



By Jerry Telfer

WORLD BANK TREASURER EUGENE H. ROTBERG
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World Bank Keeps An Eye on Profits

By Harre W. Demoro

Although the World Bank's annual profit exceeds \$600 million, there is a myth that it is "some sort of social service agency," according to Eugene H. Rotberg, its vice president and treasurer.

"We have never suffered a loss on a loan," he said yesterday in San Francisco. The bank is anything but a charity.

Since 1945, the bank has committed loans totaling \$61.1 billion. About \$11.3 billion has been repaid. Disbursed and outstanding loans total about \$27.2 billion and \$24.8 billion has been committed, but not disbursed.

The World Bank's balance sheet and loan portfolio would be the envy of the most prosperous U.S. commercial bank, he said.

In 1975, the bank's outside debt was \$12 billion and carried an interest cost of 7.06 percent. By 1981 the debt had reached \$28 billion and the interest cost had risen to 7.42 percent.

On June 30, principal payments totaling \$1.5 billion were due and \$160,000 was overdue, he said. Of the \$2 billion in interest payments due, \$1.6 million was overdue. By October, they were "all paid," Rotberg said.

The World Bank, founded in 1945 as Europe and Japan emerged from the ruins of World War II, is one of the most conservative banks in the world.

It lends to member governments, but only if the project can

withstand two years of study by the bank staff, which numbers 5500 employees, most of them experts in their field.

The government seeking the loan must demonstrate the cash flow necessary to pay off the loan.

And the project, he said, must be intended to trigger development and progress. The bank doesn't finance housing but it has lent money for sanitary sewers and electrical projects.

"We want to create an asset that is valuable. The project has to be valuable to the country," Rotberg said.

The bank loans money for railroads, reforestation, electrical networks, roads, wharves, airports, water systems, energy development, training centers and agriculture.

Ordinarily, the bank will loan 40 percent of the project cost. The rest comes from the member government and often is borrowed on world markets.

The bank, Rotberg said, doesn't send a check to the country seeking the loan. Instead, the money is sent to the contractors performing the work. Many of the contractors are U.S. firms, including Bechtel and the Kaiser companies in the Bay Area.

World Bank experts working in the field follow the project closely. The bank may take six or seven years to disperse all the money, he said.

"We have a policy to notify all member governments if any government is 30 days late. Everybody in the world is notified," Rotberg said.

The bank has 141 member countries. Like a publicly held U.S. corporation, the bank sells shares to its members, who vote their shares.

The United States holds about 20 percent of the votes. It and other industrialized countries have the most power.

The Soviet Union is not a member, although Rotberg said it could join. Hungary and Poland have applied for membership, and China is a member.

The bank borrows money from its members and on the world market at market rates.

Some nations prosper to the point that they can't borrow from the bank. For example, France was the first nation to obtain a loan and is too successful today to qualify, Rotberg said.

Bank membership has been a good investment for U.S. taxpayers, said Rotberg, 51, who is an American from Philadelphia. Some \$700 million in U.S. tax funds have been contributed to the bank over 30 years and U.S. firms working on bank-financed projects have been paid \$600 million a year.

The bank lacks a feature that would trouble the stockholders of commercial banks. It doesn't pay dividends. The money is reinvested in the bank.