

FOR IMMEDIATE RELEASE

WORLD



INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

PRESS RELEASE NO. 1
September 26, 1960

Subject: International Development
Association (IDA)

The International Development Association (IDA), a new international agency for financing economic growth in the less developed countries, came into being on September 24 as an affiliate of the World Bank.

Fifteen countries (listed on page 3) have already become members, bringing total subscriptions to the equivalent of \$686 million. If all members of the Bank join IDA, its initial resources will be the equivalent of \$1000 million, of which the equivalent of \$787 million will be available on a fully convertible basis.

IDA is to be administered by the World Bank. It will seek to promote economic development by providing finance to the less developed countries on terms more flexible and bearing less heavily on their balance of payments than conventional loans, thereby furthering the development objectives and supplementing the activities of the Bank. The first meeting of the Executive Directors of IDA, representing its member countries, will be held later in the fall. On the date of this meeting, IDA will formally begin operations.

IDA had its beginnings in a resolution submitted by Senator A.S. Mike Monroney to the United States Senate at the end of 1957. His idea was taken up by the U.S. Administration, and in response to an Administration proposal the Bank's Board of Governors, at its Annual Meeting in

1959, resolved that the Executive Directors of the Bank should draft Articles of Agreement for IDA. The completed Articles were transmitted to the Bank's member countries in February 1960. Governments thereafter began the legislative action necessary to enable them to accept IDA membership.

IDA will provide development finance to the less developed areas of the world included within its membership. A considerable degree of flexibility is given to IDA by its Articles of Agreement, both in the purposes for which it may provide finance and in the terms on which it may make loans. IDA will finance a wider range of projects than the Bank, but since both agencies will have the same management, it is to be expected that IDA will maintain the same high standard as the Bank with respect to the planning, management and financing of the projects which it assists.

A unique feature of IDA is the division of member countries into two groups for purposes of subscription of funds. Subscriptions will be payable over a five-year period, and the countries in both groups will pay 10% of their initial subscriptions in gold or freely convertible currencies. One group, however, the 17 more industrialized member countries of the Bank, will pay the remaining 90% in five equal installments in gold or freely convertible currencies; the other group, the 51 less developed countries, will pay their 90% in their national currencies, which IDA will not be free to convert into other currencies or to use to finance exports from the country concerned without its consent.

IDA is to keep the adequacy of its resources under regular review. It is contemplated that the first review will take place before the end of the first five-year period, and subsequent examinations at intervals

of approximately five years thereafter. General or individual increases in subscriptions may be authorized at any time.

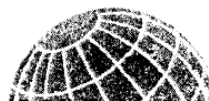
INTERNATIONAL DEVELOPMENT ASSOCIATION
Members as of September 26, 1960

	<u>Initial subscriptions</u> (US \$ millions)
Australia	20.18
Canada	37.83
China	30.26
Germany	52.96
India	40.35
Italy	18.16
Malaya	2.52
Norway	6.72
Pakistan	10.09
Sudan	1.01
Sweden	10.09
Thailand	3.03
United Kingdom	131.14
United States	320.29
Viet-Nam	<u>1.51</u>
	<u>\$ 686.14</u>

In addition to the above countries, the following have also signed the Articles of Agreement, but require to complete other formalities for membership:

Ecuador
Ethiopia
Honduras
The Netherlands

Other present member countries of the Bank can still become original members of IDA up to December 31, 1960.





INTERNATIONAL DEVELOPMENT ASSOCIATION

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PRESS RELEASE NO. 2
November 9, 1960

SUBJECT: International Development
Association (IDA)

The International Development Association (IDA), a new affiliate of the World Bank for financing economic growth in the less developed countries, is now organized and ready for business. IDA officially began operations yesterday, when the inaugural meeting of its Executive Directors was held. The Directors sanctioned an administrative budget, approved IDA's by-laws and seal, and authorized IDA to engage in certain financial transactions necessary to its operations.

Under the IDA Articles, Mr. Eugene R. Black, as President of the World Bank, is ex officio President of IDA and Chairman of the IDA Executive Directors. Officers and staff of the Bank have been appointed to serve concurrently as officers and staff of IDA, without additional compensation.

Membership in IDA is open to any member of the World Bank. Thus far, 22 countries have accepted membership. These are:

Australia	Malaya	Thailand
Canada	Norway	Union of South Africa
China	Pakistan	United Arab Republic
Germany	Philippines	United Kingdom
India	Spain	United States
Iran	Sudan	Viet-Nam
Italy	Sweden	Yugoslavia
Jordan		

Other countries of Africa, Asia, Europe and Latin America have completed various stages of the membership procedure.

If all members of the Bank join IDA, its initial subscriptions would total the equivalent of \$1,000 million, of which over three-quarters would be available on a fully convertible basis. Subscriptions of the 22 present members aggregate the equivalent of \$726,720,000, and are payable in annual instalments over a five-year period; the first instalment is payable by existing members within 30 days after the date of the inaugural meeting.

IDA will provide financing to the less developed areas of the world included within its membership on terms which bear less heavily on the balance of payments of these countries than conventional loans. A considerable degree of flexibility is permitted by the IDA Articles both in terms of lending and in the purposes for which loans may be made. IDA loans may carry lenient terms of repayment (for example, loans may be repayable in foreign exchange with long maturities or long periods of grace, or both, or repayable wholly or partly in local currency), or the loans may be made free of interest or at a low rate of interest, or they may incorporate some combination of these terms. IDA may finance a wider range of projects than the Bank, including projects which are not revenue-producing or directly productive; the only stipulation of the Articles is that projects shall be of "high developmental priority". Since both agencies will have the same management, IDA will apply the same high standards as the Bank with respect to the planning, administration and financing of the projects it assists.