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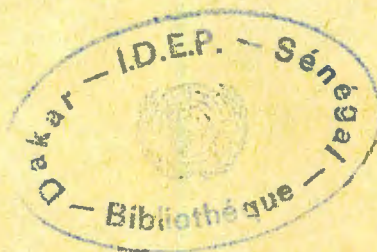
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AID TO POOR COUNTRIES

WORLD BANK DECIDES TO REDUCE PREFERENTIAL CREDITS

Extract from

"Le Soleil", Dakar, 28/1/82

B. FOUNOU

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AID TO POOR COUNTRIES

WORLD BANK DECIDES TO REDUCE PREFERENTIAL CREDITS

WASHINGTON. - The Executive Board of the World Bank has decided to reduce by more than one-third, the preferential loans made to the most under-privileged countries - it was learned yesterday from sources close to the International Institution.

The volume of these credits for the financial year ending 30 June was reduced to 2.6 billion dollars against the originally planned amount of 4.1 billion - the sources added.

These loans which shall be interest-free and spread over 50 years, shall be distributed through the International Development Association (IDA).

The reduction in the volume of these loans has been necessitated by the reduction in the contribution of the American Government to IDA financing. This contribution was reduced to 700 million dollars by Congress this financial year against 1.08 billion dollars projected by President Carter.

This reduction concerns and obviously affects mainly India (principal beneficiary of IDA loans) and other developing countries of Southern Asia. This region of the world is bound to experience an appreciable drop in its IDA loans from 2.8 billion dollars to 1.6 billion for the period under review.

Developing African countries in the sub-saharan region will also experience a drop in their loan share from 1.1 billion dollars to 900 million

In order to partly <sup>offset</sup> this reduction of 1.5 billion dollars of IDA preferential loans, the Executive Board has decided to increase by 800 million dollars the volume of normal credits distributed directly by the World Bank at a current interest rate of 13 per cent.

The Executive Board has also decided to fix at 2,650 dollars per capita (in dollars 1980) the ceiling of annual income beyond which developing countries should enter into negotiations with the Bank with a view to their gradual elimination from IDA programmes.

"Le Soleil", Dakar, 28/1/82