IDB news

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Bank's Board of Governors to Consider Key Economic Issues at its Fifteenth Annual Meeting in April in Chile

The Fifteenth Annual Meeting of the Board of Governors of the Inter-American Development Bank will be held in Santiago, Chile, April 1-3.

The Board, composed of the 24 Governors who represent each member country of the Bank, meets in a different city each year. Last May, at the Board's Fourteenth Meeting, Santiago was chosen as the site of the forthcoming meeting.

As Rear Admiral Lorenzo Gotuzzo, Chile's Minister of Finance and Governor of the Bank for Chile, remarked a few days ago in Santiago, the Government of Chile last November ratified the previous Government's commitment to hold the meeting in Santiago, and confirmed the date.

The Bank's official delegation will be headed by President Antonio Ortiz Mena who will report on the Bank's activities during the past year. The Bank's Annual Report, containing details of a year of record accomplishments in Inter-American Bank loans and disbursements to member countries in Latin America and the Caribbean, will be released at the Santiago meeting.

Headquarters for the meeting will be the Hotel Carrera in downtown Santiago. The inaugural session will be held in the Diego Portales Building and all other sessions will be conducted in the Hotel Carrera.

David H. Coore, Governor for Jamaica, which hosted last year's meeting, will preside at the opening session. The first formal business is to elect a new chairman for the coming year who, by tradition, is the Governor of the host country.

Traditionally also, the Head of State of the host country delivers a keynote address to the Governors at the opening session.

The agenda

Some of the items on the provisional agenda include:

- Measures to assure an increased flow of resources to the Bank from non-member countries.
- Measures to provide for the admission of new independent countries from the region as Bank members.
- Adaptation of the Agreement Establishing the Bank to prevailing conditions and the immediate outlook.
- New policy guidelines of the Fund for Special Operations.

The Governors' session will be preceded by a meeting of a special committee of the Board of Governors, March 30-31, at the Carrera Hotel. The nine-member committee, meeting for the 11th time, was established in 1970 to examine alternatives designed to assure an in-

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IDB Supports Latin America's Fight Against Foot-and-Mouth Disease

In November 1973 the Inter-American Bank approved a $5.6 million loan to help Ecuador execute the first stage of a program to control and eventually eradicate foot-and-mouth disease in cattle.

The loan is the eighth the Bank has approved since it embarked in 1968 on a campaign to help its member countries in South America to eliminate foot-and-mouth disease from the continent. The Bank has made previous loans for similar efforts in Argentina, Brazil, Chile, Colombia, Paraguay, Peru and Venezuela which total almost $60 million. Governments and cattlemen are making large additional contributions, bringing the total financing of the campaign to more than $200 million.

Virus takes high toll

The high priority assigned to this continental effort is understandable. Each year, South American cattlemen suffer a loss of more than $500 million to this implacable foe. The dread virus, which also affects sheep and swine, is a particular menace to cattle, producing death, a loss of weight, a reduction of milk yield and a high rate of sterility. The cattleman's loss is compounded on the national level as foreign markets are closed to exports of

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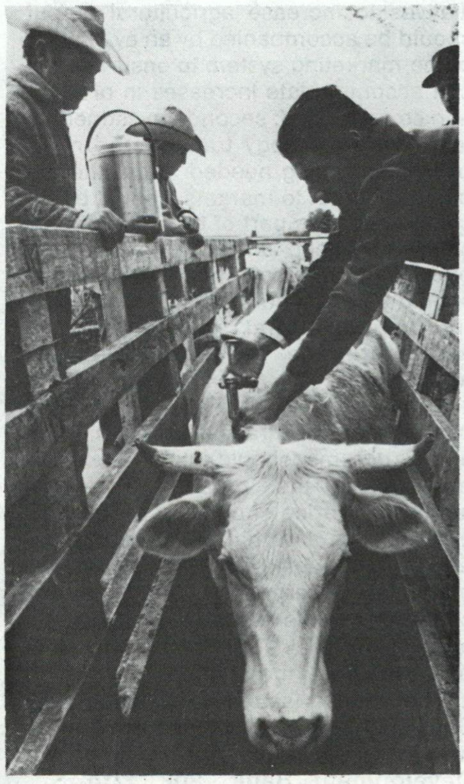


Mass vaccination of cattle is the first step in the fight to end foot-and-mouth disease

In this Issue

A recent IDB study emphasizes the crucial importance of marketing for the development of agriculture and calls for careful study of all aspects of this key factor

Marketing: Basic Ingredient for Agricultural Development

A study issued recently by the Inter-American Development Bank on investment in agricultural marketing activities stresses the need to explicitly take into account the marketing factor in the formulation of any agricultural development project.

It indicates that more effective agricultural marketing can also contribute to other national objectives such as regional economic integration and to improvements in the balance of payments. Improved agricultural marketing systems can also make a significant contribution to income distribution and employment objectives.

The study, *Investment Policies for Projects in Agricultural Marketing,* was prepared by Dr. Medford Alexander, of Trinidad and Tobago, an economist with the Bank's General Studies Division.

It notes that there has been a growing recognition of the importance of agricultural marketing and a realization that production efforts must be complemented by increased attention to commercialization. Productive investments often do not succeed because the nature of the demand has been poorly assessed or complementary investments in marketing have not been made. As a result, public investments do not realize their full potential and delivery systems from farmer to consumer remain incomplete and unbalanced.

The study suggests that, first, initiatives to increase agricultural output should be accompanied by an evaluation of the marketing system to ensure that it can accommodate increases in production so generated; second, investment in facilities, technology transfer and manpower upgrading needed to get the expanded output to markets, should be included either as part of a project or as a satellite project; and third, associated byproduct and raw material linkages should be examined with a view to identifying additional investments to accelerate the industrialization of agriculture.

It also emphasizes that economic appraisal of agricultural marketing projects and programs should include explicit analyses of the impact of relevant agricultural price support and stabilization policies; and that private participation in the supply of working capital for marketing enterprises should be encouraged, while suitable instruments and institutional arrangements for this purpose should be created.

The study, issued in English and Spanish, may be requested from the Office of Information, Inter-American Development Bank, 808 17th St., N.W., Washington, D.C. 20577.

Community Groups Work for World Cooperation

A group of international organizations and private public service organizations have entered into a broad cooperative effort to bring about a greater awareness of international problems and the interdependence of peoples.

The coalition, which includes, among others, the World Bank and the Inter-American Development Bank, seeks through pilot community efforts to foster greater understanding in the United States of the problems of world-wide development. Included among these are the energy crisis, the environment, trade, external aid and other topics of common interest to all peoples.

The coalition, known as "One World: the Rich and the Poor," works in conjunction with local chapters of national organizations to establish local coalitions designed to stimulate interest in international development by sponsoring conferences, seminars and educational projects. Working closely with community and business leaders, they select topics that relate global issues to matters of local interest and concern.

By means of these regional meetings, the One World Project hopes to reach large segments of the population and to awaken in them a continuing interest in economic development and world-wide cooperation. The role of the headquarters, once a local coalition has been launched, is to provide general guidelines and to channel resources, such as educational materials, speakers and films. The planning and organization is done by the local group.

Less than a year old, the One World Project has already sponsored three regional conferences—in Atlanta, Pittsburgh and Des Moines. Each one, tailored to the activities of its own community, evoked broad interest, leading to such ongoing activities as educational programs, plans for further meetings, school system participation and other community projects.

Evidence of the renewed grass-roots interest in international development can be found not only in the response that the conferences received in the first three cities, but also in the numerous inquiries coming in from groups in other cities.

Participating in the national coalition are: the American Association of University Women, the Cooperative League of the U.S.A., the Inter-American Development Bank, the World Bank, the International Union of United Automobile, Aerospace, Agricultural Implement Workers of America (UAW), the League of Women Voters Education Fund, the Overseas Development Council, and the United Nations Development Programme.

Domestic Fiscal Performance Termed Key Factor in External Financing

International financing institutions are often criticized when their volume of lending differs markedly among countries at comparable levels of development, population and participation in the capital structure of these agencies.

Behind these differences in the amounts of external financing obtained by various countries—which sometimes can be considerable—are many contributing factors. Among the most relevant are the countries' network of external relations, their internal structure and, particularly, their public sector's capacity to generate substantial savings and to mobilize them into strategic development sectors through investment projects.

The Inter-American Bank's Charter, like the World Bank's, defines the institution's purpose as one of cooperation in the economic development of its members. The projects it finances, however, require the combined participation of national and external resources—the latter mainly to pay for foreign exchange costs of required goods and services. Only in special cases may the IDB provide financing in currencies other than the borrowing country's own to cover a portion of the local costs of a project.

Thus, the principle that every investment proposal for which international bank financing is solicited must include not only the proceeds of the loan, but also local resources mobilized from genuine savings, makes it essential that the borrowing countries have the capacity to generate those counterpart resources internally.

In the case of public investment projects, it is a matter of committing some of the budgetary funds earmarked for public investment to specific undertakings for which supplementary international financing has been requested; otherwise, the resources provided by international development banks cannot be used. In this way, a country whose national budget enables it to generate domestic savings is in a position to obtain international financing and to match loan disbursements with the local contributions as funds are needed to carry a project forward.

Two basic questions arise in regard to the local financing counterpart: How can the annual level of public savings be not only sustained, but steadily increased to achieve higher levels of investment? And how can savings be significantly stimulated where they are low or do not exist at all?

The answers necessarily lie in the general fiscal and economic situation that a given country confronts and in its related policies. It should be remembered that in most Latin American countries, the national fiscal position depends on two closely related factors: the financial condition of the central government, and that of the paragovernmental sector. The importance of the latter differs among the countries, but on the average it comprises a great number of decentralized public agencies and enterprises with varying degrees of government participation and which supply a broad range of goods and services to the population.

The author of this article, Alfredo Gutierrez Kirchner, is a specialist in tax law. He is Executive Assistant to the President of the IDB.

In general, government finances of the Latin American countries often are pressured by steep annual increases in current expenditures which are usually associated with the search for solutions to urgent social problems. However, when countries incur excessive current expenditures on a sustained basis at the expense of higher investment levels they run the serious risk that the resulting economic stagnation will preclude the marginal sectors of the population from sharing in the benefits of development, as well as erode the position of those already enjoying them. Consequently, in reality the original social improvement objectives of such expenditures are largely negated.

Rational approaches for controlling these growing pressures on current outlays are, therefore, necessary if a country's development objectives are to materialize. Naturally, to the extent that a country can increase its national income substantially it can afford to expand its current expenditures and still maintain a sound fiscal position.

In Latin America, experience suggests that a realistic approach usually involves strengthening the financial position of public enterprises and autonomous agencies by bringing the prices and rates they charge for their goods and services more in line with their costs. Recently, for example, a Latin American country increased by 100 per cent the price of petroleum products distributed by a government monopoly. The enterprise's income increased by some $800 million. Part of that amount went into the government treasury and the rest remained in the enterprise to carry out its expansion programs. No other measure could have achieved such a major financial readjustment.

Consumer taxation is another area that offers good possibilities for public revenue improvements. A reorganized tax structure—especially through value-added taxes, already functioning in Brazil, Ecuador, and Uruguay, and recently established in Argentina—could become a highly productive source of government income and an important factor in fostering exports.

Taxes on profits, income, property, inheritance and gifts always attract the attention of governments seeking an equitable distribution of the fiscal burden. The history of these taxes in Latin America shows that enterprises tend to shift their income tax burden to consumers through the pricing mechanism. Personal income taxes affect mainly the middle-income groups. Higher-income groups usually go largely untaxed because of the specific incentives granted investors and the various legal loopholes that make it possible to escape progressive taxation. Moreover, attempts to control investment income by instituting plans for withholding taxes at the source, or through the compulsory use of registered securities, can easily lead to distortions and rigidities in the financial market, which would have to be compensated for later in some way.

It would be unrealistic to think that fiscal revenues can be appreciably increased through progressive income and property taxation. On the contrary, given Latin America's large investment requirements, the traditionally more stable countries should provide additional incentives to retain private capital at home.

It would seem, therefore, that for the Latin American countries in general, greater access to external credit and its effective use depends essentially on these three factors: holding down current government expenditures and thereby increasing public savings available for investment; adopting more flexible policies on prices and rates on goods and services supplied by paragovernmental enterprises; and revising indirect taxation systems with a view to adopting general sales taxes on most private consumption without adversely affecting exports or the organization of enterprises.

The IDB in the Caribbean: $267.5 Million for Development

New irrigation works and electric power plants are turning some 90,000 acres in the Dominican Republic's Cibao Valley into rich farmlands.

The Cibao Valley, in the north, is a major agricultural area—and the most densely populated—but its development has been inhibited by water and electric power shortages.

Now water from a dam completed at Tavera, on the Yaque del Norte River, is being used to irrigate the Valley. And an 80,000 kilowatt hydroelectric plant on the banks of the Yaque's tributary, the Bao, together with a smaller plant—10,000 kilowatts—are supplying electric power.

The projects are being installed at a total cost of $84 million. The Bank contributed $22.9 million in 1968 for the first stage and recently approved $18.8 million for the second stage of the irrigation works.

A Dominican engineer connected with the projects described them as more important to the development of the Dominican Republic than the Tennessee Valley Authority was to the United States in the thirties. "These projects mean we can increase our electric power by about 24 per cent and our agricultural production by 90 per cent," he said.

Other Bank-supported projects, while perhaps not as dramatic as this one, are having positive effects on the economy of the five Caribbean member countries—the Dominican Republic and Haiti, both of which were among the founding members of the Bank; and Barbados, Jamaica and Trinidad and Tobago, the English-speaking countries which became members soon after attaining independence in the 60s.

In all, 50 Bank loans, accounting for an investment of $267.5 million, are helping to finance projects in agriculture, water supply and sewage disposal facilities, education, and industry and tourism, and to improve housing and transportation, increase technical know-how and foster preinvestment activities.

Agriculture—the economic backbone

Most Bank loans to its five Caribbean members are helping to finance government programs for agriculture—the region's economic backbone. For example, three loans to Jamaica, totalling $17.1 million, are being used to help implement various stages of the Self-Supporting Farmers Program, which seeks to bring new lands into production, help farmers operate small and medium-size farms, diversify crops, increase production, and improve their standard of living.

Two loans to Trinidad and Tobago, totaling $3.6 million, are being channelled through the Agricultural Development Bank for a similar program designed to reduce the country's dependence on sugar as a cash crop and to cut down on imports of foodstuffs that can be produced locally. And two loans to Haiti are being relent through the national development agency for small and medium-size farms and industries.

To date, the Dominican Republic has received five loans in support of agricultural and animal husbandry programs. Among them was a loan for $6 million for a program to increase milk, meat and egg production through credits and technical assistance to medium and large-scale producers willing to undertake an animal health program, including introduction of modern farm management practices.

Another loan, for $24.8 million, is being used to finance the initial phase of the country's first national agricultural development plan. The plan, known as the Integrated Agricultural Development Program (PIDAGRO), is a complex operation consisting of several simultaneous programs designed to increase farm production and productivity by expanding and modernizing the basic support services needed by rural producers. This project, covering about 988,000 acres in six different localities, is expected to benefit some 300,000 people, most of them farmers and cattlemen operating small establishments.

Another significant program in the Dominican Republic—in Azua, an arid plain in the south—includes a pilot settlement project, a demonstration farm, and hydrogeological studies.

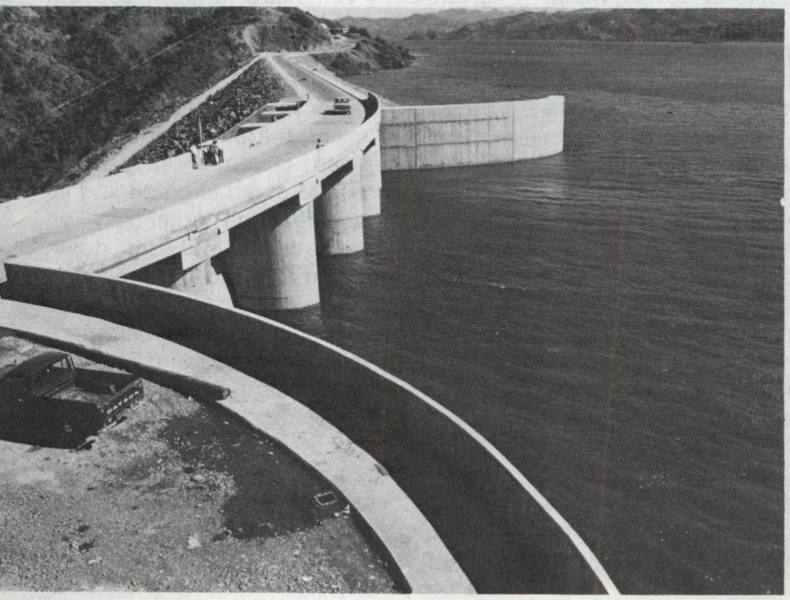
The project, a model for colonizing the entire plain, is creating farming jobs in an area considered an "unemployment pocket." It also includes studies and experiments leading to an integral land settlement program which, according to preliminary estimates, will permit settling 400 to 500 families and providing access roads, sewers, electric power, a school and a dispensary. The Bank's loan, for $355,000, covered 44 per cent of the $822,000 outlay for the preinvestment stage.

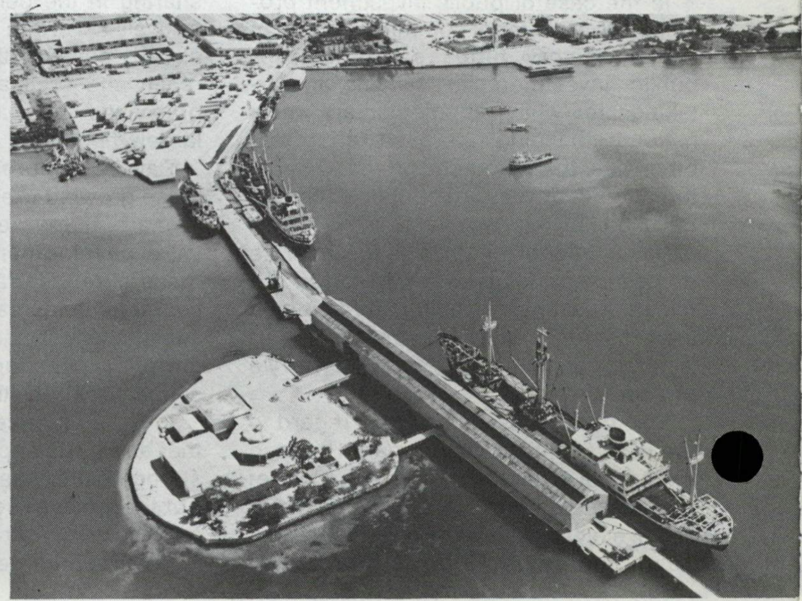
The main idea of the project is to bring into production an area that is, for the most part, lying idle, and to develop improved farming techniques for use throughout the country.

Following agriculture in number of Bank loans are waterworks installations, tourism, industry and education.

Two loans—one for $2,360,000 and another for $5.1 million—are helping Haiti to finance a program to meet water requirements in Port-au-Prince, Petionville, and adjacent areas until 1980.

Five loans amounting to $37,750,000 have helped the Dominican Republic improve its water and sewage facilities. The most recent—a loan for $18.6 million ex-





tended in 1973—is helping to finance the first stage of a master plan for water and sewage in Santo Domingo, the capital city, up to the year 2,000.

Tourism and Industry

In Barbados, a $1 million Bank loan is being used for tourist facilities and small industries. About two-thirds of the program's total resources, estimated at $1.7 million, are being used for hotels, guest houses, cottages and other tourist facilities, and one-third for small industrial and manufacturing enterprises.

Four loans to Jamaica for industry and tourism, totaling $16 million, are helping the Jamaica Development Bank to finance a program to promote small and medium-size industrial and tourist enterprises such as plants for processing foodstuffs, beverages, plastics, building materials, electric appliances, textiles, furniture and chemical products, and building or expanding medium-size hotels, guest houses and other related facilities.

In the Dominican Republic, the Bank has helped to finance programs to stimulate the growth of the fishing industry, to establish, expand or improve private small and medium-scale industrial enterprises, and to buy industrial equipment and machinery.

Education for development

The need for trained personnel for economic and social development tasks is reflected in a number of Bank loans.

A loan to Trinidad and Tobago for $3.7 and another to Jamaica for $4.7 million, are helping to provide university training for students of limited means in agronomy, medicine, natural sciences and education. A $9.4 million loan for vocational education is being used in Trinidad and Tobago to help build and equip seven industrial and three agricultural schools to train some 3,000 craftsmen and apprentices a year.

A similar loan—for $2.8 million—will enable Barbados to build up technical and vocational training at Barbados Community College, in Bridgetown. The project, which will cost $4.3 million, will help boost enrollment from 825 students to 1,500.

In Santo Domingo, the Bank has supported development programs at two key universities—the more than 400-year-old University of Santo Domingo, and the new Universidad Católica Madre y Maestra at Santiago de los Caballeros, the country's second largest city. Both programs are geared to increase the country's pool of technicians and professionals in fields directly related to its development goals. A Bank-supported program in Haiti has helped to finance the cost of new equipment, materials and dormitories at the College of Agronomy and Veterinary Medicine; to finish building a rural normal school at Marfranc and put up a new one at Milot; improve the agricultural schools at Laborde, Lesson and Chatard, and provide better facilities and equipment for the medical college.

Other Bank-supported projects

Bank loans have also helped to finance housing, transportation, electric power, health and preinvestment and technical assistance programs in the five member countries.

Some which stand out because of their impact on the social and economic life are the integrated housing programs for low-income families in Trinidad and Tobago, involving construction of some 2,090 units, together with schools, stores and recreational and cultural facilities; a new highway being built in Haiti, in the southern peninsula, and another in the island of Tobago, in the Scarborough area, to serve the most populated districts; and installations to heighten the efficiency and capacity of the seaport at Port-au-Prince, enabling it to handle a greater number of cruise ships and cargo and offer passengers better facilities.

Of these, perhaps the most far-reaching in effect is the Southern Highway in Haiti. Extending 123 miles over difficult mountainous terrain from Port-au-Prince to Les Cayes, it will open up new markets for farm produce and speed exports of sugar and molasses form the Les Cayes refinery.

The road, with a service area of approximately 2,900 square miles—28 per cent of Haiti's total area—will make accessible, for the first time, parts of the country that are now practically closed, except to hardy types willing to rough it. It will be built with the help of a $22.2 million Bank loan that will cover 88 per cent of the $25.1 million required for the job.

According to Aubelin Jolicoeur, Deputy Director of the Office of Tourism, the highway will bring changes to much of Haiti. "For one thing," he said, "It will open up a lot of the country to tourism and the businesses that go along with it. Hotels, shops, restaurants, amusements—all that kind of complementary facilities."

These views show various aspects of the changes taking place in the IDB's five Caribbean member countries. Left to right: the recently built Tavera Dam in the Dominican Republic; Haiti's seaport, whose facilities are soon to be expanded with Bank support; harvesting new crops in Trinidad and Tobago; a Bank-sponsored resort in Jamaica; and Bridgetown, capital of Barbados, one of the area's many perennial tourist attractions.

Bank helps to fight foot-and-mouth disease

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beef from countries afflicted with the disease.

Foot-and-mouth disease has been eliminated in Canada, the United States and Mexico at great cost, including the expenditure of hundreds of millions of dollars and the slaughter of thousands of head of cattle. Great Britain in 1968 was forced to slaughter 400,000 head of livestock, including sheep, cattle and swine, to control a sudden outbreak of the disease. Similarly, the reason the program has received such high priority in South America is that the persistence of the disease among the 195 million head of cattle is a latent threat to areas of the hemisphere still free of it.

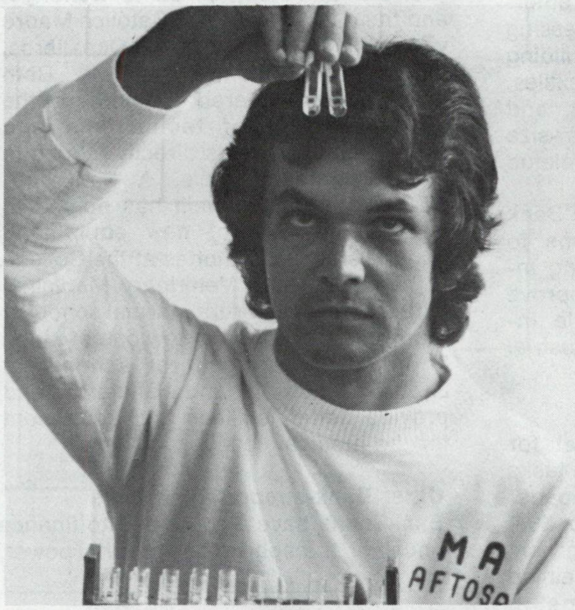
If foot-and-mouth disease deprives the South American cattleman of substantial income, it likewise inflicts grave damage on his country's economy. The decline of cattle production and productivity has serious repercussions throughout the agricultural sector. The market for meat exports is reduced. Chilled and frozen South American beef, for example, cannot be sold in Japan or the profitable United States market.

Frank Mulhern of the U.S. Department of Agriculture explained one of the reasons why: "If foot-and-mouth disease were introduced into this country, annual vaccination costs alone would exceed $100 million—and this would not be to eradicate the disease, only to prevent the outbreak of epidemics. We've been spared the virus for more than 40 years. Vaccines alone in that period would have cost over $4 billion.

Fighting the disease

The South American nations carry out their anti-foot-and-mouth disease campaigns by stages. First, they vaccinate all cattle. Then, sick animals are isolated in zones or "pockets" for control. Later they are treated and cured or, when that proves impossible, they are slaughtered in an effort to stamp out the infection. The Bank's loans help the recipient countries build installations, produce vaccine, train personnel and purchase equipment. At the same time, the Panamerican Foot-and-Mouth Disease Center, a dependency of the Pan American Health Organization, is training specialists and developing new techniques for the battle against the disease at its headquarters near Rio de Janeiro, Brazil.

Because the disease is easily transmitted from one country to another, the national programs in the region have been coordinated and constitute, in effect, one "sanitary integration" program. To bolster this effort, the implementation of bilateral border programs to be carried out by "ad hoc" commissions created in contiguous border regions, is being considered.



Foot-and-mouth disease causes Latin American cattlemen a loss of more than $500 million a year. The region has embarked on a campaign to wipe out the disease from the continent, and the IDB has already contributed more than $65 million in loans to help produce vaccines, train personnel and develop new techniques.

The IDB at International Meetings

The Inter-American Development Bank participates regularly, through representatives who attend as guests or observers, in international meetings at which development problems are studied and diagnosed and policies for solving them are worked out.

Recent meetings attended by IDB representatives, their agendas and the resolutions adopted therein include the following:

21st ECIEL Meeting: Jorge Ruiz Lara, Chief of the General Studies Division of the Bank's Economic and Social Development Department, attended as an observer the 21st Latin American Economic Integration Joint Studies Program (ECIEL), conducted in Rio de Janeiro Jan. 11 to 15. The IDB has helped finance the ECIEL program since 1964. Also in attendance at the meeting were representatives of 24 Latin American research centers and institutions which are members of ECIEL.

Because it marked the end of ECIEL's first decade of operations, the Rio meeting was of special significance. Statutes approved during the meeting provided the program with a firm institutional base. In addition, the search for a permanent site for the program in a Latin American country was culminated when the meeting accepted an offer by Brazil to establish an ECIEL office in Rio de Janeiro, to open in July.

Also, Felipe Herrera, former IDB President, was designated Program Coordinator for a three-year period starting in July, replacing Joseph Grunwald of the Brookings Institution of Washington, D.C.

The Latin American institutes participating in ECIEL carry out studies on prices, consumption, employment, income and income distribution. During the meeting several participating groups submitted reports on the progress of their research and discussed the work program for the next six-month period. One work group was assigned the task of studying a proposal to undertake a study on both an individual country and a regional basis of education and development, in which the IDB has special interest.

New Directors Board of ALIDE: Guillermo Moore, Manager of the Project Analysis Department, represented the Bank at a meeting of the Latin American Association of Development Finance Institutions (ALIDE) in Lima, Peru, on Jan. 18 at which a new slate of officials was installed.

Elected President of ALIDE was Eduardo Gómez Tamayo, who is also President of the *Corporación Venezolana de Fomento.* Other new officials installed at the meeting included Ernesto Rohrmoser García of the *Corporación Financiera Costarricense* and Felipe Tami of the *Banco Nacional de Desarrollo de la Argentina,* as Vice Presidents, and, as Directors, Jorge López Pacheco of the *Banco Industrial de Bolivia* and Marcos Pereira Vianna of the *Banco Nacional de Desarrollo Económico del Brasil.* Mr. Gómez Tamayo replaces Ignacio Copete Lizarralde, who was designated Honorary President of ALIDE.

Last Link of Pan American Highway To be Built with Bank Support

In visits to Trinidad and Tobago and Panama and at Bank headquarters in Washington, IDB President Antonio Ortiz Mena in January signed the contracts of four loans totaling $29.7 million which will help finance major development projects in three Bank member nations in the Caribbean area.

Darien Gap Highway

A small indian village named Aguas Claras located in the heart of the Darien jungle in southeastern Panama was the site selected for the signature on Jan. 10 of one highly significant Bank credit—the $15 million loan to the Republic of Panama which will partially finance construction of the Darien Gap Highway. In attendance were Brig. Gen. Omar Torrijos, Chief of State, national and local officials and heads of the Indian tribes in the Bayano region through which the 193-mile highway will pass.

In impromptu remarks, Mr. Ortiz Mena observed that completion of the highway will mark the fulfillment of one of the hemisphere's brightest dreams, that of uniting all the nations of the Americas with an overland highway extending from Alaska to the Argentine Patagonia.

The Bank loan will cover the cost of construction of the roadway between Tocumen and Cañitas at the northeastern end of the route, from Bayano to Cañazas and from Yapé to Palo de las Letas near the border with Colombia.

Water and Sewage

In another ceremony conducted in Washington on Jan. 31 Mr. Ortiz Mena signed contracts for two loans totaling $12.3 million which will help finance expansion of the water and sewage system of Medellín, the second city of Colombia. Signing for the borrower was Hernán González Rodriguez, financial manager of Empresas Públicas de Medellín (EPM), the autonomous municipal service agency which operates the city's principal utilities.

Tobago Highway

On Jan. 7, in Port-of-Spain, Mr. Ortiz Mena signed on behalf of the Bank a loan contract for $2.4 million with the Government of Trinidad and Tobago to help build a 7.1-mile highway in Tobago. This new road will replace the narrow existing roadway and will link Crown Point Airport on the southwestern tip of the island with the northeastern sector, skirting the northern edge of Scarborough, the capital. Signing for Trinidad and bago was Finance Minister George M. ambers.

Darien Gap
Highway

The IDB President and representatives of Panama signing a contract for a loan to help finish the Pan American Highway. Below: Signing contract for loan to Colombia.

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tion of major development projects, some of them partially financed by Bank loans. These requests include:

Argentina: *The Comisión Mixta Argentino-Paraguaya del Rio Parana* is seeking competitive bids from foreign and independent consulting firms (or groups of consulting firms) based in the United States, Canada, Japan or in those European nations which maintain diplomatic or consular relations with both countries for the preparation of (a) a preliminary report on ways to harness the waters of the Paraná River in the border region bounded by the mouth of the Iguazú River on the north and the cities of Encarnación and Posadas in the south, with particular attention to the Corpus area; (b) a technical, economic and financial feasibility study; (c) advanced predesign and (d) compilation of specifications for competitive bidding on whatever project is finally selected. Interested foreign firms should e associated with a consortium or group independent Paraguayan or Argentine onsulting firms. Necessary forms may be acquired at *Comisión* offices, Moreno 1257 2° piso, Buenos Aires, Argentina, or in the *Comisión's* Paraguay offices, General Díaz 488, 4° piso, Asunción, Paraguay. Bids will be received until 10 a.m. on May 29.

Panama: *The Instituto de Acueductos y Alcantarillados Nacionales (IDAAN),* recently invited bids with a March 18 deadline for the supply and installation of asbestos pipe, cement, cast iron and cast iron accessories, valves, hydrants and plastic household connections for use in a rural aqueduct project in Pedregal, Loma Colorada, Llano Grande, Llano Bichal and Las Lomas which is being constructed with the help of Bank funds.

Austria, Switzerland and Japan Contribute Additional Funds

The Inter-American Development Bank mobilized approximately $37.7 million during the latter part of 1973 in two European nations and Japan to promote the social and economic development of its 22 Latin American and Caribbean member countries.

On September 24, the Bank borrowed from the Government of the Republic of Austria about $10.7 million in United States dollars; on October 4, it entered into an agreement with the Government of Switzerland to administer a fund of about $9.2 million; and on November 7, 1973, it obtained a fifth line of credit from the Export-Import Bank of Japan amounting to some $17.8 million.

Austria, Switzerland and Japan are three of 19 non-member countries, entities and organizations which, as of December 31, 1973, had channelled through the Bank $1,047 million in development financing to Latin America since its establishment in 1959. In Austria the Bank sold a bond issue of 150 million schillings in each of the years 1968, 1969, and 1971—the equivalent of $22,959,183. In Switzerland, it mobilized $135,384,614 by means of six bond issues and one loan. The Swiss agreement brings to seven the number of non-member countries having similar arrangements with the Bank, and to approximately $49 million the funds committed by non-member countries to the Bank for administration. In addition, the Bank administers funds for three member nations—the United States, Canada and Argentina.

The agreement covering the Austrian loan was signed in Nairobi, Kenya, by Austrian Finance Minister Hannes Androsch and Antonio Ortiz Mena, President of the Bank, during the joint annual meeting of the International Monetary Fund and the World Bank. The decision of the Austrian Government to lend the funds follows an earlier suggestion by Minister Androsch that portions of the large "overhang" of dollars accumulated outside the United States be devoted to low-cost development financing.

The agreement establishing the Swiss fund was signed in Washington by Felix Schnyder, Swiss Ambassador to the United States, and Henry J. Costanzo, Executive Vice President of the Bank. Under the terms of the agreement, which is subject to the approval of the Swiss Parliament, the resources will be made available to the Bank in 1974. Loans authorized with the Fund—The Swiss Development Fund for Latin America—will be made on terms and conditions similar to those of the Bank's Fund for Special Operations.

With the loan from the Export-Import Bank of Japan, the amount mobilized by the Bank in Japan is raised to $136.7 million. The agreement was formalized by the President of the Export-Import Bank, Satoshi Sumita, and the President of the IDB, Antonio Ortiz Mena.

Board of Governors to Meet In Chile

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creased flow of resources to the Bank from nonmember countries.

At the committee's last meeting in Port-of-Spain, Trinidad, in January, the discussions included the admittance of new independent countries from the region, the mobilization of additional resources and a proposal to adapt the Agreement Establishing the Bank to prevailing general conditions.

President Ortiz Mena will also report on the latest round of discussions with non-regional countries which was held in Paris in early February.

Many of the Annual Meeting's participants are observers and special guests invited by the Inter-American Bank at their own expense, to learn first-hand the operations and activities of this international institution in Latin America's socio-economic development.

The meeting sites are selected by the Governors a year in advance. Chile was selected for the 1974 conferences in May 1973 at the Jamaica meeting.

Previous meetings have been held in San Salvador (1960), Rio de Janeiro (1961), Buenos Aires (1962), Caracas (1963), Panama (1964), Asuncion (1965), Mexico (1966), Washington (1967), Bogota (1968), Guatemala (1969), Punta del Este (1970), Lima (1971) and Quito (1972).

Rear Admiral Lorenzo Gotuzzo said recently in Santiago that during the meeting "... the Chilean Government will restate its intentions of strengthening those institutions which support Americanist ideals."

The importance of the meeting is such that the Chilean Government has created a special commission to help organize the event, the Minister said. Named president of the Commission was Eugenio Heiremans.

Admiral Gotuzzo noted that meetings of the Bank's Board of Governors are always held in Bank member countries. The last meeting, conducted in Kingston, Jamaica, May 7-10, 1973, accepted the invitation of the Chilean Government to hold its fifteenth meeting in Santiago.

IDB Appointments

New Directors of the Inter-American Development Bank have joined the Board for Argentina and Chile. They are Raúl Fernández of Argentina, who has been elected to the post of Executive Director by the two South American countries, and Banjamín Mira, who will occupy the post of Alternate Executive Director.

Other Bank appointments and transfers include the designation of Danilo Poklepovic, former Alternate Executive Director for Argentina and Chile, as the Bank's representative in Venezuela. Peter H. Zassenhaus has been named to occupy the corresponding post in the Dominican Republic.

José Epstein, present Treasurer of the Bank, will as of April 16 assume the post of Administrative Manager. A Bolivian national, Mr, Epstein has held several important posts in his career in the Bank.

Enrique Peñalosa, the present Administrative Manager, has resigned his post to become Secretary General of the United Nations Conference-Exposition on Human Settlements, to be held in Vancouver, Canada, from May 31 to June 11, 1976.

Alain de Maynadier, who has been Chief of the Funding Section of the Bank's Treasury Division, has been appointed Associate Treasurer in charge of Investments and Financial Markets of the Finance Department.

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