H.H. SHEIKH JABER AL-AHMAD AL-JABER AL-SABAH
AMIR OF THE STATE OF KUWAIT
H.H. SHEIKH SA'AD AL-ABDULLAH AL-SABAH
HEIR APPARENT AND PRIME MINISTER
<table>
<thead>
<tr>
<th><strong>Established</strong></th>
<th>31.12.1961</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>To assist Arab and other developing countries in developing their economies, inter alia, by providing them with such loans as may be necessary to facilitate the implementation of their development programmes.</td>
</tr>
<tr>
<td><strong>Capital statutory</strong></td>
<td>KD. 2,000 Million</td>
</tr>
<tr>
<td><strong>Paid-in</strong></td>
<td>KD. 781 Million</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>KD. 1,122.3 Million</td>
</tr>
<tr>
<td><strong>Eligible projects</strong></td>
<td>Projects having direct development impact and high priority rating.</td>
</tr>
<tr>
<td><strong>Technical assistance</strong></td>
<td>Pre-investment studies, technical and economic advisory services.</td>
</tr>
</tbody>
</table>
General Background

The Kuwait Fund for Arab Economic Development was established on December 31, 1961, which was soon after Kuwait gained its independence on February 25, 1961. The current financial year thus marks the twentieth anniversary of the Fund's existence. On this occasion the twentieth annual report is made to display a brief review of the phased development of the Fund, its subsequent changes and performance over the span of its record to date.

The Fund first was set up by the State of Kuwait as a national public corporation for economic development with the aim of assisting Arab countries in developing their economies and to provide them with loans on easy terms to finance their projects and development programmes. The statutory capital of the Fund was set at KD 50 million paid up by the State of Kuwait. The Fund is endowed by its charter with legal personality having financial, administrative and technical autonomy to carry out its responsibilities in conformity with the kind of methods and procedures it deems appropriate. As such, the Kuwait Fund is considered to be the first national aid-giving agency established by a developing country for the benefit of other developing countries.

From the start, the methods and procedures of the Fund have always been basically designed to ensure close cooperation with developing countries in helping their projects and development programmes which prove to be technically sound and economically viable.

This rendered it necessary to entrust its operations to high quality staff with various expertise in order that the Fund may not only be able to extend financial aid but also serve the interests of the recipients of aid by cooperating and extending advisory services in all technical, economic, financial and legal aspects related to the numerous stages of projects' implementation and operation.

During the two decades of its history the operations of the Fund saw two distinct and complementary phases. In the first phase, extending from the beginning of 1962 to mid 1974, its operations were restricted to the Arab countries. In the second phase, extending from mid 1974 up to date, the spread of its operations covered not only Arab countries but other developing countries as well. During the first phase its initial authorized capital of KD 50 million was doubled in 1963 to the KD 100 million level. This again was redoubled in 1966 to the KD 200 million level. And concomitant with the decision to extend the scope of the Fund's operations to cover all developing countries the authorized capital of the Fund was raised five-fold in 1974 to reach the level of KD 1000 million. These increments in the capital base were prompted on these successive occasions by the variations and increases in the Fund's scope of operations in the recipient countries and by the persistent desire of the State of Kuwait to provide the Fund with all the necessary resources to enable it to carry out its developmental efforts. Also, the State of Kuwait, on its part, provides direct aid to various developing countries.
In March 1981 the Law and Charter of the Fund were amended to give effect on the one hand to 100 per cent increase in the authorized capital to reach KD 2000 million and on the other hand to enlarging the Fund's powers, which had been confined up to that date to providing Arab and other developing countries with loans and technical assistance and grants for the implementation of their projects and development programmes. The amendment enabled the Fund to extend loans and contribute to capital stock of corporate bodies which are under the control, or have the nationality of any Arab or developing state or constitute a joint-venture among such states. Provided that such corporate bodies are of a developmental nature and contribute to the economic development process of such States and have developmental objectives not restricted to the mere profit making. Another feature of the amendment was to contribute to the capital of development finance institutions, international and non-Arab ones as well, whose aim is the economic development of the developing countries bilaterally or collectively. This amendment was thought appropriate in the operations of the Fund, particularly the allowance of participation in the capital stock, as this could provide the Fund with a new leverage for more cooperation with national, regional and international corporations and agencies which are not confined to commercial profit making and whose work have a developmental dimension. This would also enable the Fund to act as a catalyst to mobilise the resources of local and regional investment corporations and agencies and to encourage them for greater participation in the financing of development projects especially economically profitable and revenue yielding projects. Moreover, the objective of increasing the capital of the Fund was to enable it to expand its operation within a world economic environment characterized by inflation and an increasing need of the developing countries for concessional funds especially for the least developing countries.

The Fund's experience during the first years of its activities indicated that inspite of the Fund's prompt readiness and response to cooperate with many developing countries, it nevertheless was hampered by lack of properly prepared economic and technical studies. In view of this the Fund began from 1971 to be more actively engaged in extending grants and technical assistance for the purpose of identifying and preparing feasibility studies in order to be sure of their economic and technical soundness prior to their implementation. The Fund also began to finance staff missions to a number of countries to help prepare economic plans as well as encourage and foster the national units and institutions so that their technical and managerial cadres would become more self-reliant.

The implementation of projects sometimes requires substantial financial resources which makes it imperative that various sources must be pooled up. The Fund therefore favoured closer cooperation with other aid donors and stressed the continuous need for closer coordination to mobilize the necessary funds for the proper
implementation of projects. This was especially the case with Arab aid institutions which had recently become more active in coordinating their activities through periodic meetings as means of furthering the effective achievement of the development objectives.

On numerous occasions the Fund participated in various conferences and meetings designed to help the developing countries, and continued to represent the Government of Kuwait for discussions of development issues and to undertake responsibilities on behalf of Kuwait for economic assistance provided directly by the Government. With the closing of the fiscal year 1981/82 the Fund achieved two decades of aid for development. This period witnessed the expansion of its activities so that its commitments reached 220 loans with a total value of KD 992 million distributed among 56 Arab, Asian, African and other countries. In addition to this, the Fund extended technical assistance grants of KD 13 million distributed among 30 countries and a number of development agencies. The number of recipients of loans and grants thus became 59 countries.
<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Asian Countries</th>
<th>Other Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Algeria</td>
<td>44. Afghanistan</td>
<td>57. Cyprus</td>
</tr>
<tr>
<td>2. Bahrain</td>
<td>45. Bangladesh</td>
<td>58. Malta</td>
</tr>
<tr>
<td>3. Djibouti</td>
<td>46. India</td>
<td>59. Papua New Guinea</td>
</tr>
<tr>
<td>4. Egypt</td>
<td>47. Indonesia</td>
<td></td>
</tr>
<tr>
<td>5. Iraq</td>
<td>48. Malaysia</td>
<td></td>
</tr>
<tr>
<td>6. Jordan</td>
<td>49. Maldives</td>
<td></td>
</tr>
<tr>
<td>7. Lebanon</td>
<td>50. Nepal</td>
<td></td>
</tr>
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<td>8. Mauritania</td>
<td>51. Pakistan</td>
<td></td>
</tr>
<tr>
<td>9. Morocco</td>
<td>52. Philippines</td>
<td></td>
</tr>
<tr>
<td>10. Oman</td>
<td>53. Sri Lanka</td>
<td></td>
</tr>
<tr>
<td>11. Somalia</td>
<td>54. Thailand</td>
<td></td>
</tr>
<tr>
<td>12. Sudan</td>
<td>55. Turkey</td>
<td></td>
</tr>
<tr>
<td>13. Syria</td>
<td>56. Vietnam</td>
<td></td>
</tr>
<tr>
<td>14. Tunisia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Yemen N.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Yemen S.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>African Countries</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>22. Central Africa</td>
<td>30. Lesotho</td>
<td>41. Tanzania</td>
</tr>
<tr>
<td>23. Chad</td>
<td>31. Liberia</td>
<td>42. Uganda</td>
</tr>
<tr>
<td></td>
<td>33. Mali</td>
<td></td>
</tr>
</tbody>
</table>
Loan Commitments

The elapsed twenty years of the Fund history was marked by two complementary phases. In the first phase, from January 1, 1962 to December 31, 1974, the operations of the Fund were confined to the Arab countries alone, and loans were granted for developing their economies. In the second phase, from January 1, 1975 to June 30, 1982 the Fund took off to a wider scope of activity so that loans may be extended to Arab as well as other developing countries, and to projects which had been given a high priority rating by these countries. It must be emphasised once more that participation in these projects was undertaken only after they had been thoroughly studied, screened and appraised with regard to their viability and economic development impact.


The Fund was able during this period to reach an operational level of 47 loans to 12 Arab countries for a value of KD 158 million. The first loan of KD 7.0 million was extended to the Sudan and its agreement was signed on March 25, 1962 in less than three months of the date of the inception of the Fund. The purpose of the loan was to develop the railway system in the Sudan.

Table (1) illustrates the development of volume of loan operations during this period.

Table (1)
Loan Commitments

<table>
<thead>
<tr>
<th>Financial year (2)</th>
<th>Number of loans</th>
<th>Amount (KD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962/63</td>
<td>3</td>
<td>11.871</td>
</tr>
<tr>
<td>1963/64</td>
<td>3</td>
<td>6.216</td>
</tr>
<tr>
<td>1964/65</td>
<td>2</td>
<td>17.383</td>
</tr>
<tr>
<td>1965/66</td>
<td>1</td>
<td>1.673</td>
</tr>
<tr>
<td>1966/67</td>
<td>4</td>
<td>14.416</td>
</tr>
<tr>
<td>1967/68</td>
<td>3</td>
<td>10.213</td>
</tr>
<tr>
<td>1968/69</td>
<td>2</td>
<td>1.124</td>
</tr>
<tr>
<td>1969/70</td>
<td>1</td>
<td>6.997</td>
</tr>
<tr>
<td>1970/71</td>
<td>7</td>
<td>11.697</td>
</tr>
<tr>
<td>1971/72</td>
<td>5</td>
<td>11.140</td>
</tr>
<tr>
<td>1972/73</td>
<td>2</td>
<td>7.633</td>
</tr>
<tr>
<td>1973/74</td>
<td>8</td>
<td>31.437</td>
</tr>
<tr>
<td>April 1st 1974/</td>
<td>6</td>
<td>26.500</td>
</tr>
<tr>
<td>December 31st 1974</td>
<td></td>
<td>158.300</td>
</tr>
</tbody>
</table>

(1) Although, in July 1974, the Fund operations were enlarged to include all developing countries, no loan commitments were made to non-Arab countries before this date.

(2) Financial year (1 April — 30 March)
Table (2) shows the flow of loans to recipient countries and their respective shares:

Table (2)
Recipient Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of loans</th>
<th>Amount (KD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Algeria</td>
<td>2</td>
<td>9.998</td>
</tr>
<tr>
<td>2. Bahrain</td>
<td>4</td>
<td>9.343</td>
</tr>
<tr>
<td>3. Egypt</td>
<td>5</td>
<td>34.800</td>
</tr>
<tr>
<td>4. Iraq</td>
<td>2</td>
<td>6.386</td>
</tr>
<tr>
<td>5. Jordan</td>
<td>6</td>
<td>13.989</td>
</tr>
<tr>
<td>6. Lebanon</td>
<td>2</td>
<td>2.465</td>
</tr>
<tr>
<td>7. Morocco</td>
<td>4</td>
<td>11.448</td>
</tr>
<tr>
<td>8. Sudan</td>
<td>6</td>
<td>22.287</td>
</tr>
<tr>
<td>9. Syria</td>
<td>3</td>
<td>18.263</td>
</tr>
<tr>
<td>10. Tunisia</td>
<td>7</td>
<td>19.306</td>
</tr>
<tr>
<td>11. Yemen North</td>
<td>4</td>
<td>5.485</td>
</tr>
<tr>
<td>12. Yemen South</td>
<td>2</td>
<td>4.530</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47</strong></td>
<td><strong>158.300</strong></td>
</tr>
</tbody>
</table>
The above mentioned loans contributed to financing several infrastructural projects which were considered of high priority rating by the borrowers. They were approved by the Board of Directors after careful study, preparation and appraisal.

Table (3) shows the sectoral distribution of loans and the respective share of each sector in the total loan commitments.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Loans</th>
<th>Amount (KD Million)</th>
<th>Share of total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Primary Sector</td>
<td>11</td>
<td>36.094</td>
<td>22.2</td>
</tr>
<tr>
<td>Transport, Communications and Storage</td>
<td>12</td>
<td>56.845</td>
<td>35.9</td>
</tr>
<tr>
<td>Electricity</td>
<td>7</td>
<td>33.151</td>
<td>20.9</td>
</tr>
<tr>
<td>Industry</td>
<td>14</td>
<td>32.276</td>
<td>20.4</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>0.934</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>158.300</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Sectoral Distribution of Fund Loans
The scope and work of the Fund was extended during this period to include in addition to the Arab countries, Asian, African and other countries. The operation volume reached 173 loans for a value of KD 834 million distributed among 54 countries. The recipients’ list included 14 Arab countries, 13 Asian countries, 24 African countries and 3 other countries, Malta, Papua New Guinea and Cyprus. Table (4) shows the respective share of these groups.

Table (4)
Geographical Distribution of Fund Loans
(1.1.1975 — 30.6.1982)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Number of Countries</th>
<th>Number of Loans</th>
<th>Amount (KD Million)</th>
<th>Share of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab Countries</td>
<td>14</td>
<td>78</td>
<td>406.886</td>
<td>48.8</td>
</tr>
<tr>
<td>African Countries</td>
<td>24</td>
<td>50</td>
<td>174.208</td>
<td>20.9</td>
</tr>
<tr>
<td>Asian Countries</td>
<td>13</td>
<td>41</td>
<td>247.162</td>
<td>29.6</td>
</tr>
<tr>
<td>Other Countries</td>
<td>3</td>
<td>4</td>
<td>5.830</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54</strong></td>
<td><strong>173</strong></td>
<td><strong>834.086</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
The salient feature of this period was the increased operational load of the Fund as a result of the widening of its scope of work to include African, Asian and other countries. This encompassed 42 new additional countries. This expansion of activities expresses a strong desire of the Fund to further the development process and intensify its efforts and to respond favourably to more effective cooperation with the recipient countries with all the necessary speed and flexibility. Table (5) shows recipients of loans during this period.

Table (5)
Recipient Countries
(1.1.1975 — 30.6.1982)

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Number of Loans</th>
<th>Amount (KD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab Countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Bahrain</td>
<td>2</td>
<td>12.310</td>
</tr>
<tr>
<td>2. Djibouti</td>
<td>2</td>
<td>5.000</td>
</tr>
<tr>
<td>3. Egypt</td>
<td>5</td>
<td>26.631</td>
</tr>
<tr>
<td>4. Jordan</td>
<td>9</td>
<td>58.330</td>
</tr>
<tr>
<td>5. Lebanon</td>
<td>1</td>
<td>8.000</td>
</tr>
<tr>
<td>6. Mauritania</td>
<td>7</td>
<td>38.189</td>
</tr>
<tr>
<td>7. Morocco</td>
<td>6</td>
<td>44.500</td>
</tr>
<tr>
<td>8. Oman</td>
<td>4</td>
<td>21.700</td>
</tr>
<tr>
<td>9. Somalia</td>
<td>4</td>
<td>30.545</td>
</tr>
<tr>
<td>10. Sudan</td>
<td>7</td>
<td>34.900</td>
</tr>
<tr>
<td>11. Syria</td>
<td>3</td>
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</tr>
<tr>
<td>12. Tunisia</td>
<td>12</td>
<td>62.587</td>
</tr>
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<td>13. Yemen N.</td>
<td>11</td>
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</tr>
<tr>
<td>14. Yemen S.</td>
<td>5</td>
<td>16.000</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>406.886</td>
</tr>
<tr>
<td>Recipient</td>
<td>Number of Loans</td>
<td>Amount (KD Million)</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------</td>
<td>---------------------</td>
</tr>
<tr>
<td><strong>African Countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Angola</td>
<td>1</td>
<td>3.700</td>
</tr>
<tr>
<td>2. Benin</td>
<td>1</td>
<td>2.250</td>
</tr>
<tr>
<td>3. Botswana</td>
<td>2</td>
<td>3.100</td>
</tr>
<tr>
<td>4. Burundi</td>
<td>4</td>
<td>4.860</td>
</tr>
<tr>
<td>5. Cameroon</td>
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<td>10.500</td>
</tr>
<tr>
<td>6. Central Africa</td>
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<td>1.420</td>
</tr>
<tr>
<td>7. Comores</td>
<td>4</td>
<td>7.257</td>
</tr>
<tr>
<td>8. Congo</td>
<td>3</td>
<td>10.700</td>
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<td>9. Gambia</td>
<td>3</td>
<td>9.000</td>
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<tr>
<td>10. Ghana</td>
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<td>12.970</td>
</tr>
<tr>
<td>11. Guinea</td>
<td>1</td>
<td>2.700</td>
</tr>
<tr>
<td>12. Guinea Bissau</td>
<td>1</td>
<td>2.000</td>
</tr>
<tr>
<td>13. Lesotho</td>
<td>1</td>
<td>1.200</td>
</tr>
<tr>
<td>14. Liberia</td>
<td>1</td>
<td>2.200</td>
</tr>
<tr>
<td>15. Madagascar</td>
<td>2</td>
<td>5.000</td>
</tr>
<tr>
<td>16. Mali</td>
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<td>20.000</td>
</tr>
<tr>
<td>17. Mauritius</td>
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<td>5.500</td>
</tr>
<tr>
<td>18. Mozambique</td>
<td>2</td>
<td>5.500</td>
</tr>
<tr>
<td>19. Niger</td>
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<td>3.000</td>
</tr>
<tr>
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<td>23. Uganda</td>
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<td>5.750</td>
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<td>24. Zimbabwe</td>
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<td>12.600</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>174.207</strong></td>
</tr>
<tr>
<td>Recipient</td>
<td>Number of Loans</td>
<td>Amount (KD Million)</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------</td>
<td>---------------------</td>
</tr>
<tr>
<td><strong>Asian Countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Afghanistan</td>
<td>1</td>
<td>8.845</td>
</tr>
<tr>
<td>2. Bangladesh</td>
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<td>34.700</td>
</tr>
<tr>
<td>3. India</td>
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<tr>
<td>5. Malaysia</td>
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<td>15.400</td>
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<td>6. Maldives</td>
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<td>6.550</td>
</tr>
<tr>
<td>7. Nepal</td>
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<td>7.000</td>
</tr>
<tr>
<td>8. Pakistan</td>
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<td>45.800</td>
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<tr>
<td>9. Philippines</td>
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<td>3.500</td>
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<tr>
<td>10. Sri Lanka</td>
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<td>8.070</td>
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<td>11. Thailand</td>
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<td>19.997</td>
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<tr>
<td>12. Turkey</td>
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<td>7.000</td>
</tr>
<tr>
<td>13. Vietnam</td>
<td>1</td>
<td>2.900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>247.162</strong></td>
</tr>
<tr>
<td><strong>Other Countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Cyprus</td>
<td>2</td>
<td>3.630</td>
</tr>
<tr>
<td>2. Malta</td>
<td>1</td>
<td>1.200</td>
</tr>
<tr>
<td>3. Papua New Guinea</td>
<td>1</td>
<td>1.000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4</strong></td>
<td><strong>5.830</strong></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>173</strong></td>
<td><strong>834.086</strong></td>
</tr>
</tbody>
</table>
Table (6) displays the distribution of the Fund’s loans to group of countries with respect to their economic sectors.

### Table (6)

**Geographical and Sectoral Distribution of Fund Loans**  
(1.1.1975 — 30.6.1982)  
(KD Million)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Sector</th>
<th>Agriculture and Primary Sector</th>
<th>Transport Communications &amp; Storage</th>
<th>Electricity</th>
<th>Industry</th>
<th>Water &amp; Sewage</th>
<th>Others</th>
<th>Total</th>
<th>Share of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab Countries</td>
<td></td>
<td>92.685</td>
<td>127.504</td>
<td>58.250</td>
<td>91.217</td>
<td>27.300</td>
<td>9.930</td>
<td>406.886</td>
<td>48.8</td>
</tr>
<tr>
<td>African Countries</td>
<td></td>
<td>38.010</td>
<td>84.828</td>
<td>29.870</td>
<td>17.500</td>
<td>4.000</td>
<td>—</td>
<td>174.208</td>
<td>20.9</td>
</tr>
<tr>
<td>Asian Countries</td>
<td></td>
<td>23.000</td>
<td>44.950</td>
<td>147.047</td>
<td>19.915</td>
<td>12.250</td>
<td>—</td>
<td>247.162</td>
<td>29.6</td>
</tr>
<tr>
<td>Other Countries</td>
<td></td>
<td>3.700</td>
<td>2.130</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5.830</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>157.395</strong></td>
<td><strong>259.412</strong></td>
<td><strong>235.167</strong></td>
<td><strong>128.632</strong></td>
<td><strong>43.550</strong></td>
<td><strong>9.930</strong></td>
<td><strong>834.086</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>Share of Total (%)</strong></td>
<td></td>
<td><strong>18.9</strong></td>
<td><strong>31.1</strong></td>
<td><strong>28.2</strong></td>
<td><strong>15.4</strong></td>
<td><strong>5.2</strong></td>
<td><strong>1.2</strong></td>
<td><strong>100.0</strong></td>
<td>—</td>
</tr>
</tbody>
</table>

Commanding first place in the distribution of loans was transport, communication and storage with about (31.1%) of total Fund commitments, during the period of the Fund activities from 1.1.1975 to 30.6.1982, followed by power (28.2%) and agriculture and primary sector (18.9%). The two sectors agriculture and power constituted together a share of (47.1%) of the total Fund contribution. This is of course omits the contribution that transport, communications and storage sector contributed directly and indirectly towards developing agriculture which has a pivotal position in the economies of the developing countries. Agriculture and power are naturally of top priority in the development strategy so much so that they call for all the support and efforts they can get to enhance the development process.
Sectoral Distribution of Fund Loans
(1.1.1975 — 30.6.1982)
Veterinary Cordon Fences — Completed — Botswana

Mogadiscio Power Station — Completed — Somalia
The Fund Operations (1.1.1962 - 30.6.1982)

The lending operations of the Fund during this period comprised 220 loans for a value of about KD 992.4 million distributed among 56 countries. They were 16 Arab countries, 24 African countries, 13 Asian countries in addition to Malta, Cyprus and Papua New Guinea. Table (7) shows the geographical and sectoral distribution of these loans.

The sector components of these loans were transport, communication and storage (31.9%), power (27%), agriculture (19.4%), industry (16.2%), water and sewage (4.4%) and others (1.1%). On the other hand, the group of countries components of these loans were: Arab countries (56.9%), African countries (17.6%), and the Asian countries (24.9%). The reason for the relative high share of the Arab countries was due to the fact that the Fund’s operations were confined to this group until the end of 1974.
<table>
<thead>
<tr>
<th>Countries</th>
<th>Agriculture and Primary Sector</th>
<th>Transport Communications &amp; Storage</th>
<th>Electricity</th>
<th>Industry</th>
<th>Water &amp; Sewage</th>
<th>Others</th>
<th>Total</th>
<th>Share of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab Countries</td>
<td>127.780</td>
<td>184.349</td>
<td>91.401</td>
<td>123.493</td>
<td>27.300</td>
<td>10.864</td>
<td>565.187</td>
<td>56.9</td>
</tr>
<tr>
<td>African Countries</td>
<td>38.010</td>
<td>84.828</td>
<td>29.870</td>
<td>17.500</td>
<td>4.000</td>
<td></td>
<td>174.208</td>
<td>17.6</td>
</tr>
<tr>
<td>Asian Countries</td>
<td>23.000</td>
<td>44.950</td>
<td>147.047</td>
<td>19.915</td>
<td>12.250</td>
<td></td>
<td>247.162</td>
<td>24.9</td>
</tr>
<tr>
<td>Other Countries</td>
<td>3.700</td>
<td>2.130</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
<td>5.830</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>192.490</strong></td>
<td><strong>316.257</strong></td>
<td><strong>266.318</strong></td>
<td><strong>160.908</strong></td>
<td><strong>43.550</strong></td>
<td><strong>10.864</strong></td>
<td><strong>992.387</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>Share of Total (%)</strong></td>
<td>19.4</td>
<td>31.9</td>
<td>27.0</td>
<td>16.2</td>
<td>4.4</td>
<td>1.1</td>
<td>100.0</td>
<td>—</td>
</tr>
</tbody>
</table>
Sectoral Distribution of Fund Loans
(1.1.1962 — 30.6.1982)
Coffee Improvement — Completed — Burundi

Bujumbura Mutambara Road — Burundi
The previous Table (1) and the following Table (8) indicate the change in the flow of the Fund loans with respect to their number and total value.

Table (8)
Annual Loan Commitments

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Number of Loans</th>
<th>Amount (KD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.1962 — 30.3.1974(^{(1)})</td>
<td>41</td>
<td>131.800</td>
</tr>
<tr>
<td>1974-75</td>
<td>6</td>
<td>26.500</td>
</tr>
<tr>
<td>1975-76(^{(2)})</td>
<td>34</td>
<td>158.986</td>
</tr>
<tr>
<td>1976-77(^{(3)})</td>
<td>22</td>
<td>108.486</td>
</tr>
<tr>
<td>1977-78</td>
<td>14</td>
<td>57.520</td>
</tr>
<tr>
<td>1978-79</td>
<td>25</td>
<td>100.350</td>
</tr>
<tr>
<td>1979-80</td>
<td>20</td>
<td>71.930</td>
</tr>
<tr>
<td>1980-81</td>
<td>24</td>
<td>121.870</td>
</tr>
<tr>
<td>1981-82</td>
<td>34</td>
<td>214.945</td>
</tr>
<tr>
<td>Total</td>
<td>220</td>
<td>992.387</td>
</tr>
</tbody>
</table>

The previous Table (1) and Table (8) indicate fluctuations in the number and values of the Fund loans during these years. It is worth noting that these fluctuations have a special implication for the works and operations of the Fund. They reflect the concern and the response of the Fund to participate in projects which are properly prepared and whose suitability and viability have been thoroughly ascertained. They also indicate the flexibility exercised by the Fund in allocating its resources, in such a way and within its available technical and financial means to projects which would otherwise experience delays in implementation caused by lack of funds.

---
(1) See Table (1)
(2) 1.4.1975 — 30.6.1976
(3) The fiscal year begins July 1st and ends June 30th for this year and the subsequent years.
Financial Year 1981/82

The twentieth financial year 1981/82 for the Fund was a conspicuously vigorous year in number and volume of operations compared with the load of the preceding years. The year resulted in 34 loans with a total value of KD 215 million. The beneficiaries were 24 countries of which 9 were Arab, 10 African and 5 Asian. Table (9) shows the geographical and sectoral distribution of Fund loans for this year. It indicates a share of loans of (45%) to the Arab countries, (27.3%) to the African countries and (27.7%) to the Asian countries. The breakdown with respect to sectors during the year indicated that agriculture and primary sector was at the top with a share of (28.2%) and followed by power (26.4%), transport, communication and storage (26.3%), water and sewage (13.4%) and industry (5.7%). The high share of agriculture reflects the Fund’s continued support to this sector and its consistent efforts to assist the developing countries in accordance with their developmental priorities and the role of their respective economic sectors.

Table (9)
Geographical and Sectoral Distribution of Fund Loans
(1.7.1981 — 30.6.1982)
(KD Million)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Agriculture and Primary Sector</th>
<th>Transport, Communications &amp; Storage</th>
<th>Electricity</th>
<th>Industry</th>
<th>Water &amp; Sewage</th>
<th>Others</th>
<th>Total</th>
<th>Share of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab Countries</td>
<td>31.545</td>
<td>14.000</td>
<td>26.500</td>
<td>12.200</td>
<td>12.500</td>
<td>—</td>
<td>96.745</td>
<td>45.0</td>
</tr>
<tr>
<td>African Countries</td>
<td>29.100</td>
<td>25.550</td>
<td>—</td>
<td>—</td>
<td>4.000</td>
<td>—</td>
<td>58.650</td>
<td>27.3</td>
</tr>
<tr>
<td>Asian Countries</td>
<td>—</td>
<td>17.000</td>
<td>30.300</td>
<td>—</td>
<td>12.250</td>
<td>—</td>
<td>59.550</td>
<td>27.7</td>
</tr>
<tr>
<td>Other Countries</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>60.645</td>
<td>56.550</td>
<td>56.800</td>
<td>12.200</td>
<td>28.750</td>
<td>—</td>
<td>214.945</td>
<td>100.0</td>
</tr>
<tr>
<td>Share of Total (%)</td>
<td>28.2</td>
<td>26.3</td>
<td>26.4</td>
<td>5.7</td>
<td>13.4</td>
<td>—</td>
<td>100.0</td>
<td>—</td>
</tr>
</tbody>
</table>
Table (10) displays project commitments of the Fund as well as their terms of lending. It illustrates the maturities of loans to range from 15.9 to 44.2 years, grace period between 2.4 to 9.4 years, interest between 1% to 4% per annum and grant element between 34.3% to 77.9%.

<table>
<thead>
<tr>
<th>Country</th>
<th>Project</th>
<th>Date of Agreement</th>
<th>Amount (KD Million)</th>
<th>Interest (%)</th>
<th>Period (Years)</th>
<th>Grace (Years)</th>
<th>Grant Element (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab Countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Djibouti</td>
<td>Djibouti Port Development</td>
<td>4.11.1981</td>
<td>3.50</td>
<td>2.0</td>
<td>21.6</td>
<td>4.6</td>
<td>54.6</td>
</tr>
<tr>
<td>2. Jordan</td>
<td>Amman Water Supply</td>
<td>4.11.1981</td>
<td>7.00</td>
<td>4.0</td>
<td>19.7</td>
<td>4.7</td>
<td>39.5</td>
</tr>
<tr>
<td></td>
<td>Ghor Safi Irrigation</td>
<td>4.11.1981</td>
<td>8.00</td>
<td>3.0</td>
<td>26.7</td>
<td>6.7</td>
<td>53.3</td>
</tr>
<tr>
<td></td>
<td>Electric Power (4)</td>
<td>25.1.1982</td>
<td>6.00</td>
<td>4.0</td>
<td>24.2</td>
<td>4.2</td>
<td>41.8</td>
</tr>
<tr>
<td>3. Mauritania</td>
<td>Senegal River Basin</td>
<td>12.6.1982</td>
<td>5.70</td>
<td>2.0</td>
<td>44.2</td>
<td>9.2</td>
<td>70.1</td>
</tr>
<tr>
<td>4. Morocco</td>
<td>Central Haous Agriculture</td>
<td>29.5.1982</td>
<td>10.00</td>
<td>3.0</td>
<td>28.7</td>
<td>5.7</td>
<td>51.0</td>
</tr>
<tr>
<td>5. Oman</td>
<td>Al-Rusayal Cement</td>
<td>18.2.1982</td>
<td>8.20</td>
<td>4.0</td>
<td>16.7</td>
<td>2.7</td>
<td>34.3</td>
</tr>
<tr>
<td>6. Somalia</td>
<td>Mogambo Irrigation</td>
<td>14.7.1981</td>
<td>7.84</td>
<td>1.5</td>
<td>35.0</td>
<td>5.0</td>
<td>67.7</td>
</tr>
<tr>
<td></td>
<td>Mogadiscio Power Expansion</td>
<td>8.3.1982</td>
<td>10.50</td>
<td>1.5</td>
<td>29.7</td>
<td>4.7</td>
<td>64.6</td>
</tr>
<tr>
<td>7. Tunisia</td>
<td>Treated Sewage water for Irrigation</td>
<td>24.12.1981</td>
<td>5.50</td>
<td>3.0</td>
<td>24.7</td>
<td>6.7</td>
<td>52.2</td>
</tr>
<tr>
<td></td>
<td>Tunisia City Railway</td>
<td>4.2.1982</td>
<td>7.50</td>
<td>4.0</td>
<td>19.5</td>
<td>4.5</td>
<td>39.0</td>
</tr>
<tr>
<td>8. Yemen N.</td>
<td>Operations of the Industrial Bank</td>
<td>25.1.1982</td>
<td>4.00</td>
<td>4.0</td>
<td>18.5</td>
<td>4.2</td>
<td>38.0</td>
</tr>
<tr>
<td></td>
<td>Electric Power (Stage II)</td>
<td>24.5.1982</td>
<td>10.00</td>
<td>3.0</td>
<td>24.4</td>
<td>4.4</td>
<td>49.4</td>
</tr>
<tr>
<td>9. Yemen S.</td>
<td>Naqabah-Nisab Road</td>
<td>27.7.1981</td>
<td>3.00</td>
<td>1.5</td>
<td>30.1</td>
<td>6.1</td>
<td>66.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>African Countries</th>
<th>Project</th>
<th>Date of Agreement</th>
<th>Amount (KD Million)</th>
<th>Interest (%)</th>
<th>Period (Years)</th>
<th>Grace (Years)</th>
<th>Grant Element (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Angola</td>
<td>Fishery</td>
<td>8.3.1982</td>
<td>3.70</td>
<td>3.0</td>
<td>23.4</td>
<td>3.4</td>
<td>47.4</td>
</tr>
<tr>
<td>2. Botswana</td>
<td>Vetrinary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cordon Fences</td>
<td></td>
<td>4.7.1981</td>
<td>3.0</td>
<td>15.9</td>
<td>2.9</td>
<td>39.9</td>
</tr>
<tr>
<td>Country</td>
<td>Project</td>
<td>Date of Agreement</td>
<td>Amount (KD Million)</td>
<td>Interest (%)</td>
<td>Period (Years)</td>
<td>Grace (Years)</td>
<td>Grant Element (%)</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------------------</td>
<td>-------------------</td>
<td>---------------------</td>
<td>--------------</td>
<td>----------------</td>
<td>---------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Burundi</td>
<td>Mutambara-Nyanza Lake Road</td>
<td>4.11.1981</td>
<td>2.25</td>
<td>3.0</td>
<td>24.6</td>
<td>4.1</td>
<td>49.1</td>
</tr>
<tr>
<td></td>
<td>Telecommunication</td>
<td>7. 7.1981</td>
<td>1.00</td>
<td>1.0</td>
<td>39.4</td>
<td>9.4</td>
<td>77.9</td>
</tr>
<tr>
<td></td>
<td>Mutsamudu Port Development</td>
<td>18. 2.1982</td>
<td>3.00</td>
<td>1.0</td>
<td>39.3</td>
<td>9.3</td>
<td>77.8</td>
</tr>
<tr>
<td>Mali</td>
<td>Senegal River Basin</td>
<td>12. 6.1982</td>
<td>10.80</td>
<td>2.0</td>
<td>44.2</td>
<td>9.2</td>
<td>70.1</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Mare-Aux-Vacoas</td>
<td>18. 2.1982</td>
<td>4.00</td>
<td>3.5</td>
<td>23.6</td>
<td>3.6</td>
<td>44.2</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Telecommunication Improvement</td>
<td>25. 1.1982</td>
<td>1.00</td>
<td>3.0</td>
<td>19.8</td>
<td>2.8</td>
<td>43.7</td>
</tr>
<tr>
<td></td>
<td>Cuchamano-Zombewe Road</td>
<td>18. 2.1982</td>
<td>4.50</td>
<td>2.0</td>
<td>24.7</td>
<td>4.7</td>
<td>57.4</td>
</tr>
<tr>
<td>Rwanda</td>
<td>Kilgali-Kanombe Airport</td>
<td>14.10.1981</td>
<td>1.20</td>
<td>2.0</td>
<td>23.3</td>
<td>3.3</td>
<td>54.2</td>
</tr>
<tr>
<td>Senegal</td>
<td>Senegal River Basin</td>
<td>12. 6.1982</td>
<td>13.50</td>
<td>2.0</td>
<td>44.2</td>
<td>9.2</td>
<td>70.1</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>Increase of Tractive Power of Railways</td>
<td>25. 7.1981</td>
<td>8.00</td>
<td>4.0</td>
<td>21.0</td>
<td>3.3</td>
<td>38.7</td>
</tr>
<tr>
<td></td>
<td>Increase of Tractive Power of Railways(Suppl.)</td>
<td>8. 3.1982</td>
<td>4.60</td>
<td>4.0</td>
<td>20.4</td>
<td>2.4</td>
<td>37.1</td>
</tr>
</tbody>
</table>

**Asian Countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Project</th>
<th>Date of Agreement</th>
<th>Amount (KD Million)</th>
<th>Interest (%)</th>
<th>Period (Years)</th>
<th>Grace (Years)</th>
<th>Grant Element (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Tubewells</td>
<td>14. 7.1981</td>
<td>7.75</td>
<td>1.5</td>
<td>32.0</td>
<td>7.0</td>
<td>68.4</td>
</tr>
<tr>
<td>India</td>
<td>Anpara Power</td>
<td>22. 9.1981</td>
<td>9.00</td>
<td>4.0</td>
<td>24.5</td>
<td>4.5</td>
<td>42.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Bandung Power Distribution</td>
<td>14. 7.1981</td>
<td>10.30</td>
<td>4.0</td>
<td>19.4</td>
<td>4.4</td>
<td>38.9</td>
</tr>
<tr>
<td></td>
<td>Jakarta-Cikampek Highway</td>
<td>21.11.1981</td>
<td>17.00</td>
<td>4.0</td>
<td>22.7</td>
<td>5.7</td>
<td>42.5</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Baluchistan Rural Electrification</td>
<td>14. 7.1981</td>
<td>4.0</td>
<td>2.0</td>
<td>29.8</td>
<td>4.8</td>
<td>60.8</td>
</tr>
<tr>
<td></td>
<td>Quetta and Gadani Potable Water in Baluchistan</td>
<td>21.10.1981</td>
<td>4.50</td>
<td>1.5</td>
<td>31.5</td>
<td>6.5</td>
<td>67.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>Bang Pakong Power</td>
<td>22. 9.1981</td>
<td>7.00</td>
<td>4.0</td>
<td>24.7</td>
<td>4.7</td>
<td>42.5</td>
</tr>
</tbody>
</table>
Terms Of Lending

The Fund from its inception has been consistently concerned that its lending should be on concessional terms with respect to maturity, grace periods, and interest rates on withdrawn and undischarged balances. The Fund differentiated its terms of lending amount its beneficiaries in accordance with a variety of factors such as economic conditions in the borrower country, its ability to service its debt burden, the nature of the project concerned and its financial and economic rate of return as well as the period of implementation.

With the exception of two projects of the 220 projects financed by the Fund during the last two decades up to June 30th 1982, terms of lending were set as follows:

<table>
<thead>
<tr>
<th>Maturity</th>
<th>9.6 — 49.4 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grace</td>
<td>0.7 — 10.4 years</td>
</tr>
<tr>
<td>Interest</td>
<td>0.5 — 5.5% per annum</td>
</tr>
</tbody>
</table>

These terms have the following weighted average:

<table>
<thead>
<tr>
<th>Maturity</th>
<th>22.5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grace</td>
<td>4.5 years</td>
</tr>
<tr>
<td>Interest</td>
<td>3.4% per annum</td>
</tr>
</tbody>
</table>

These terms of lending collectively determine the grant element in the Fund’s lending operations. They ranged from 25% to 85.8% with a weighted average of 46%, using a rate of discount of 10% of the present value of repayment and interest charges.

From the very beginning of its operations the Fund has continued paying so much attention to keeping its terms of lending concessional inspite of the increasing rates of interest in the world capital markets. This is due to the conviction that the developing countries and especially the least developed among them have been and shall be in continuous need for increased concessional lending. Moreover, the Fund loans are free from procurement-tying and thus it is the Fund policy that contracts for Fund-financed projects should be made on the basis of international competitive bidding to give recipient countries the benefit to award contracts to qualified and proficient competitors at suitable prices.

This freedom from tying aid funds gives the Fund loans a vantage quality over loans from other aid agencies and donors which have maintained and more recently increased their restrictions on aid.
Kef Chefaïer Phosphate — Completed — Tunisia

Fishing Ports — Completed — Tunisia

La Goulette Electricity — Completed — Tunisia
The Fund started its operations in the technical assistance field at the beginning of 1971. In the ten year period up to June 30th 1982 the Fund extended 65 technical assistance grants totalling KD 13.18 million. The purpose of these grants was to assist countries to identify, study, and prepare projects in a sound manner. They were also aimed to meet gaps for institution building and staff training required for an effective performance of developmental tasks. The country group distribution of technical assistance grants assigned 10 to Arab countries, 14 to African countries, and 5 to Asian countries (in addition to Malta). A number of institutions concerned with development issues also benefited from these grants. Table (11) illustrates the number and values of technical assistance grants to recipients.

Table (11)
Geographical Distribution of Technical Assistance Grants up to 30.6.1982

<table>
<thead>
<tr>
<th>Countries</th>
<th>Number of Grants</th>
<th>Amount (KD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Arab Countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Bahrain</td>
<td>3</td>
<td>370,000</td>
</tr>
<tr>
<td>2. Djibouti</td>
<td>1</td>
<td>150,000</td>
</tr>
<tr>
<td>3. Jordan</td>
<td>1</td>
<td>44,987</td>
</tr>
<tr>
<td>4. Mauritania</td>
<td>3</td>
<td>489,781</td>
</tr>
<tr>
<td>5. Oman</td>
<td>1</td>
<td>150,000</td>
</tr>
<tr>
<td>6. Somalia</td>
<td>2</td>
<td>704,000</td>
</tr>
<tr>
<td>7. Sudan</td>
<td>3</td>
<td>440,713</td>
</tr>
<tr>
<td>8. Syria</td>
<td>1</td>
<td>150,000</td>
</tr>
<tr>
<td>9. Yemen North</td>
<td>10</td>
<td>718,404</td>
</tr>
<tr>
<td>10. Yemen South</td>
<td>6</td>
<td>576,185</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31</td>
<td><strong>3,794,070</strong></td>
</tr>
<tr>
<td>Countries</td>
<td>Number of Grants</td>
<td>Amount (KD)</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------------------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>African Countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Angola</td>
<td>1</td>
<td>570,000</td>
</tr>
<tr>
<td>2. Chad</td>
<td>1</td>
<td>14,868</td>
</tr>
<tr>
<td>3. Comoros</td>
<td>3</td>
<td>550,000</td>
</tr>
<tr>
<td>4. Gambia</td>
<td>2</td>
<td>276,864</td>
</tr>
<tr>
<td>5. Guinea</td>
<td>2</td>
<td>316,613</td>
</tr>
<tr>
<td>6. Guinea-Bissau</td>
<td>1</td>
<td>200,000</td>
</tr>
<tr>
<td>7. Mali</td>
<td>1</td>
<td>200,000</td>
</tr>
<tr>
<td>8. Mozambique</td>
<td>3</td>
<td>910,000</td>
</tr>
<tr>
<td>9. Rwanda</td>
<td>1</td>
<td>100,000</td>
</tr>
<tr>
<td>10. Senegal</td>
<td>1</td>
<td>200,000</td>
</tr>
<tr>
<td>11. Seychelles</td>
<td>1</td>
<td>300,000</td>
</tr>
<tr>
<td>12. Sierra Leone</td>
<td>1</td>
<td>120,000</td>
</tr>
<tr>
<td>13. Uganda</td>
<td>2</td>
<td>330,000</td>
</tr>
<tr>
<td>14. Zimbabwe</td>
<td>1</td>
<td>350,000</td>
</tr>
<tr>
<td>(Mali, Mauritania,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senegal) OMVS</td>
<td>1</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>22</td>
<td>4,588,345</td>
</tr>
<tr>
<td><strong>Asian Countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Afghanistan</td>
<td>1</td>
<td>433,000</td>
</tr>
<tr>
<td>2. Maldives</td>
<td>4</td>
<td>662,838</td>
</tr>
<tr>
<td>3. Nepal</td>
<td>1</td>
<td>75,000</td>
</tr>
<tr>
<td>4. Turkey</td>
<td>1</td>
<td>500,000</td>
</tr>
<tr>
<td>5. Vietnam</td>
<td>1</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8</td>
<td>1,820,838</td>
</tr>
<tr>
<td><strong>Other Countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Malta</td>
<td>1</td>
<td>42,581</td>
</tr>
<tr>
<td><strong>Institutions</strong></td>
<td>3</td>
<td>2,937,478</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>65</td>
<td>13,183,312</td>
</tr>
</tbody>
</table>
During the financial year 1981/82 the Fund extended 5 technical assistance grants totalling KD 1.74 million to 5 countries as illustrated by Table (12).

**Table (12)**

**Technical Assistance Grants**

**1981 — 1982**

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Purpose</th>
<th>Amount (KD)</th>
<th>Date of Approval by the Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Arab Countries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mauritania</td>
<td>Recruitment of staff for the National Development Fund</td>
<td>220,000</td>
<td>3. 2.1982</td>
</tr>
<tr>
<td><strong>African Countries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Angola</td>
<td>Cambambe Dam purchase of Sea Transport Vessel</td>
<td>570,000</td>
<td>28.10.1981</td>
</tr>
<tr>
<td>2. Comoros</td>
<td></td>
<td>200,000</td>
<td>26. 5.1982</td>
</tr>
<tr>
<td><strong>Asian Countries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Maldives</td>
<td>Expert Service to Operate Hululie Airport</td>
<td>250,000</td>
<td>3. 2.1982</td>
</tr>
<tr>
<td>2. Turkey</td>
<td>Ankara Water Supply</td>
<td>500,000</td>
<td>3. 2.1982</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,740,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
Phosphate Fertilizer — Jordan
Other Activities Of The Fund

There are numerous activities of the Fund beside the generally known one of providing loans and technical assistance to its borrowers which are of no lesser relevant to its work of development financing. These activities include providing advisory services to the recipients at the various stages of the project cycle. This reflects the concern of the Fund that projects should be properly chosen, studied, prepared and implemented at the least possible cost.

Matter of this nature, of course, requires special expertise which the developing countries do not often have. The Fund therefore offers its assistance to safeguard the interest of its borrower whenever it is called for in dealing with consulting firms, contractors, suppliers, bankers and to ensure that rights and obligations are properly streamlined. In addition to this and with the accumulation of a relatively long experience in development financing, the Fund helped a number of countries to establish national institutions and industrial development bodies and also assisted in the establishment of regional and other development organizations and in particular Arab development institutions.

Furthermore the Fund is entrusted to represent the State of Kuwait and carry out its responsibilities as a member in a number of regional and international development agencies. This is particularly the case where Kuwait subscribes to the capital of these organizations and is a member in the board of directors. The Fund also continued to undertake certain responsibility on behalf of Kuwait for economic assistance provided directly by the Government.

The Fund realises of course that the success and achievement of the objectives of the development process do not depend only on the flow of funds to the developing countries. This process essentially requires a special awareness and understanding of its problems, difficulties and commitments as well as finding proper solutions and creating appropriate circumstances which are conducive to its success.

Therefore, the Fund pays great attention to these channels of work and makes reviews of past experience so that its guidelines, systems and procedures of work are continuously designed to serve the objects of development.
Financial Position

Loan Accounts

The value of cumulative loans amounted to KD 992 million at the end of the financial year 1981/1982, up KD 208 million,\(^{(1)}\) or 26.5% from last year 1980/1981 value of KD 784 million. As of June 30, 1982 aggregate disbursements stood at KD 549 million compared to KD 469 million at the previous year end. This made the loan utilisation percentage relating disbursements to commitments to decrease from 60% reached in 1980/81 to 55% for this year which was due to an increase in the loan portfolio. Total cumulative repayments of the loans extended amounted to KD 102 million representing about 19% of total disbursements. The total outstanding balance of utilized loans thus rose by 17% to KD 447 million against a figure of 383 for the previous year.

Income and Expenditure

Gross income for 1981/82 was KD 69.69 million, up 17.5% from last year 1980/81 total of KD 59.33 million. Gross expenditure however decreased by 19% reaching KD 4.49 million compared to last year total of KD 5.52 million. The decline was due to lower outlays on the construction of the headquarters annex building which amounted to KD 1.49 million compared to last year total of KD 3.0 million. Income during the year exceeded expenditure by KD 66.2 million, up by 21% over the sum of KD 53.81 million for 1980/81. Gross expenditure and administrative expenses represented 6.4% and 4.3% respectively of gross income.

\(^{(1)}\) Total commitments for 1981/82 amounting to KD 215 million less unutilized balances of around KD 7 million of previous commitments.
Loans, Disbursements and Repayments
(Cumulative At End Of Year)
Balance Sheet

Paid-in capital of the Fund was increased during the year by KD 87.66 million, bringing the total to KD 781 million, as of June 30, 1982, of its statutory capital of KD 2,000 million. Accumulated general reserve also increased by KD 57.35 million which made the year’s total KD 334.53 million and amounted to 43% of paid-in capital or 17% of the statutory capital. The increase in items of liabilities was KD 2.49 million, raising total liabilities and capital from KD 975.52 million for the previous year to KD 1,122.55 million for the present financial year, up by approximately 15%. On the assets side, all items increased except cash which decreased by KD 6.98 million. The increases were marked in the following items: demand deposits (KD 6.83 million), investment portfolio (KD 35.43 million), time deposits (KD 30.5 million), outstanding loans (KD 64.24 million), participation in financial resources of development finance institutions (KD 13.16 million), and accrued interest and other debit balances (KD 4.31 million). The percentage composition of the assets compared to last year’s position thus was subsequently changed as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>1980/81 (%)</th>
<th>1981/82 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Demand Deposits</td>
<td>1.55</td>
<td>1.33</td>
</tr>
<tr>
<td>Investment Portfolio</td>
<td>35.32</td>
<td>33.83</td>
</tr>
<tr>
<td>Time Deposits</td>
<td>12.14</td>
<td>13.26</td>
</tr>
<tr>
<td>Loan Accounts</td>
<td>39.28</td>
<td>39.84</td>
</tr>
<tr>
<td>Contributions to Development Institutions</td>
<td>9.51</td>
<td>9.44</td>
</tr>
<tr>
<td>Other Items</td>
<td>2.20</td>
<td>2.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>
Um Qasr Cement — Completed — Iraq

Grain Silos — Completed — Syria
### Financial Ratios (%)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>1980/81</th>
<th>1981/82</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income/Total Assets*</td>
<td>5.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Net Income/Paid-in Capital*</td>
<td>8.1</td>
<td>8.8</td>
</tr>
<tr>
<td>Total Expenditure/Income</td>
<td>9.0</td>
<td>6.4</td>
</tr>
<tr>
<td>Administrative Expenses/Income</td>
<td>4.0</td>
<td>4.3</td>
</tr>
</tbody>
</table>

* Refer to average total assets and paid-in capital at the beginning and end of the financial year.
Kuwait Fund for Arab Economic Development  
(A Kuwaiti Independent Public Institution)  
Kuwait

**Balance Sheet as at June 30, 1982**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>6,510,124</td>
<td>13,487,652</td>
<td>Provisions and other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand Deposits</td>
<td>8,450,711</td>
<td>1,623,763</td>
<td>Credit Balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities</td>
<td>379,798,139</td>
<td>344,365,289</td>
<td>Capital</td>
<td>6,997,515</td>
<td>4,508,261</td>
</tr>
<tr>
<td>Time Deposits</td>
<td>148,889,486</td>
<td>118,387,500</td>
<td>Authorized Capital</td>
<td>2,000,000,000</td>
<td>2,000,000,000</td>
</tr>
<tr>
<td>Loans</td>
<td>447,222,278</td>
<td>382,980,315</td>
<td>Paid-up Capital</td>
<td>781,022,254</td>
<td>693,363,920</td>
</tr>
<tr>
<td>Participation in Development</td>
<td></td>
<td></td>
<td>General Reserve –</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutions</td>
<td>105,934,363</td>
<td>92,776,029</td>
<td>Exhibit (B)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Interest and other Debit Balances</td>
<td>25,741,832</td>
<td>21,431,869</td>
<td>Total Capital &amp; General Reserve</td>
<td>1,115,549,418</td>
<td>970,544,156</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,122,546,933</td>
<td>975,052,417</td>
<td><strong>Total Liabilities &amp; Capital</strong></td>
<td>1,122,546,933</td>
<td>975,052,417</td>
</tr>
</tbody>
</table>
Kuwait Fund for Arab Economic Development  
(A Kuwaiti Independent Public Institution)  
Kuwait

**General Reserve for the year ended June 30, 1982**

<table>
<thead>
<tr>
<th></th>
<th>June 30, 1982 (KD)</th>
<th>June 30, 1981 (KD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Reserve at the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>beginning of the year</td>
<td>277,180,236</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Adjustment to the reserve at the beginning of the year</td>
<td>—</td>
<td>29,777,095</td>
</tr>
<tr>
<td>Adjustment to the Reserve</td>
<td>144,990</td>
<td>112,838</td>
</tr>
<tr>
<td>Excess of income over Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exhibit C</td>
<td>65,202,778</td>
<td>53,812,782</td>
</tr>
<tr>
<td>Grants and Technical Assistance</td>
<td>(1,867,410)</td>
<td>(529,939)</td>
</tr>
<tr>
<td>Total</td>
<td>340,660,594</td>
<td>283,172,776</td>
</tr>
<tr>
<td>Foreign Exchange Differences</td>
<td>(6,133,430)</td>
<td>(5,992,540)</td>
</tr>
<tr>
<td><strong>Total General Reserve</strong></td>
<td>334,527,164</td>
<td>277,180,236</td>
</tr>
</tbody>
</table>
EXHIBIT C

Kuwait Fund for Arab Economic Development
(A Kuwaiti Independent Public Institution)
Kuwait

Income and Expenditure for the Year ended June 30, 1982

<table>
<thead>
<tr>
<th></th>
<th>June 30, 1982 (KD)</th>
<th>June 30, 1981 (KD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income From:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>56,132,910</td>
<td>47,714,429</td>
</tr>
<tr>
<td>Loans</td>
<td>13,559,396</td>
<td>11,616,796</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>69,692,306</strong></td>
<td><strong>59,331,225</strong></td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>1,796,994</td>
<td>1,557,870</td>
</tr>
<tr>
<td>Travelling, Accommodation and Entertainment Expenses</td>
<td>552,688</td>
<td>476,182</td>
</tr>
<tr>
<td>Delagation Expenses</td>
<td>44,568</td>
<td>40,362</td>
</tr>
<tr>
<td>Computer Expenses</td>
<td>62,130</td>
<td>173,018</td>
</tr>
<tr>
<td>Consultancy Expenses</td>
<td>33,939</td>
<td>45,046</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>231,773</td>
<td>167,094</td>
</tr>
<tr>
<td>Non-recurring Expenditures</td>
<td>281,427</td>
<td>57,570</td>
</tr>
<tr>
<td>Cost of Constructing the Fund's New Building</td>
<td>1,486,009</td>
<td>3,001,301</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>4,489,528</strong></td>
<td><strong>5,518,443</strong></td>
</tr>
<tr>
<td><strong>Excess of Income over Expenditure</strong></td>
<td><strong>65,202,778</strong></td>
<td><strong>53,812,782</strong></td>
</tr>
</tbody>
</table>
The Chairman and Members of the Board of Directors  
Kuwait Fund for Arab Economic Development  
(A Kuwaiti Independent Public Institution)  
Kuwait

In our opinion, the accompanying balance sheet and the related statements of general reserve and income and expenditure present fairly the financial position of Kuwait Fund for Arab Economic Development (a Kuwaiti Independent Public Institution) at June 30, 1982 and the result of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the account records and such other auditing procedures as we considered necessary in the circumstances.

Nazmi M. Al-Badawi  
(Licence No. 20)  
of Talal Abu-Ghazaleh & Co.,  
Kuwait

September 4, 1982
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Telex: 22025 - 22613 ALSUNDOK-KUWAIT