994.

(d) Consultations with the IMF

As part of its surveillance responsibilities, the IMF regularly examines each member's economic policies and performance. In this context, a team of IMF officials visited Ottawa in the fall of 1994 as part of the annual consultation under Article IV of the Fund's Articles of Agreement. A separate IMF team visited Ottawa in March 1994 as part of the Fund's annual review of developments in global capital markets.

The Board of Governors held its annual meeting in Madrid, Spain in October 1994. The Interim Committee, the ministerial committee which advises the Board of Governors and gives general policy guidance to the Executive Board, also met in Washington in April and Madrid in October. At the Madrid meeting, the Interim Committee adopted a formal Declaration on Cooperation to Strengthen the Expansion that endorsed an economic strategy aimed at securing durable global economic growth. The declaration: (i) endorsed a range of policy objectives for industrial countries on growth, unemployment reduction and inflation control, (ii) called for maintenance and extension of growth in developing countries, and (iii) supported the integration of economies in transition into the world economy.

(e) Canadian Representation at the Fund

The Honourable Paul Martin represents Canada on the IMF Board of Governors. Louise Fréchette, Associate Deputy Minister of Finance, is the Alternate Governor. Ian Clark is the Canadian Executive Director on the Fund's Executive Board and also represents Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

There were 73 Canadian nationals on the regular staff of the IMF at the end of March 1994 of which 53 were in professional positions. Canadians accounted for about 3 per cent of the Fund's regular staff in 1994.

(f) Activities of Canada's Office at the IMF

In addition to the Executive Director, Canada's IMF office is staffed by an Alternate Executive Director, two Advisors and two Assistants. Ireland staffs the Alternate

Director's position and the Caribbean countries occupy one of the two Advisors' positions. Canada staffs the other Advisor's position and as well as the two Assistants' positions.

The primary responsibility of the Executive Director's office is to represent the interests of Canada and the other members of the constituency at the Fund's Executive Board. The 24 member Board, which normally meets three times a week, is the main decision-making body of the Fund. The Office participates in the Board discussions of a wide variety of policy, operational and administrative matters, including surveillance issues and country assistance requests and reviews.

VII. CONTINUING CHALLENGES

Support for Economies in Transition

Much of the Fund's activity in the past few years has been devoted to assisting Russia and the other former centrally planned economies integrate into the world economy. Many of these countries have made considerable progress in the transformation to market economies. The Fund will have a key role in continuing international efforts to help these economies sustain their reform efforts.

Consolidation of Activities

The Fund expanded its staff very significantly in the early 1990s in order to respond to the demands associated with Russia and the other transition economies. However, the Fund still has an obligation to serve the interests of the traditional recipients of its support, including the developing countries. In view of the pressures on creditor member governments to exercise fiscal restraint, the Fund will have to ensure that it streamlines and consolidates its activities in the period ahead in order to be able to respond effectively to further demands for balance of payments support.

Roles of the IMF and World Bank**International Monetary Fund**

- Oversees the international monetary system and promotes international monetary cooperation.
- Promotes exchange stability and orderly exchange relations among member countries.
- Provides short- to medium-term financial support to members facing balance of payments difficulties.
- Draws its financial resources primarily from the quota subscriptions of its members.

World Bank

- Promotes the economic development and structural reform in developing countries.
- Assists developing countries through long-term financing of development projects and programs.
- Provides special financial assistance to the poorest developing countries through the International Development Association.
- Stimulates private enterprises in developing countries primarily through its affiliate, the International Finance Corporation (IFC).
- Secures most of its financial resources by borrowing on the international bond market.

THE WORLD BANK GROUP⁴

I. PROGRESS AND BENEFITS

The World Bank has evolved considerably since it was established at Bretton Woods in 1944. In response to changing global circumstances, shifting borrowing member needs, and pressures from developed country shareholders and NGOs, the organization is taking a more integrated approach to development assistance in the 1990's. Lessons of experience have shown that a wide range of social, as well as financial factors, must be considered in order to maximize the development impact of the Bank Group's operations. Increasingly the Bank must consider such factors as beneficiary participation, gender sensitivity, environmental protection, good governance and support for the private sector in the design of its programs and projects.

The focus of World Bank lending has also shifted over time, from providing assistance mainly for infrastructure projects, to supporting projects in a broad range of sectors, including: primary health and education, forestry, public sector management and employment and social protection. Adjustment operations have also changed in recent years and now increasingly incorporate components to address the needs of the poor through such means as support for social safety nets.

In order to meet its primary goal of poverty reduction, the World Bank has introduced a number of new instruments over the past five years. The Bank now prepares private sector and poverty assessments for many borrowers, as well as broader annual reports assessing progress on support for the environment and poverty reduction. New beneficiary participation and institutional development funds have been developed to expand participation of stakeholders in Bank projects. In order to improve the transparency of its operations, new policies on disclosure of information have also been established, which allow for increased access by the public and NGOs to information on World Bank projects and policies. Many developed and developing country residents now have access to World Bank project documents through public information centres or local field offices.

Canada's participation in the World Bank gives us a voice in important developmental decisions that we are not always able to pursue bilaterally and provides a forum to advance issues of importance to Canada. Through the World Bank, Canada has been particularly active in pushing for issues of poverty reduction and environmentally sustainable development to be better integrated into lending operations. We have also given strong support to issues of good governance, particularly with respect to better disclosure of information and expanded beneficiary participation in Bank funded projects.

⁴Figures in the World Bank section are in US dollars unless otherwise indicated. General information on the World Bank Group can also be found in the World Bank, IFC and MIGA Annual Reports, the World Development Report and Trends in Developing Economies.

II. STRUCTURE

The World Bank Group comprises the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The World Bank Group shares a common goal to help raise living standards and to promote sustainable development in developing member countries. However, the mechanisms for meeting this objective and the sources of funding vary somewhat across the institutions (Box 1).

BOX 1: STRUCTURE OF THE WORLD BANK GROUP

INSTITUTION	FUNCTION	SOURCES OF FUNDING
International Bank for Reconstruction and Development (IBRD) Established in 1944	Provides loans to borrowing member countries at commercial rates.	Paid in capital of shareholders. Borrowing on capital markets.
International Development Association (IDA) Established in 1960	Provides loans on highly concessional terms to the poorest members.	Grant contributions from developed country shareholders.
International Finance Corporation (IFC) Established in 1956	Undertakes investments on commercial terms in productive private sector enterprises.	Share subscriptions from members. Borrowing on capital markets.
Multilateral Investment Guarantee Agency (MIGA) Established in 1988	Promotes private foreign direct investment in developing countries, primarily through the issuance of insurance against non-commercial risk.	Share subscriptions from members.

The IBRD and IDA differ essentially in their sources of funding and the terms of their loans. The IBRD obtains most of its funds by borrowing in private capital markets and must therefore, as a lending institution, maintain a strong financial position. In part, it is this financial strength which allows the IBRD to borrow at favourable rates and subsequently provide loans to developing countries at rates well below those that other commercial lenders might offer. IDA, which lends only to the poorest countries, relies on grant contributions from donor governments for the bulk of its resources and thus can make loans on highly concessional terms. Otherwise, the IBRD and IDA have similar policies. The two organizations are also served by the same staff.

The IFC supplements the activities of the IBRD and IDA by undertaking investments on commercial terms in productive private sector enterprises. The IFC's share capital

is provided by member countries. Like the IBRD, the IFC raises most of the funds for its lending activities through bond issues on the international capital markets, while its equity investments are financed from its capital base and retained earnings. As increasingly more developing countries adopt market-based policies, the demand for IFC's services - i.e. direct loans, equity investments, capital market development, and technical assistance - has continued to grow.

MIGA's mandate is to promote private foreign direct investment in developing countries, primarily through the issuance of insurance against non-commercial risk. It also produces technical and advisory services. MIGA is designed to complement certain of the activities of national investment insurance programs.

III. OBJECTIVES

The World Bank's priority objectives are the achievement of sustainable development and the reduction of poverty. These two objectives are inextricably linked, and must be considered together in policy formulation. Without addressing the needs of the poor, projects and programs will not be sustainable; without addressing issues of sustainable development, the benefits from Bank assistance will not lead to lasting poverty reduction.

A. Poverty Reduction

While substantial gains have been made in reducing poverty over the last three decades, poverty remains a persistent global problem. The proportion of the developing world's population living in poverty has fallen slightly over the past decade, but the absolute number of poor have continued to increase. Over the past five years, the Bank has recognized more fully that economic growth is a necessary, but not sufficient, condition for poverty reduction. This has led to a significant effort to improve poverty-focused lending in recent years. Specifically:

- Lending for human resources development (i.e. education, population, health and nutrition) has approximately doubled over the past five years and was 15 per cent of Bank commitments in fiscal year 1994. Commitments for agriculture and rural development and for water supply and sanitation -- two sectors that are key targets for poverty-reduction efforts -- rose to 27 per cent of Bank commitments from 22 percent in fiscal year 1993.
- A second measure, the program of targeted investments (PTI), which counts investment operations that include specific mechanisms for reaching the poor, or in which the participation of the poor significantly exceeds their proportion in the general population, rose from 41 per cent of IDA lending in fiscal year 1993 to 43 per cent in fiscal year 1994.
- In addition, Bank lending for adjustment operations has increasingly supported the establishment of social safety nets and the protection of public spending for basic social services. In line with this, 17 of 23 adjustment operations included an explicit poverty focus

in fiscal year 1994, compared to 6 of 17 operations in fiscal year 1993. Adjustment lending was \$2.4 billion in fiscal year 1994, almost two thirds lower than its fiscal year 1989 level.

To provide direction and support for its poverty focused lending, the Bank now also prepares poverty assessments for the poorest countries and undertakes an annual report on poverty. During fiscal year 1994 an additional 11 poverty assessments were prepared, bringing the total number completed to 39.

B. Environmentally Sustainable Development

With the encouragement of countries such as Canada, the Bank has also made significant progress in integrating environmental criteria into its lending programs. It has prepared environmental guidelines for numerous sub-sectors, including tropical rain forests, and it publishes a comprehensive annual report on the environmental aspects of its activities. It also provides assistance to borrowing members in preparing National Environmental Action Plans (NEAPs). By the end of fiscal year 1994, most active IDA recipients and a number of IBRD borrowers had completed NEAPs.

Since 1989, the Bank has had in place an Operational Directive on Environmental Assessments. This directive calls for a full environmental assessment, including detailed mitigation plans, for all investment projects that could have significant adverse environmental effects. A less detailed environmental analysis is required for projects with a limited impact on the environment. Full environmental assessments were required in some 25 per cent of total Bank lending, or \$4.8 billion dollars of development projects in fiscal year 1994, (see Box 2), compared to 18 per cent of lending operations representing \$3.7 billion in fiscal year 1993.

Lending for new environmental projects also increased in fiscal year 1994. Twenty five new environmental projects were approved in fiscal year 1994, entailing total commitments of more than \$2.4 billion, a 25 per cent increase over fiscal year 1993, and a five-fold increase over the past five years. More than 30 other new projects had significant environmental components. By end-fiscal year 1994, almost 120 environmental projects were under implementation, involving total commitments of close to \$9 billion.

During 1994, the Global Environmental Facility (GEF), the principal mechanism for addressing global environmental concerns, was replenished by US\$2 billion for disbursement over 10 years, and its management was substantially restructured. CIDA, in cooperation with other departments, manages Canada's participation in the GEF. Canada has been successful in pushing for a more open and consultative process in these meetings. Canada's share of the replenishment was Cdn\$111 million.

BOX 2: FISCAL 1994 HIGHLIGHTS OF THE WORLD BANK GROUP AND THE ENVIRONMENT

Expansion of National and Regional Environmental Plans

- During fiscal 1994, 25 additional IDA borrowers completed National Environment Action Plans (NEAPs) or similar documents. In addition, regional environmental strategies for Asia and Central and Eastern Europe were introduced.

First Annual World Bank Conference on Environmentally Sustainable Development

- As a follow up to UNCED, the World Bank hosted the first Annual Environmentally Sustainable Development Conference in fiscal year 1994, entitled "Valuing the Environment". Among the speakers were the Director-General of the United Nations Commission on Sustainable Development, the Indian Minister of Environment and the World Bank President. Discussions centered on how to identify the costs and benefits of alternative uses of natural resources.

Review of Experience with Environmental Assessments (EAs)

- The Bank now requires EAs for all projects with significant environmental impact. The second review of Bank experience with environmental assessments took place in fiscal year 1994. It showed that an increasing number of recently approved operations included full EAs - 26 in fiscal year 1994 compared to 19 in fiscal year 1993. In addition, another 80 projects were subjected to a less detailed environmental analysis.

Bank-Wide Resettlement Review

- A Bank-wide review of resettlement, assessing 192 projects, was completed in April 1994 and distributed to Executive Directors and the public simultaneously. The review concluded that resettlement and rehabilitation could have a positive effect on those impacted if carried out properly. However, it also noted that resettlement is almost always more difficult, expensive and time-consuming than initially thought. A few of the major follow-up actions proposed by the review include ensuring: appropriate policies are in place before going forward with resettlement; the active participation of potential resettlers; and, a strengthening of the Bank's own institutional capacity.

C. Good Governance

Over the last five years, the Bank has increasingly considered issues of good governance in its lending programs and policies. In 1994 the Bank published a report "Governance: The World Bank's Experience", which summarized the governance work undertaken by the Bank over the preceding two years. Progress was assessed under the four major areas of governance identified in the 1992 governance report: public sector management; accountability; the legal framework for development; and transparency and information. Within these four categories, issues of governance touch on a broad range of factors, including participation in decision making and

military expenditures. Progress on several of the key issues related to governance is discussed below.

i) Disclosure of Information

The Bank adopted a new policy on disclosure of information in fiscal year 1994 to address criticisms from many donors, NGOs, and the public about the lack of transparency in its operations. One of the measures taken to respond to the paper's recommendations, was the opening of a Public Information Center (PIC) at the Bank's Washington headquarters. Information on a wide variety of Bank related issues is now available through this and other offices.

BOX 3: BANK GROUP INFORMATION AVAILABLE TO THE PUBLIC

Information available to the public now includes:

- Project Information Documents (PID) for all projects under preparation
- Staff Appraisal Reports (SARs), once the project has been approved by Executive Directors
- Country and Economic Sector Work (CESW), based on agreement by borrower governments
- Summaries of Evaluation Reports
- Legal opinions prepared for the Executive Board, on a case-by-case basis
- Environmental Assessments, Analyses, Data Sheets and NEAPs
- Bank, IFC and MIGA Annual Reports

Copies of PIDs and environmental data sheets are available world-wide free of charge from the PIC. Documents pertaining to particular countries may be accessed by citizens of that country free of charge from relevant field offices or the PIC.

ii) Beneficiary Participation

While considerable work is still needed to improve consultations with primary stakeholders, it is now an accepted fact within the Bank that participation by beneficiaries in the design and implementation of projects is a key factor in their success. In its Annual Report of 1992 Evaluation Results, OED noted that of the 24 operations classified as outstanding, beneficiary participation was a key factor in the success of almost every one.

The Bank has introduced several mechanisms to support beneficiary participation over the last several years, including: beneficiary assessments, participatory rural assessments and workshops on participatory methodologies. As a further incentive to integrate participatory approaches into the Bank's lending and non-lending operations, a \$300,000 Participation Fund was established in fiscal year 1994 (with a \$200,000 replenishment made later the same year). The Bank's preliminary review of its fiscal year 1994 operations indicates that 96 out of the total of 228 projects, or more than 40 per cent, included beneficiary participation.

D. Portfolio Performance Review

A major development at the World Bank in 1994 was the program of actions introduced to respond to the recommendations of the Task Force on Portfolio Management. To ensure that resources are being used as efficiently as possible, the Portfolio Management Task Force (led by former Bank Vice President Willi Wapenhans) was established in 1992, with a mandate to examine problems affecting the quality of the World Bank's portfolio of loans and credits. While recognizing that many problems associated with World Bank projects are external to the Bank's activities, the Task Force Report pointed to a number of Bank practices that either may contribute to portfolio management problems or are insufficiently effective in resolving them.

The Report expressed concern that the Bank's emphasis on loan approval is often not matched by sufficient attention to project design, implementation and supervision. The Report also noted that in dealing with problem projects, the option of restructuring or canceling a loan is only infrequently used. Finally, the Report criticized the project-by-project approach of portfolio performance management, as opposed to country-wide implementation reviews.

The recommendations of the Task Force Report were seen by Canada, other shareholders, and Bank management as extremely constructive. In August 1994, the Board of Executive Directors considered a paper "Portfolio Management: Next Steps - A Program of Actions" which focused on the implementation of the recommendations of the Task Force Report. The document grouped actions under seven major headings:

- linking country portfolio performance to the Bank's core business practices;
- providing for more active project/portfolio restructuring;
- improving the quality of projects entering the portfolio;
- defining the Bank's role in, and improving its practice of, project performance management;
- enhancing the role of the Operations Evaluation Department as an instrument of independent accountability and give greater emphasis to *ex post* evaluation;
- creating an internal environment supportive of better portfolio management; and
- giving attention to generic and institutional factors affecting portfolio performance.

The document noted that about 92 percent of the 87 proposed actions had either been completed or were at an advanced stage of completion. New measures included: the introduction of annual Country Portfolio Performance Reviews, an expansion of Impact Evaluation Reports in the work of the Operations Evaluation Department and improved staff training and incentives to promote better design and implementation of projects.

E. IDA 10

The most recent replenishment of the International Development Association, IDA 10, re-emphasized the need to focus on three main objectives to support sustainable development in the poorest countries: poverty reduction; economic adjustment and growth; and environmental protection. The agreement identified specific steps to be implemented in each of these areas. The IDA 10 agreement also explicitly addressed the need for the World Bank to play a role on the issue of good governance. In line with this, World Bank programs now put much greater emphasis on accountable public institutions, transparent economic policies and a predictable and stable legal framework, as key elements in the development process. In addition, the IDA 10 agreement underscored that public expenditures need to reflect development priorities, and that non-development expenditures, including military spending, need to be kept to an absolute minimum. Finally, at Canada's request, it was agreed during the IDA 10 negotiations that the higher shares of social sector and poverty-targeted investments achieved during IDA 9 should be increased further during IDA 10.

F. Coordination

The World Bank, as the world's largest development institution, organizes regular aid coordination meetings at which donor countries meet to review their aid programs in particular countries. These meetings have become a critical element of the Bank's mandate. They provide an important opportunity for both recipient countries and donors to discuss strategies and to ensure that scarce aid resources are spent efficiently. In fiscal year 1994, the World Bank participated in 29 Aid Coordination Group Meetings. Region-wide donor groups which were also active last year included the Caribbean Group for Cooperation in Economic Development and the Special Program of Assistance for Africa. Other international agencies are also broadly represented at these aid coordination meetings. Canada, through CIDA, participated in many of these meetings⁵. Canada was also an active participant in the Consultative Group for International Agricultural Research (CGIAR).

The World Bank also maintains close working relationships with the United Nations and its specialized agencies, the Regional Development Banks, the Organization for Economic Cooperation and Development and the European Community. For example, the World Bank and the UN exchange information and coordinate technical assistance and other development activities through a high-level UN liaison committee (ECOSOC). The World Bank also acts as an executing agency in numerous pre-investment studies financed by the UNDP.

In 1974, the World Bank and the IMF established a Joint Committee of the Boards of Governors to seek ways to improve the flow of financial assistance to developing countries. This Committee, known as the Development Committee, met in Washington in May and October

⁵Canada is a member of consultative groups for: Bangladesh, Bolivia, Cameroon, the Caribbean countries, El Salvador, Ethiopia, Ghana, Guatemala, Guyana, India, Indonesia, Kenya, Malawi, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Rwanda, Sri Lanka, Tanzania, Uganda, Zambia and Zimbabwe.

1994. The spring session focused on the issue of population and migration and the fall session on aid effectiveness.

The World Bank also increasingly cooperates with NGOs, both in its policy and program work. In fiscal year 1994, close to 50 per cent of World Bank projects involved NGOs. In addition, the Bank holds semi-annual meetings of the Bank-NGO Committee, on which Canadian NGOs are represented. Recent meetings have discussed such issues as beneficiary participation and structural adjustment. The Bank has also convened special meetings with NGO groups on topics such as on the 1994 World Development Report on infrastructure.

IV. RESOURCES

(a) IBRD Resources

IBRD funds are provided primarily from three sources:

- (i) **Authorized capital.** The Bank's Board of Governors approved a general capital increase of \$76.5 billion in 1988, with \$1.7 billion to be set aside for new members. The paid-in portion was set at 3 per cent. A special capital increase of \$9.3 billion was approved in April 1992 to accommodate the membership of the republics of the former Soviet Union. The Bank's total authorized capital is now \$184.0 billion.

Of this total authorized capital, \$170 billion had been subscribed (as of June 30, 1994) and \$10.7 billion had been paid-in. The remaining \$159.3 billion is callable and serves as collateral for capital market borrowings.

- (ii) **Borrowing.** As of June 30, 1994, the World Bank had outstanding borrowings of \$98.9 billion, of which \$3.3 billion were short-term borrowings. This compares with outstanding borrowings of \$96.3 billion at June 30, 1993. During fiscal year 1994 (ending June 30), the IBRD raised \$8.9 billion through medium- and long-term borrowings in twelve currencies and currency units (i.e. the ECU).
- (iii) **Net Income.** As of June 30, 1994 undistributed retained earnings amounted to \$14.5 billion. Net income in fiscal year 1994 totaled \$1,051 million.

(b) IDA Resources

IDA's resources are derived largely from budgetary allocations by developed country governments. Total resources committed by donor governments from the beginning of its operations to the end of June 1994 totaled \$90.3 billion (including the Special Fund). In recent years, the IBRD has also frequently transferred a portion of its net income to IDA. In fiscal year 1994, \$140 million of net income was transferred to IDA.

Negotiations on the Tenth Replenishment of IDA (IDA 10) were completed in December 1992. The replenishment of approximately \$18 billion provides resources for a three-year period which began in July 1993. IDA currently provides credits with a 35-to-40 year term and a 10-year grace period. IDA operates with a zero per cent interest charge and a 0.75 per cent service charge. Most IDA resources are directed to low income countries with annual per capita incomes of less than \$675. IDA 10 targeted 45 - 50 per cent of its resources to Sub-Saharan Africa in fiscal year 1994, although actual lending levels were slightly lower, reflecting difficulties with absorptive capacity due to political instability in several of these countries.

(c) IFC Resources

Resources available to IFC amounted to \$9,726.9 million at June 30, 1994. These were derived from paid-in capital subscribed by member governments (\$1,657.9 million), borrowings from the World Bank (\$862.7 million) and other creditors (\$5,668.6 million), and retained earnings (\$1,537.7 million).

In order to meet the increasing demand for assistance for private sector development, the IFC's Board of Governors approved a \$1 billion capital increase in May 1992, raising IFC's capital base from \$1.3 billion to \$2.3 billion. Payments for the capital increase will be made over the five year period up to 1996.

(d) MIGA Resources

The Convention establishing MIGA provided for an initial capitalization of SDR 1 billion (\$1.082 billion) with a paid-in portion of 20 per cent (10 per cent in cash, 10 per cent in demand notes) and a callable portion of 80 per cent. At June 30, 1994, \$1,027.3 million had been subscribed. Paid-in capital amounted to \$204.7 million and retained earnings to \$9.3 million.

V. LOAN ACTIVITIES

(a) IBRD

As of June 30, 1994, the IBRD had approved cumulative loans totaling \$249.4 billion (net of cancellations, and excluding loans to the IFC). The IBRD provides loans with a 15-to-20 year term and a 3-to-5 year grace period. Unlike IDA credits, IBRD loans carry non-concessional (i.e. market) rates of interest. Since July 1, 1982 the lending rate has been fixed every six months as of January 1 and July 1. Since July 1, 1989, this rate is based on the average cost of the pool of IBRD borrowings over the preceding six months plus a spread of 50 basis points. For the period January 1995-June 1995, the IBRD variable lending rate is 7.09 per cent. Since February 1993, the IBRD has offered eligible borrowers a single currency option (in U.S. dollars, French francs, deutschemarks, Japanese yen and pounds sterling) on their loans as an alternative to the existing currency-pool loan. The interest rate on these single-currency loans is tied to the 6-month LIBOR in each loan currency.

(b) IDA

As at June 30, 1994, IDA had approved cumulative credits totaling \$84.4 billion equivalent (net of cancellations) to its borrowing member countries. As noted above, IDA provides development credits which are interest-free (but carry a service charge of 0.75 per cent on disbursed and outstanding balances). Between 1982 and 1988, a commitment fee of 0.5 per cent was charged on undisbursed balances for IDA credits. In 1988, Executive Directors decided that IDA commitment fees for all credits, including those already approved, should be variable within a range of 0-0.5 per cent. This fee is subject to annual review by the Executive Directors. For the period July 1, 1994 - June 30, 1995, the commitment fee has been set at zero.

(c) IFC

At June 30, 1994, IFC's total cumulative commitments since the inception of operations were \$21.7 billion, of which \$14.3 billion were committed from IFC's own account, and \$7.4 billion from syndications (IFC mobilizes funds from commercial banks and other financial institutions through loan participations, which are sold without recourse by IFC, but are administered on behalf of participating institutions.) In fiscal year 1994, IFC approved \$2.5 billion in financing for 231 projects, compared to \$2.1 billion financing for 185 projects in fiscal year 1993.

(d) MIGA

MIGA issued its first four guarantees during fiscal year 1990, covering a maximum contingent liability of \$132 million. During fiscal year 1994, 38 guarantees were issued, for a maximum contingent liability of \$373 million. These guarantees are facilitating aggregate direct investment totaling \$1.3 billion. At June 30, 1994, the maximum amount of contingent liability of MIGA under guarantees issued and outstanding totaled \$1,048 million.

VI. REVIEW OF FINANCIAL ACTIVITIES IN 1994

IBRD loans, IDA credits, IFC investments and MIGA guarantees approved in fiscal years 1991- 1994 as follows:

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
	(U.S. millions)			
IBRD	16,392	15,156	16,945	14,244
IDA	6,293	6,550	6,751	6,592
IFC	2,846	3,226	3,936	4,287
MIGA	59	313	374	373
Total IBRD+IDA	22,685	21,706	23,696	20,836

Table I annexed to this report lists World Bank and IDA loans and credits during fiscal year 1994 according to geographical area and purpose. Table II provides a historical summary of loans and credits by year, geographical area and purpose.

VII. FINANCIAL RESULTS IN 1994

In fiscal year 1994, the Bank achieved a strong financial performance with a net income of \$1.05 billion. While this was lower than the \$1.1 billion reported in fiscal year 1993, it was well within the range that satisfies the Bank's financial objectives. The Bank's average medium and long term borrowing cost (after swaps) was 5 per cent and the financial return on its investment portfolio was 3.6 per cent.

At the end of fiscal year 1994, five member countries and two successor countries were in non-accrual status. Outstanding loans in non-accrual fell slightly to about 2.2 per cent of the IBRD's portfolio from 2.4 percent in fiscal year 1993. Two countries, Sudan and Zaire moved into non-accrual status, while the former Yugoslav Republic of Macedonia and Congo cleared all their arrears.

VIII. MANAGING CANADA'S INTEREST IN THE WORLD BANK GROUP

(a) Objectives

Canada's participation in the World Bank serves a broad range of interests and objectives. The World Bank exerts a major influence on the global development agenda and provides considerable leadership on a broad array of development issues. It is the world's largest and most influential organization in the development field. Participation in the World Bank gives us a voice in important developmental decisions that we are not always able to pursue bilaterally and provides a forum to advance issues of importance to Canada.

Two key objectives for Canada at the World Bank have been encouraging the Bank to better integrate sustainable development issues into its operations and to target greater resources towards the Bank's primary objective of poverty reduction. Through our Executive Director's Office, Canada, along with several other donors, has convinced the Bank to: prepare annual reports on the environment and poverty; introduce environmental assessment guidelines and help borrowers prepare National Environment Actions Plans (NEAPs).

Since transparency and accountability are fundamental to improving the development process, Canada has been a strong proponent of increased openness at the Bank. In response to such concerns from Canada and other donors, a Public Information Centre at the World Bank was established in 1994, as a follow-up to the Bank's recent policy on improving disclosure of information. The Bank is also encouraging borrower Governments to release as much information as possible on Bank projects and programs in order to increase local participation in decision-making. The Bank's accountability was also strengthened through the appointment of three members to the Bank's new Inspection Panel in April 1994. This panel will respond to stakeholder concerns about the impacts of individual projects by ensuring that the Bank's operational guidelines are consistently applied to all projects.

Canada has also been a strong proponent of Women In Development (WID) issues at the Bank and was very supportive of the new WID operational policy introduced in April 1994. Bank officials had numerous discussions with CIDA WID specialists in preparing this policy. The Bank plans to focus on areas of underinvestment in women by identifying gender gaps and reducing barriers to women's participation. These objectives are to be reflected in the policy frameworks of the Bank's lending program and in the design of lending operations, as well as in country assistance strategies. In its efforts to better integrate gender issues into its operations, the Bank will continue to collaborate and work with outside specialists on WID.

Canada has been one of a handful of donors that has consistently pushed the Bank to improve the budgetary efficiency of its operations. In response to such pressure, in the fall of 1994, the Bank announced plans to cut its administrative budget by 6.4 percent and 5.6 percent respectively in real terms in each of fiscal year 1996 and fiscal year 1997. This budget cut will

result in a reduction in staff, as well as in measures to reduce overlap and duplication within the organization. This follows an essentially zero growth budget in fiscal year 1995.

b) Oversight of Canada's Participation in the World Bank

The Governor for Canada at the World Bank is the Honourable Paul Martin, Minister of Finance. Huguette Labelle, President of the Canadian International Development Agency, is the Alternate Governor. Leonard Good is Canada's Executive Director on the Bank Group's Executive Boards and also represents Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

The Department of Finance has the lead responsibility for managing Canada's participation in the World Bank Group and maintains regular communication with Canada's Executive Director. The Department consults regularly with the Canadian International Development Agency (CIDA) and Foreign Affairs and International Trade Canada (FAITC) on important policy and project issues. Consultations with Environment Canada are undertaken on key environmental issues and other departments are consulted as appropriate.

c) Activities in the Executive Director's Office

The Executive Director's Office at the World Bank is made up of seven professional and three support staff. Four of the professional staff, including the Executive Director, are Canadian nationals, two are from the Caribbean and one from Ireland.

The Canadian Executive Director is one of 24 Directors who sit on the Bank Group's Executive Board. The Board meets two or three times per week to review IBRD loans, IDA credits, IFC investments and MIGA guarantees, as well as key Bank policy papers. The latter would include such documents as annual reports on poverty and the environment, new operational policies, budget and planning documents, and the Bank's annual World Development Report. This review function helps to ensure that Canada's policy objectives are met, as well as protecting Canada's financial interests in the institution. Staff in the Executive Director's office are in constant contact with Canadian government officials in establishing Canadian positions on these issues.

Since most decisions at the World Bank are taken on the basis of consensus, Canada rarely exercises its influence through a formal vote at the Board. Canada voted against one IDA credit in 1994, because of concern over the lack of consultation with donors on IDA's lending program in the borrowing member country. Canada also voted against the proposed World Bank Group salary increase, as it has done traditionally, to register our concern about the need to improve the efficiency of the Bank's operations, particularly in light of fiscal constraints in many donor countries. Canada also abstained on one IFC investment because of doubts about

whether the IFC participation was necessary, given the strong private sector interest in financing this operation.

Despite the lack of formal votes at the Board, Canada is able to influence Bank policies through Board discussions, pre-Board meetings with Bank staff and Management, regular country specific discussions with Bank staff and our participation in IDA negotiations. The Executive Director's office also meets periodically with NGOs to discuss major Bank policies and projects of interest.

Canada also influences Bank policies through its participation in a number of Board Committees. Mr. Good sits on the Audit Committee, which oversees the soundness of the Bank's financial practices, and the Committee on Directors' Administrative Matters. He monitors the proceedings of the Committee on Development Effectiveness, the Committee on Cost Effectiveness and Budget Practices and the Committee on Personnel Policy Issues.

Input on Bank policies is also provided through Canada's review of the work of the Operations Evaluation Department. While linked administratively to the Bank President, the OED provides an independent evaluation function and is directly responsible to the Executive Directors. The Executive Director's office reviews OED's evaluations of completed Bank projects and particular policies, as well as the annual review of portfolio performance. In 1994, the Board agreed that this annual review should be published and made available outside the Bank.

The Executive Director's office is also a conduit of useful information from the Bank to Canadian government officials. A broad range of Bank sectoral and policy analyses provides important input into Canada's decisions on global and country specific issues. For example, over the past year, the Bank has undertaken substantial analysis of countries in transition, such as the Ukraine and Russia, that has helped Canada to formulate its bilateral position towards assistance to these countries.

(d) Canadian Procurement and Personnel

Projects financed by the World Bank require procurement from foreign and local sources to achieve project goals. Participation in the World Bank Group gives Canada commercial benefits through the procurement of goods and services from Canadian companies. Identifiable expenditures in Canada by World Bank and IDA borrowers to June 30, 1994 totaled \$2.85 billion.

For fiscal year 1994, IBRD and IDA disbursements for Canadian goods and services totaled \$185 million, down slightly from the previous year's total of \$192 million. These disbursements were distributed in four broad categories: consultant services (\$68 million), civil works (\$6 million), equipment (\$106 million) and all other goods (\$5 million). Details of the expenditures, by year, are provided in Table III. Each year, the World Bank reviews large contract awards to ensure they meet procurement guidelines. In fiscal year 1994, Canada was

awarded \$376 million in contracts, which will be disbursed in future years. This was up from \$241 million in awards in fiscal year 1993.

CIDA is currently supporting five Consultant Trust Funds with the World Bank Group which are used to hire Canadian and developing country consultants for short term technical cooperation assignments. Trust Funds help position Canadian consultants to win additional Bank contracts funded from the Bank's own resources and can be useful in gathering information on upcoming Bank projects thereby facilitating procurement opportunities. Areas addressed by the agreements include environmental planning; sustainable development, population, health and nutrition; and five geographic regions (Egypt, the Caribbean, Andean region, China and the Philippines). There are also agreements to finance training programs and seminars for developing country participants with the Economic Development Institute, and for project preparation with the IFC. CIDA also supports, on a cost sharing basis, with the Association of Consulting Engineers of Canada and the Institute of Certified Management Consultants, the secondment of Canadian professionals to the World Bank Group in order to improve Canadian familiarity with the IFIs and to provide Canadian expertise to the World Bank.

There were 198 Canadian nationals on the regular staff of the World Bank Group at the end of 1993; of these, 142 were in professional positions. This compares to 175 regular staff and 138 professional staff in fiscal year 1993. There were also 79 Canadians working at the World Bank on fixed-term contracts or as consultants. Canadians accounted for about 3 per cent of the Bank Group's regular professional staff in 1994, a figure which closely parallels our IBRD shareholdings.

e) Country Level Cooperation

In addition to its policy level interventions, Canada has many direct contacts with the Bank involving day-to-day liaison between CIDA offices and Bank officials both at headquarters and through field offices.

This cooperation is particularly evident in Africa, where CIDA works closely with the World Bank in the design of its programs in many African countries, benefiting from the Bank's analysis and exchanging information on program performance. Two special programs that have been set up to facilitate cooperation in Africa are the Social Dimensions of Adjustment and the Special Program of Assistance (SPA). The former is designed to measure the effects of structural adjustment on the general population and to minimize the adverse consequences for the most vulnerable groups. The SPA is for low income, debt distressed countries in Sub-Saharan Africa. This program provides growth oriented import financing and other assistance for countries implementing strong structural adjustment programs.

The SPA provides a unique forum for effective coordination and policy dialogue with the World Bank and other donors and for Canada to promote its own policy priorities (e.g. gender issues, environmental issues, a more regional approach to Africa and the interaction

between governance and economic policy). Already, a number of issues raised by Canada have become collective concerns of the donor community, one example being the Structural Adjustment and Gender in Africa (SAGA) Initiative.

(f) Canadian Subscriptions and Contributions

IBRD

Under the \$76.5 billion 1988 general capital increase (GCI III), Canada was allocated 19,655 new shares valued at \$2.37 billion. The paid-in portion of these shares is \$71.1 million. These shares were subscribed over a five-year period ending in 1993.

As of June 30, 1994, Canada's cumulative subscriptions to the IBRD's capital stock was \$5,404 million (44,795 shares), of which \$335 million had been paid-in. Canada's share of the IBRD is approximately 3 percent.

IDA

The IDA 10 agreement reached in December 1992 resulted in a SDR 13 billion replenishment (US\$18 billion), which will finance IDA's lending program over the three year period to June 30, 1996. Canada committed itself to a share of 4.0 per cent of the replenishment, at a cost of Cdn\$829 million. To meet these obligations Canada issues three demand notes, from 1993 - 1995. These notes are then encashed over an eight-year period. To the end of fiscal year 1994, Canada's cumulative contributions to IDA were the equivalent of US\$3,977.5 million (including Special Fund contributions).

IFC

The IFC's most recent general capital increase was approved in May 1992. Under this GCI, Canada can subscribe to as many as 35,366 new shares, valued at \$35.4 million. Payments for these shares are made over a five-year period. As of June 30, 1994, Canada's total subscription to the IFC amounted to \$60 million, all of which was paid-in. This represents 3.6 per cent of IFC's total capital.

MIGA

Canada took up its subscription to MIGA's capital stock in 1988. Of the \$32.1 million subscription, \$6.4 million has been paid in, half in cash and half in demand notes. Canada's share of MIGA's capital is 2.7 per cent.

(g) World Bank Borrowings in Canada

From 1952 through 1971, the Bank borrowed Cdn\$150 million in our domestic public capital markets and Cdn\$50 million through a private placement. From 1972 through 1981, the Bank did not borrow in Canadian dollars. Since 1982, however, the Canadian dollar has become an important source of currency diversification and has been a vehicle used in the Bank's currency swap operations. The Bank has raised Canadian dollars through public issues in the domestic, Euro, Yankee and Asian markets as well as through private placements. From 1952 to December 31, 1994, the Bank had borrowed an aggregate principal amount of Cdn\$3,995 million, of which Cdn\$2,300 million remains outstanding.

As of December 31, 1994, holdings by Canada's Exchange Fund Account of one year notes issued by the World Bank under its central bank facility were US\$193 million. The Bank of Canada holds no World Bank bonds.

IX. CONTINUING CHALLENGES

In general, the World Bank has demonstrated a good degree of flexibility in adapting its policies and programs to changing external and internal demands in recent years. However, it faces continuing challenges in responding to the evolving needs of its borrowing member countries and in addressing the concerns of its developed country shareholders. A few of the continuing challenges facing the Bank Group include:

Better Meeting the Needs of the Poorest Countries

- As many donor countries face serious domestic budgetary constraints, the World Bank Group will increasingly need to set priorities in allocating scarce concessional resources to those low income countries that can use them most efficiently and effectively.
- In order to address the specific needs of the poorest people in low income countries, resources will need to be increasingly targeted to operations that address these needs, such as primary health and education.

Increasing Transparency and Accountability

- Greater efforts are needed to translate Bank policies on increasing beneficiary participation into concrete action to promote meaningful consultation with beneficiaries on the design, implementation and monitoring of Bank operations.
- Access to Bank documents should continue to expand and borrowing member countries should be encouraged to make available documents relating to their countries wherever possible.

Improving Portfolio Quality

- Actions to improve the performance of the Bank's portfolio should be implemented in a timely fashion with increasing consideration given to the development impact of the Bank's operations.

TABLE I

World Banks Loans and IDA Credits

Fiscal Year 1994 (July 1, 1993-June 30, 1994)

(Millions of U.S. dollars)

	<u>WORLD BANK</u>		<u>IDA</u>		<u>TOTAL</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
<u>BY AREA</u>						
Africa	3	127.0	57	2,680.2	60	2,807.9
East Asia and Pacific	28	4,623.8	15	1,410.6	43	6,034.4
South Asia	3	474.0	16	1,896.2	19	2,370.2
Europe and Central Asia	34	3,533.3	8	193.1	42	3,726.4
Latin America & the Caribbean	41	4,434.5	7	312.2	48	4,746.7
Middle East & North Africa	15	1,050.6	1	100.0	16	1,150.6
TOTAL	124	14,243.9	104	6,592.1	228	20,836.0
<u>BY PURPOSE</u>						
Agriculture		2,333.3		1,674.0		3,907.3
Education		1,409.9		658.1		2,068.0
Environment		730.5		17.3		747.8
Financial Sector		1,093.5		411.1		1,504.6
Industry		422.7		272.2.6		694.9
Mining & Other Extractive		14.0				14.0
Multisector		606.3		815.9		1,422.2
Oil, Gas & Coal		1,202.1		186.2		1,388.3
Population, Health & Nutrition		366.0		519.7		885.7
Power		1,368.5				1,368.5
Public Sector Management		370.6		322.6		693.2
Social Sectors		130.0		20.6		150.6
Tourism		20.0				20.0
Telecommunications		405.0		18.0		423.0
Transportation		2,162.5		1,130.8		3,293.0
Urban Development		837.0		442.4		1,279.4
Water Supply and Sewerage		872.0		103.2		975.2
TOTAL		14,243.9		6,592.1		20,836.0

TABLE II
World Bank Loans and IDA Credits to Developing Countries
(Millions of U.S. dollars)

	<u>WORLD BANK</u>		<u>IDA</u>		<u>TOTAL</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
<u>BY FISCAL YEAR*</u>						
Cumulative to 1968	549	11,418.1	116	1,831.8	665	13,249.9
Total 1969-1973	374	8,917.8	273	3,931.6	647	12,849.4
Total 1974-1978	666	24,372.3	376	7,947.4	1,042	32,319.7
Total 1979-1983	711	44,908.0	518	16,368.1	1,229	61,276.1
1983-1984	129	11,947.2	106	3,575.0	235	15,522.2
1984-1985	131	11,356.3	105	3,028.1	236	14,384.4
1985-1986	131	13,178.8	97	3,139.9	228	16,318.7
1986-1987	127	14,188.2	108	3,485.8	235	17,674.0
1987-1988	118	14,762.0	99	4,458.7	217	19,220.7
1988-1989	119	16,433.2	106	4,933.6	225	21,366.8
1989-1990	121	15,179.7	101	5,522.0	222	20,701.7
1990-1991	126	16,392.2	103	6,293.3	229	22,685.5
1991-1992	112	15,156.0	110	6,549.7	222	21,705.7
1992-1993	122	16,944.5	123	6,751.4	245	23,695.9
1993-1994	124	14,243.9	104	6,592.1	228	20,836.0
TOTAL	3,660	249,398.4	2,445	84,408.5	6,105	333,806.8
<u>BY PURPOSE</u> (Cumulative to June 30, 1994)						
Agriculture		44,749.8		26,941.5		71,691.3
Education		11,847.7		7,544.8		19,392.5
Energy		51,659.9		7,416.6		59,068.5
Environment		859.0		72.1		931.1
Financial Sector		26,396.4		3,779.2		30,175.6
Industry		16,653.7		2,866.6		19,520.3
Mining		3,126.2		158.7		3,284.9
Multisector		22,802.6		10,318.5		33,121.1
Population, Health & Nutrition		3,729.0		4,871.3		8,600.3
Public Sector Management		3,572.9		1,312.1		4,885.0
Social Sector		158.0		20.6		178.6
Telecommunications		5,524.5		1,526.2		6,050.7
Transportation		37,587.9		10,343.3		47,931.2
Urban Development		11,183.7		3,585.1		14,140.1
Water Supply and Sewerage		11,183.7		3,651.9		14,835.6
TOTAL		249,398.3		84,408.5		333,806.8

* Fiscal years are those of the World Bank Group (July 1 to June 30).

TABLE III

Disbursement by the World Bank and IDA Borrowers
for Goods and Services in Canada
To June 30, 1994
(in millions of U.S. dollars)

	<u>WORLD BANK</u>	<u>IDA</u>	<u>Total</u>
<u>BY CALENDAR YEAR</u>			
Cumulative to December 1960	133.5		133.5
1961	8.2	-	8.2
1962	3.7	-	3.7
1963	5.6	7.4	13.0
1964	4.7	1.8	6.5
1965	5.4	2.7	8.1
1966	11.6	5.3	16.9
1967	13.2	14.7	27.9
1968	6.3	7.8	14.1
1969	4.4	11.0	15.4
1970	7.6	1.3	8.9
1971	11.1	2.2	13.3
1972	10.5	2.3	12.8
1973	12.4	5.1	17.5
1974	15.8	8.4	24.2
1975	22.1	15.0	37.1
1976	25.7	10.8	36.5
1977	34.5	4.8	39.3
1978	26.1	5.5	31.6
1979	44.4	8.1	52.5
1980	51.5	7.8	59.3
1981	94.3	14.5	108.8
1982	75.0	17.6	92.6
1983	82.3	26.9	109.2
1984	92.6	54.3	146.9
1985	94.3	39.7	134.0
1986	184.8	46.8	231.6
1987 (Jan.-June)	92.8	23.4	116.2
1988 FY 1988 (to June 30, 1988)	182.1	47.4	229.5
FY 1989	197.0	45.0	242.0
FY 1990	164.0	41.0	205.0
FY 1991	139.0	34.0	173.0
FY 1992	131.0	38.0	169.0
FY 1993	151.0	41.0	192.0
FY 1994	115.0	69.0	184.0
TOTAL	2,192.0	646.0	2,849.0
Per Cent of Total Disbursements	2.30	1.85	2.16
Per Cent of FY 1994 Disbursements	2.11	1.95	1.93