

KUWAIT FUND  
FOR  
ARAB ECONOMIC DEVELOPMENT



*FIFTH ANNUAL REPORT*

*1966 - 1967*

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## INTRODUCTION

The Fifth Annual Report offers a good opportunity to take stock of the Fund's activities and performance over the past five years. Admittedly five years is a very short period in the life of any institution, particularly one which, like the Fund, has such a long-term, broad and complex purpose as assisting the Arab States in their efforts to develop their economies in accordance with diverse national programmes. The Fund can, however, even at this early date, look with some satisfaction at its record in providing financial assistance to the Arab countries. Such assistance has increased relatively rapidly and at the end of the five year period total loan commitments reached close to K.D. 57 million.

In providing this assistance the Fund has consistently proceeded from the belief that success in national development efforts is closely associated with the implementation of high quality productive projects which are able to pass the test of a strict technical, economic and financial appraisal. Only by adhering rigorously to this principle in its selection of projects can the Fund be true to its objective as a development agency dedicated to sound economic growth rather than a mere source of finance.

### I — MAIN FEATURES OF THE YEAR'S ACTIVITIES

During 1966/1967, the Fund has continued to intensify its efforts in the service of Arab economic growth. This has been possible through added financial strength and indicated by a number of important developments.

First, Article Three of the Fund's Act was amended by Law No. 64 (28.6.1966) which increased the Fund's declared capital from 100 million K.D. to 200 million K.D. This increase, which is the second since the Fund's creation, is to be covered gradually through annual budget appropriations from the Government's revenues and put at the disposal of the Fund after its total loan commitments reach 100 million KD.

Paid-in capital also rose from KD. 63 million in 1965/66 to KD. 68 million representing an increase of about 8%. This modest rate of increase — the smallest since the Fund's establishment — did not, however, slow down the Fund's lending operations. Indeed, there was a relatively sharp expansion in loan commitments between 1965/66 and 1966/67, from KD. 39.5 million to KD. 56.55 million, that is by over 40% compared to less than 5% in the preceding period.

Four relatively large loans, which had been under consideration in 1965/66, were concluded during the current year. Two of these loans (KD. 7.35 and 2.7 million respectively) were granted to the Moroccan Government for two agriculture extension schemes in Central Morocco. The third loan was made to Lebanon (KD. 2.4 million for the Joun power plant), and the fourth loan to Tunisia (KD. 4.6 million for Stage B of La Goulette II power project).

Reserves increased during the year by about KD. 4 million and reached more than KD. 11 million, that is about 5.5% of declared capital or 16% of paid-up capital.

During the year progress was recorded in the implementation of all Fund projects. This was reflected in the Fund's disbursements which on a cumulative basis increased by KD. 7 million to a total of KD. 31 million at the end of the year. A higher level of disbursements had been anticipated for 1966/67, but was not reached as a result of delays in the scheduled execution of two projects.

The importance of recording these various quantitative aspects of the Fund's activity during the year must not deflect our attention from two other aspects which are no less significant.

The first concerns the Fund's continuing policy of maintaining as close a contact as possible with borrower countries and organizations. This was achieved through a number of missions whose terms of reference ranged from following up the implementation of the projects, ironing out difficulties which arose in connection with withdrawal procedures, exploring the nature and scope of the Fund's longer term contribution to national development efforts, to negotiating the main lines of loan agreements.

These missions have proved to be an indispensable tool of our activities and it is envisaged that in the future the periodic nature of these missions will be accentuated in order to enhance their effectiveness.

The second aspect relates to our regular, though admittedly still limited, endeavours for strengthening our relations with various other organizations, national and international, financial and non-financial. We are fully aware of the fact that, whatever the Fund's own efforts, it has, on account of the enormous and diverse needs of the Arab world, to draw on the experience and resources of other organizations active in the development field. Various occasions have arisen during the year to contact a number of United Nations organizations, and we hope to put these contacts on a more regular and effective basis in the future.

## II — THE FUND'S RESOURCES

The financial resources of the Fund comprise, first its declared capital which represents in its entirety potentially investible resources. This capital which was originally KD. 50 million was raised to KD. 100 million in April 1963, and then to KD. 200 million in June 1966.

Paid-in capital also increased rapidly from 1962/63 to 1966/67 as follows :

TABLE 1

	Paid-in Capital 1962/63 — 1966/67 (Million KD.)				
	1962/63	1963/64	1964/65	1965/66	1966/67
Amount :	15	27	54	63	68
Moving index	100	180	200	116	108

In addition to this principal source the Fund's current income from operations, *i.e.* interest on loans and on investments, has progressed as follows :

TABLE 2

### Current Income 1962/63 — 1966/67

	KD.				
	1962/63	1963/64	1964/65	1965/66	1966/67
Loans	—	56,038	281,478	795,132	1,061,688
Investments	462,344	874,969	1,867,741	3,000,128	3,403,486
Net Income	401,045	814,179	1,989,553	3,555,693	4,191,556
Moving index	100	203	244	178	118

As a result, the Fund's reserves have increased during this period from about KD. 401,000 to over KD. 11 million :

**TABLE 3****Reserves 1962/63—1966/67**

KD.

	1962/63	1963/64	1964/65	1965/66	1966/67
Reserves	401,045	1,215,225	3,204,778	7,002,448	11,194,003

A third potential source of funds which has remained as yet untapped by the Fund is its capacity to borrow money and issue bonds within the limit of twice the amount of its capital plus reserves with, wherever necessary, the guarantee of the Government of Kuwait (Article 4 of Fund's Act as amended by Law No. 9/1963). This, in our view, represents one of the methods by which the Fund may in the future try to channel international investible funds towards the economic development of the Arab world.

Finally, to these sources must be added the repayments on the Fund's loans which to date have amounted to KD. 744,800 of which KD. 537,300 were paid during the year.

**III — LOAN COMMITMENTS****(1) Country Survey****ALGERIA****Haoud El Hamra-Arzew Oil Pipeline (Phase I)**

Amount..	.. .. .	KD. 7,500,000
Interest	.. .. .	4% per year
Period	.. .. .	23.6.64 — 1.4.79
Withdrawals	.. .. .	KD. 7,477,200.

This loan represents the Fund's participation in financing Phase I of a crude oil pipeline project which connects the Hassi Messaoud field in the Algerian Sahara to the Port of Arzew near Oran. The installations and equipment needed were mainly the pipeline itself (about 800 km. long with

an annual throughput capacity of 10 million tons), three pumping stations, one tank farm at each of the receiving and shipping terminals, and two offshore berths. The loan was extended, through the Algerian Government, to the Societe Nationale de Transport et de Commercialisation des Hydrocarbures (Sonatrach), a wholly government-owned corporation.

Officially put into operation in March 1966, the project has successfully concluded its first phase, increasing the country's oil production by about 40%. Production forecasts as well as currently utilized capacity have indicated the need for proceeding directly with Phases II and III of the project.(1).

## **JORDAN.**

### **1. Yarmouk River Project.**

Amount	.. .. .	KD. 4,000,000
Interest	.. .. .	3% per year.
Period	.. .. .	3.4.62 — 31.3.82.
Withdrawals	.. .. .	KD. 240,000

This project is an integral part of a larger multi-purpose scheme providing for water storage, irrigation, land reclamation and power generation which is in turn a part of a still more extensive joint Arab scheme covering the whole Jordan Valley, and sponsored by the States of the Arab League through the Jordan Valley Authority.

The present more limited project involves mainly works related to the development of agriculture in the Jordan Valley, such as the extension of the East Ghor Canal and the construction of subsidiary network of canals.

Progress in the implementation of this important project has been slow due mainly to the need for intensive technical and agro-economic studies to ensure the success of the work plan.

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(1) *A loan agreement for the financing of these phases in the amount of KD. 2.5 million has been signed on May 20, 1967.*

## 2. Phosphate Project.

Amount	.. .. .	KD. 3,000,000
Interest	.. .. .	4% per year.
Period	.. .. .	3.4.62 — 31.3.72
Withdrawals	.. .. .	KD. 2,773,000

This loan has been assigned to the development of new phosphate mines at El Hasa in the south of Amman. Phosphates are Jordan's major single export and it is expected that the new mines — with an estimated capacity of about one-half million tons per year will enable the country to double its production as well as enhance its competitive position in world markets owing to the high grade phosphate at El Hasa and to the proximity of the region to the port of Aqaba, a fact which allows for a not insignificant savings in costs.

A third loan amounting to KD. 0.5 million was granted to the Industrial Development Board for the modernization of two tourist hotels in Amman and Jerusalem and the expansion of the installed capacity of the Jerusalem Electricity Company.

## LEBANON

### 1. Joun Power Project.

Amount	.. .. .	KD. 2,400,000
Interest	.. .. .	4% per year.
Period	.. .. .	4.7.66 — 1.2.79
Withdrawals	.. .. .	KD. 426,755.

This loan was extended to the Litani River Authority with the guarantee of the Lebanese Government, in order to finance the construction of a third power station on the Litani river, at Joun. It covers a portion (slightly below 50%) of the total costs which are estimated to reach about KD. 5,150,000 more than half of which is in foreign exchange.

The main works involved comprise the power plant itself with two units of 24 MW each, several diversion and storage works upstream and downstream and transmission lines and sub-stations to connect the Joun Power Plant to the Awali station and Beirut.



Normal operation of the plant is expected to begin during 1969.

## MOROCCO

### 1. Upper Tessaout Agricultural Project

Amount	.. .. .	KD. 7,350,000
Interest	.. .. .	3% per year
Period	.. .. .	29.5.66 — 1.7.90.

This loan, which was made during the year, will cover the foreign exchange requirements of a project involving the development of a particularly depressed area in Central Morocco.

The project, which is expected to cost KD. 16.8 million, comprises the construction of a storage dam (Ait Adel Barrage), irrigation and drainage canals, farm improvement and development services such as the introduction of new crops and methods and the creation of local development centres (Centres de Mise en Valeur).

An area of about 27,200 hectares, which depends at present on seasonal irrigation and traditional methods of agriculture, is expected to be transformed to perennial irrigation and intensive agriculture. Crops will include mainly cereals, citrus, cotton, olives, fodder, in addition to cattle raising in the vicinity.

The project is expected to produce important social benefits to a region which suffers from a particularly high rate of unemployment, a depressed standard of living, illiteracy and disease. The number of workers employed is expected to treble as a result of the scheme and, despite the very high rate of population growth (about 3% per year), to reach 30% of the available labour force, compared to a present 20%.

### 2. Beni Moussa West (Tadla) Agricultural Project

Amount	.. .. .	KD. 2,700,000
Interest	.. .. .	3% per year
Period	.. .. .	29.5.66 — 1.7.85

Withdrawals : —

This project is also concerned with the development of an agricultural area north of the Atlas mountains in Central Morocco. It involves the construction of irrigation, drainage, flood control and transport facilities, the provision of various farm development services and the creation of so-called Centres de Mise en Valeur (CMV). Total costs are estimated at nearly KD. 8 million, of which KD. 2.6 million is in foreign exchange.

The project, which is expected to be completed by 1970, will extend irrigation to an additional area of some 23,600 hectares through the utilization of excess water now discharged into the Oued Rbia from Afourer power station.

Production from the irrigated lands will mainly include citrus, fodder, cereals, cotton, sugar beets (for a sugar mill which is under construction in the same area) olives, dairy products and cattle raising. A significant portion of this production will be for export.

Unemployment in the area, currently estimated at over 70%, is expected to drop to a minimum and a significant rise in the wage level to obtain.

## **SUDAN**

### **1. Sudan Railways Project**

Amount	.. .. .	KD. 7,000,000
Interest	.. .. .	4% per year.
Period	.. .. .	25.3.62 — 31.12.77
Withdrawals	.. .. .	KD. 7,000,000.

This loan covers the second phase of a ten-year modernization programme of the Sudanese railways (1961/62 — 1970/71). The first and third stages are being financed with IBRD participation. The programme is estimated to cost about 30 million Sudanese pounds (KD. 30.75 million) two thirds of which in foreign exchange, thus making the Fund's participation about 35% of the foreign exchange component and about 23% of the total costs.

The project, which involved mainly the purchase of various railway equipment, the re-railing of 300 km. on the Khartoum—Atbara line, a 70 km. line extension in the newly developed area of Khashm El Girba, and a harbour extension in Port Sudan, was virtually completed early in 1966.

## 2. **Khashm El Girba Sugar Plant.**

Amount	.. .. .	KD. 1,700,000
Interest	.. .. .	4% per year.
Period	.. .. .	15.7.65 -- 15.1.79
Withdrawals	.. .. .	KD. 1,307,666

This loan represents the Fund's participation in the financing of a KD. 7.8 million sugar plant at Khashm El Girba. It covers about 29% of the required foreign exchange expenditures, and about 22% of the total capital costs of the project. The balance is being financed by the Sudanese Government and the German Kreditanstalt. The project is part of a wide programme originally conceived for resettling the Wadi Halfa population displaced by the construction of the Aswan High Dam in Nubia. An area of about 45000 feddans has been allocated for sugar plantation.

The plant has an estimated processing capacity of about 675,000 tons per year, with a refined sugar output ranging from 67,000 tons to 81,000 tons depending upon the actual sugar yield of the crop. Production has started in March 1966 and is expected to reach its designed capacity during 1967—1968. Refining of imported raw sugar to ensure the all-year round utilization of installed capacity is envisaged.

## **TUNISIA**

### 1. **La Goulette II Power Project (Stage A)**

Amount	.. .. .	KD. 4,000,000
Interest	.. .. .	4% per year
Period	.. .. .	21.12.63—15.7.79
Withdrawals	.. .. .	KD. 3,384,628.

This loan was made to finance a portion of the investment needed for the construction of a new steam power station at La Goulette near Tunis. It also includes high tension lines and transformer stations.

The project, which is a part of a long-term programme for the country's power requirements, was officially inaugurated on March 19, 1966 ; it is at present the most important source of electric power in Tunisia, supplying about 60% of the total energy consumed in the country.

## 2. Medjerda Valley Development Project

Amount	.. .. .	KD. 2,000,000
Interest	.. .. .	3% per year.
Period	.. .. .	21.12.63 — 15.5.88
Withdrawals	.. .. .	KD. 2,000,000

This project is part of a long-range programme for developing the Medjerda Valley near Tunis. It aims at bringing under irrigation about 8,000 hectares, and at improving agriculture on about 4,500 hectares of non-irrigated land. Over a thousand new farms and over 500 already existing farms are to be provided with water, electricity, access roads and technical assistance. Works include the extension of irrigation and drainage constructions, soil conservation and flood control measures, afforestation, rural centres and on-farm development activities. Crops will be mainly cash crops, especially vegetables, fodder and fruits.

Estimated costs amount to KD. 5.7 million, one third of which is in foreign exchange.

## 3. La Goulette II Power Project (Stage B)

Amount	.. .. .	KD. 4,600,000
Interest	.. .. .	4% per year.
Period	.. .. .	21.1.67 — 15.9.81
Withdrawals	.. .. .	KD. 245,414

The rapidly increasing requirements for power generation in Tunisia has made necessary the implementation of the designed expansion of the La Goulette power station mentioned above. This expansion involves the installation of two units of 27.5 MW each, a 150 kV transmission line between Tadjerouine and Metlaoui via Kasserine, a 150 kV feeder line from Meknes to Gabes and the expansion of the transformer capacity. The two generator units are expected to add about 240 GWh annual energy to the existing capacity of the STEG's (Societe Tunisienne d'Electricite et du Gaz) power system, *i.e.* about 40% of the already available capacity (580 GWh).

The Fund loan meets about 32% of the project's total costs (estimated at KD. 14.2 million, 50% of which is in foreign exchange), and 65% of the foreign exchange component. The balance is being covered by AID assistance programmes. Work on the project has already started in February 1966.

## UNITED ARAB REPUBLIC.

### Suez Canal Expansion Project.

Amount	.. .. .	KD. 9,800,000
Interest	.. .. .	4% per year.
Period	.. .. .	5.7.64 — 15.12.79
Withdrawals	.. .. .	KD. 5,325,174.

This project aims at the modernization and improvement of the Suez Canal and related facilities. It involves mainly the following works :

- deepening of the Canal, its approaches and Port Said harbour to allow the transit of up to 40 ft. draft ships.
- construction of additional deep quays.
- expansion and equipment of the workshops and shipyards in Port Fouad to allow the simultaneous building of two ships up to 12,000 tons each.

The Fund loan, which was extended to the Suez Canal Authority under a U.A.R. Government guarantee, meets the whole foreign exchange component of a total estimated cost of 36 million Egyptian pounds.

The project, work on which began in mid-1963 in one stage in a long range programme for the improvement of the Suez Canal to accommodate the continuous increase in the sizes of modern ships. Implementation of the project, however, is progressing more slowly than expected.

## (2) Overall Survey

### (a) Geographical and Sectoral Distribution of Loans.

The following table shows the distribution of the Fund's loan commitments by recipient country and by general purpose.

**TABLE 4**

**Loan Commitments by Country and Purpose**

(Million KD)

	Transportation	Electric Power	Irrigation	Industry	Services	Total	%
Algeria	7.5					7.5	13.2
Jordan		0.24	4	3	0.175 0.085	7.5	13.2
Lebanon		2.4				2.4	4.2
Morocco			7.35 2.7			10.05	17.7
Sudan	7			1.7		8.7	15.3
Tunisia		4 4.6	2			10.6	18.7
U.A.R.	9.8					9.8	17.2
<b>Total</b>	<b>24.3</b>	<b>11.24</b>	<b>16.05</b>	<b>4.7</b>	<b>0.26</b>	<b>56.55</b>	
<b>%</b>	<b>43</b>	<b>19.8</b>	<b>28.3</b>	<b>8.3</b>	<b>0.4</b>		<b>100</b>

No special significance should be attached to the geographical distribution of loans, which changes rapidly as loans are granted during the year. In this respect the Fund's fundamental guideline has been, in this early stage of its activities, to spread operations among as many Arab countries as possible, taking into consideration available resources as well as the countries' relative needs for finance in general and for foreign exchange in particular.

As for the sectoral distribution, it is evident that the great bulk of the loans — over 90% — has been to infrastructure projects, in the transportation, power and irrigation sectors.

Industrial projects claim a comparatively modest share in Fund loans while service industries (tourist hotels) have a negligible proportion. Several considerations explain this fact which, as is well known, also characterizes the lending policy of international development lending agencies. The Fund, owing to its available staff capacity, tends to give preference to important projects which are ordinarily infrastructure undertakings. It is further be-

lieved that these types of projects, though perhaps modest in their direct rates of return, have in the longer run a considerable motivating force for generating development, a fact which explains the high priority rating given to those projects in the programmes of the borrowing Arab countries.

The Fund, however, does not follow in this respect any rigid line. It is prepared, in the light of its present limitations and commitments, to consider any sound project, regardless of the sector of economic activity to which it belongs.

**(b) Progress in loans and disbursements**

The following table shows cumulative loan commitments and disbursements during the past five years.

**TABLE 5**

**Loan Commitments and Disbursements**

1962/63 — 1966/67

(Million KD.)

	1962/63	1963/64	1964/65	1965/66	1966/67
<b>Commitments :</b>	14.5	20.5	37.8	39.5	56.55
Moving index	100	141.3	184.3	104.7	143
<b>Disbursements :</b>	0.776	5.03	15.8	24.24	31.04
Moving index		100	315	150	128

The very high average rate of increase in loan commitments may be noted : 43% annually on the average during the period and despite a pause between the third and fourth year. Disbursements have also progressed fairly rapidly, the relative slowing down during the last two years being due mainly to the slower progress in the implementation of two major projects.

**IV — CANDIDATE PROJECTS**

Below is a brief resume of projects which have reached a relatively advanced stage in the process of their evaluation :

## **ALGERIA.**

### **1. Haoud El Hamra-Arzew Oil Pipeline (Phases II and III).**

These phases of the project, which we have already mentioned before, are intended to increase the already installed pipeline capacity to 18.7 and 22 million tons per year respectively.

Phase II is designed to add three pumping stations, three crude oil tanks at the receiving terminal, five at the shipping terminal, and one offshore berth. Costs, including working capital, are estimated at K.D. 9.6 million of which about 70% represent foreign exchange requirements.

Phase III is designed to add one pumping unit at each one of the six pumping stations, one crude oil tank at the receiving and two at the shipping terminals, and an additional offshore berth. Costs, including working capital, are estimated at K.D. 3.86 million with about 57% in foreign exchange expenditures.

A loan amounting to K.D. 2.5 million, which would cover about 18% of the global costs and 28% of the foreign exchange component, has, as already noted, been granted on May 20, 1967.

## **UNITED ARAB REPUBLIC.**

### **1. U.A.R. Maritime Fleet Project.**

This project involves the construction of eleven general cargo ships in the Suez Canal Authority's shipyards. The ships will be operated on various international lines by the United Arab Maritime Company, a wholly government-owned corporation.

Benefits expected from this project include the increase in the very small percentage (less than 3%) of U.A.R. foreign trade carried at present by her merchant fleet, thus saving a significant portion of much needed foreign exchange expenditures. The construction of the ships will offer opportunities for the employment of over one thousand skilled workers, and their operation will help remedy the present underemployment of the United Arab Maritime Company staff.

Costs are estimated at K.D. 8.19 million (about L.E. 10 million) 56% of which or K.D. 4.588 million is in foreign exchange. A loan of K.D. 3.5



million, which would represent about 43% of the total cost and about 76% of the foreign exchange component, is envisaged.

## **YEMEN.**

### **1. Wadi Zabid Project.**

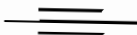
The Fund has agreed, at the Yemeni Government's proposal, to substitute Wadi Zabid for Wadi Surdud in a development programme the first stage of which is to be co-sponsored by the UNDP and the Fund with F.A.O. serving as executing agency.

The first two years' phase of this programme is expected to involve mainly a pre-investment study of the potentialities of Wadi Zabid in respect to water schemes, irrigation land use and farm extension, as well as assessment of the technical and economic feasibility of proposed schemes of development. The estimated cost, envisaged in a plan of operations proposed by FAO, is about 1,365,000 dollars, 60% of which would be financed by the UNDP and the rest by the Kuwait Fund, the latter shouldering the Yemeni Government part in financing the first phase of the project.

The second phase is to include actual investment activities that are to be based upon the results and recommendations of the pre-investment studies.

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In addition to the above mentioned projects, a number of other applications for the financing of projects, especially in Iraq, Jordan and the Lebanon are still in the processing stage.



**INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31st MARCH 967**

	KD. Fils		KD. Fils	
General and Administrative Expenses	233,547.419	Income and Earnings from Deposits and Investments	3,403,486.745	
Difference on exchange Net	9,589.763			
Provision for Staff Indemnities & Leave	9,614.930	Interest on Loans (Including interest payable with Loan Instalments)	1,061,687.999	
Economic Survey on Yemen Expenses	11,150.931			4,465,174.744
Depreciation	9,715.530			
Net Income	4,191,556.171			
	<u>4,465,174.744</u>			<u>4,465,174.744</u>

**BALANCE SHEET AS AT 31st MARCH 1967**

	K.D.	Fils.	K.D.	Fils.	K.D.	Fils.		K.D.	Fils.	K.D.	Fils.	K.D.	Fils.	
<b>Capital and Reserve</b>							<b>Cash and Investments</b>							
Declared Capital			200,000,000	.000			Cash on hand and at Banks					144,116	.560	
Paid-Up Capital			68,000,000	.000			<b>Deposits and Investments</b>							
							Fixed & Call deposits	38,783,219	.981					
<b>Reserve</b>							<b>Investments &amp; Bonds</b>	7,996,264	.260			46,779,484	.241	
Brought forward from previous years	7,002,447	.381					<b>Loans Committed</b>	56,550,000	.000					
Net Income for current year per account annexed	4,191,556	.171					Less — Undisbursed Balance	25,805,739	.807					
			11,194,003	.552	79,194,003	.552	Instalments due & Redeemed	30,744,260	.193					
<b>Total Capital &amp; Reserve</b>								744,800	.000			29,999,460	.193	
<b>Current Liabilities</b>							<b>Accrued Interest</b>							
Advance from Ministry of Finance & Oil	50,000	.000					On deposits & investments	1,945,293	.671					
Sundry Creditors & Accruals	65,487	.105					On loans	443,474	.096			2,388,767	.767	
			115,487	.105			Sundry Debtors & Prepaid Expenses					12,327	.639	
Provision for staff Indemnities & Leave			26,516	.242	142,003	.347	Fixed Assets — at cost less depreciation						79,324,156	.400
<b>Total Current Liabilities</b>							<b>Contra Accounts</b>							
<b>Contra Accounts</b>							Irrevocable Commitments					1,447,789	.132	
Banks — Irrevocable Commitments			1,447,789	.132			Ministry of Finance & Oil Pension Fund					1,765	.820	
Staff Pensions			1,765	.820								1,449,554	.952	
			1,449,554	.952	79,336,006	.899							79,336,006	.899

**AUDITOR'S REPORT**

We have examined the Balance Sheet of the Kuwait Fund for Arab Economic Development as at 31st. March, 1967, and the Income and Expenditure Account for the year ended at that date. We have obtained all the information and explanations deemed necessary for the purposes of our audit.

In our opinion the Fund has kept proper books of account and the Balance Sheet and Income and Expenditure Account are in accordance therewith. Our examination was conducted according to generally recognised Auditing Standards and therefore included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Investments were valued on same basis used in the previous years.

In our opinion and according to information and explanations given to us the Balance Sheet gives a true and fair view of Financial Situation of the Fund as at 31st. March, 1967, and the Income and Expenditure Account shows the net income for the year then ended according to information and explanations given to us and as shown by the books of the Fund.

Kuwait: 27th May, 1967.

Prof. Y. NAWAR F.C.A.  
Register of Auditors No. 6  
Senior Partner — Nawar & Co.,  
Chartered Accountant (London).