



IDB Board of Governors Makes Major Decisions on Bank Resources, Membership and Operations

The Board of Governors of the Inter-American Development Bank, at its 15th Annual Meeting in Santiago, Chile, April 1-3, approved major resolutions concerning the Bank's resources, membership and operations.

It also heard a report by Bank President Antonio Ortiz Mena calling for an IDB lending volume of \$3.3 billion in the next three years, which would represent a 42.5 per cent increase over the 1971-73 lending level.

The Board's resolutions included the following decisions:

Study of IDB resources

The Board of Governors asked the Board of Executive Directors to study a possible increase of the Bank's ordinary capital resources and its Fund for Special Operations. The Board of Directors' report will be taken up at a meeting of the Committee of the Board of Governors to be held in Washington no later than July 31. In turn, the Committee will make its recommendations to the full Board of Governors no later than October 1, 1974.

Venezuelan Trust Fund

Venezuela's Minister of Finance, Héctor Hurtado, outlined at the meeting his Government's plans to create a trust fund with part of its oil revenues and place it under IDB administration for financing development projects in Latin America. The trust fund, part of which would be

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Chile's Minister of Finance, Rear Adm. Lorenzo Gotuzzo, accepts designation as President of the Board of Governors. Left to right: Arturo Calventi, Deputy Secretary; Antonio Ortiz Mena, President of the Bank; Adm. Gotuzzo; Jorge Hazera, Secretary, and Henry Costanzo, Executive Vice President of the Bank

IDB Reports Record Support For Latin America's Growth in 1973

The Inter-American Development Bank, in its Annual Report for 1973, shows new records in financial support for the economic and social development of its member countries in Latin America and the Caribbean.

The report, presented by President Antonio Ortiz Mena at the opening session of the Fifteenth Annual Meeting of the Bank's Board of Governors, held April 1-3 in Santiago, Chile, notes that the Bank authorized 57 loans totaling \$884 million. This lending volume is 10 per cent greater than the record \$807 million lent in 1972.

The 1973 loans brought the Bank's cumulative lending to \$6.3 billion. These funds, through projects costing nearly \$20 billion, are helping to bring into production some 10.3 million acres of farmland; provide more than a million credits to farmers; build or improve 6,186 industrial plants, 26,787 miles of roads and 4,793 water supply and sewage disposal systems; install 361,128 housing

units for low-income families; provide better facilities in 675 centers of learning; prepare 895 preinvestment studies for new projects; and finance \$134 million in exports of capital goods among the Bank's Latin American member countries.

Twenty-four per cent of the \$884 million went for loans for electric power projects. Twenty-one per cent went to projects in agriculture, 19 per cent in industry and mining, 15 per cent in transportation and communication, and 10 per cent in education. Five per cent was lent to help finance water and sewage installations, and 6 per cent was devoted to urban development, preinvestment, export financing and tourism.

A 1973 loan of particular significance to the entire hemisphere was a \$15 million credit to help Panama build the last link of the Pan American Highway through the Darien Gap east of the Panama Canal to the border with Colombia. Once completed, this section will link the North and Central American

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Agribusiness Offers Latin America A Way to Modernize Rural Life

The development of agribusiness can help speed the major social and technical changes required to include the large rural population in the modernization of Latin America, according to a paper presented by Antonio Ortiz Mena, President of the Inter-American Development Bank, at the International Conference on Science and Agribusiness recently held in London.

In societies as diverse as those of the United States and mainland China, the institutionalized combination of technical and social innovation "has deeply and perceptibly affected the rural population," Mr. Ortiz Mena said. Given a proper mix of capital and technology, a similar development could take place in Latin America. The region "may still become a granary for the world," he added.

A challenge to the IDB

One of the great challenges facing the Inter-American Development Bank, Mr. Ortiz Mena stated, is to help the masses of farmers operating small and medium-size subsistence farms to graduate into commercial farming.

One reason for priority action to develop agribusiness in Latin America, Mr. Ortiz Mena said, is that agriculture has lagged consistently in relation to general economic growth, partly because of the lack of advanced techniques. He pointed out that the energy crisis, with the concomitant realignment of world economic power, has highlighted Latin

America's potential as a source of scarce raw materials, including oil.

The impact of the oil shortage on the production of fertilizer, he said, has brought home the fact that Latin America will not be content as a mere supplier of unprocessed commodities. Hence, there is an urgent need for a pragmatic approach in developing the region's natural resources, in this case based on agriculture—the traditional threesome of food, fiber and fodder.

Rural sector and agribusiness

The twin concepts of agribusiness and agroindustry, Mr. Ortiz Mena went on to say, are critically important for increasing the well-being of the rural population of Latin America, most of which has been bypassed by the twentieth century. For rapid and diversified development of agriculture, wider employment and distribution of inputs and resources would be necessary so as to obviate the problems of economic dualism. This, in turn, requires reconciling agricultural and industrial development in each country and in the region as a whole.

"The development of agroindustry, while not universally feasible, and certainly not advocated as a panacea for structural deficiencies," Mr. Ortiz Mena continued, "could go a long way toward bridging the gap between the two sectors, redistributing income and ensuring balanced development. To this end, social considerations will have to weigh heavily

in economic decision-making, and the role of agribusiness in relation to the underprivileged rural masses will have to be carefully evaluated."

Mr. Ortiz Mena described the continued existence of countless millions of undernourished families in Latin America today as "an intolerable situation which we can neither allow nor afford to continue to subsist."

To meet this challenge, he called upon the public and private sectors, in conjunction with international lending organizations such as the Inter-American Bank, to help organize "into a harmonious policy with well-defined goals" all of the major ingredients of agribusiness—including government and university extension services, applied research, and systems of cooperative and farm credit programs.

He pointed out that, despite a comparative decline in agricultural growth in Latin America in recent years, the sector has enormous potential, and conditions for the development of agroindustries are exceptionally favorable.

The climate for establishing new agroindustries is enhanced by several factors. The first is the growing demand for agroindustrial systems due to population growth, rising income levels and rapid urbanization. Others are greater governmental attention to agribusiness in general, the relatively advanced stage of cash crop agriculture, the availability of labor and land at attractive prices—and heavy government investments, supported by international financial agencies, in transport, storage, and irrigation facilities, as well as in education.

Agroindustries established in Latin America tend to have high rates of return and provide excellent opportunities for low-risk investment, as well as for marketing machinery, plant equipment and technical know-how.

Commercial farming

The key to promoting agribusiness in the region is to make it possible for farmers operating small and medium-size subsistence farms to go into commercial farming by making available group credit, credit management and new technology, in addition to improved social infrastructure, as has happened in the collective land tenure models in Mexico and the integrated commercial cooperatives developed by Japanese settlers in Brazil.

In most Latin American countries, Mr. Ortiz Mena added, farmers are not effectively organized. "As a result they have little or no negotiating power

Cultivation of the African palm in Ecuador, and facilities to process the fruit into oil from its pulp and kernel, is one of many agro-industrial projects the Bank has helped to finance



IDB at International Meetings

The Inter-American Development Bank participates regularly, through representatives attending either as guests or observers, in international meetings on economic and social development.

Among the recent meetings in which Bank representatives participated were: **Economic Relations Between the European Economic Community and Latin America.** Punta del Este, Uruguay, March 4-6. (Sponsored by the Italian-Latin American Institute, the Commission of the European Economic Community and the Government of Uruguay).

Cecilio Morales, Manager of the IDB's Department of Economic and Social Development, attending as personal representative of Bank President Antonio Ortiz Mena, delivered a message on his behalf at the meeting.

Mr. Ortiz Mena noted that, for more than a decade, the Bank had been exploring, with the Commission and with Community members, ways in which the latter might participate in helping to finance the development of its Latin American and Caribbean members, either directly or through Community institutions.

The President added that, in view of the changed world economic situation, and of Latin America's increasing importance as a provider of raw materials—including oil—

contacts between the Bank, the Commission and Community members could be expected to increase.

The present meeting, like the recent bilateral nonpreferential accords concluded with some of the Latin American countries, was an example of the Community's growing interest in the region. This interest will offer many opportunities for even closer and more mutually rewarding relations between Latin America and the European Economic Community in trade, finance, technical cooperation, and technical and scientific exchange.

"Relations between our countries and institutions must have a realistic and pragmatic base. Latin America requires external aid for development, and Europe needs our export products. A qualitative and selective criterion in line with the new international situation should prevail on both sides".

Ninth Annual Meeting of the Inter-American Economic and Social Council. Quito, Ecuador, March 10-16.

Pedro Irañeta, Joaquín González and Enrique Domenech represented the IDB.

The IDB delegation circulated a document in which Latin America's remarkable progress of recent years was reviewed and its problems, particularly those related to the world energy crisis, were discussed.

The need to step up IDB activities in the countries most seriously affected by the energy crisis was emphasized, but it was noted that, to do this, the Bank would require additional resources not only from traditional sources, but from the oil exporting countries as well.

The agenda for the meeting contained the following items:

Cooperation for development; Economic coercion; Reorganizing the Inter-American System; Question of the Panama Canal; Transnational enterprises; Transference of Technology; and Overview of relations between Latin America and the United States.

Nineteenth Special Meeting of the Central American Council on Tourism. Panama, February 15-17.

The discussion centered on a request from the five Central American countries and Panama for \$250,000 in nonreimbursable technical cooperation from the IDB for a study on the "Central America-Panama tourist circuit."

The Council resolved to request the planning agencies of the countries involved to inform the Inter-American Development Bank without delay of the priority assigned to the project and committing the local counterpart funds required by the Bank.

Mrs. Cristina Solari de Ortiz, of the Office of Integration, represented the Bank.

vis-à-vis the other sectors of the economy. They must be protected and organized, for their own benefit, without demagoguery. Cooperative organization is the key."

The development of agribusiness in Latin America represents a unique opportunity for private investors, Mr. Ortiz Mena said. By providing capital, technology, management know-how and marketing skills, these investors can not only transfer technology to Latin America in the field of agroindustry, but help expand the capital base of the cooperative movement and so make the introduction of technological change more effective.

Research centers have produced striking results—for instance, in developing improved strains of wheat, rice and corn. But one of the area's pressing needs is the institutionalization of technological innovation. Only full cooperation among governments and the business community, both foreign and domestic, can launch the large-scale research and development effort needed to harness these innovations for production.

Mr. Ortiz Mena said that the Bank, in collaboration with other international organizations, "is keenly interested in

promoting a cooperative program for agricultural research" and is considering financing a comprehensive research program based on an integrated systems approach which would comprise work in agricultural technology, the flow of inputs, marketing, credit and related factors.

If the technical assistance required to help transfer technology cannot be mobilized privately, the Bank is willing to finance the elements necessary to assure successful execution and management of individual agribusiness projects or infrastructure.

Mr. Ortiz Mena noted that inadequate communication and the failure of foreign companies to appreciate national sensitivities are often greater obstacles to development of agribusiness ventures than a shortage of funds. To help close this gap, the Inter-American Bank is sponsoring a pioneering program designed to strengthen training in agribusiness management in Central America, and has joined forces with the World Bank to offer, by mid-1974, a nine-week pilot course in identification, preparation, evaluation, execution and administration of agroindustrial projects in Latin America.

Role of foreign private capital

Foreign private capital can make a definite contribution to the development of agroindustry in Latin America in the field of international marketing. Here, too, there is room for cooperatives to function as export outlets, but whatever marketing agency is chosen must combine a knowledge of business within the region, especially non-traditional exports, with technical and marketing contacts in the importing countries.

Agribusiness, in addition to its implications for long-term economic growth and for a more equitable distribution of well-being in the rural and urban areas of Latin America, can also be commercially rewarding. The countries of Latin America are wide open to the initiatives of entrepreneurs with suitable resources and who are also sensitive to their needs, priorities and aspirations.

Mr. Ortiz Mena suggested considering this as a "Latin American challenge" to the ingenuity and resources of the advanced industrialized world. "We, in the Inter-American Development Bank, stand ready to assist governments, scientists and investors alike in meeting this challenge."

IDB Reports New Record in 1973

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portions of the Pan American Highway with the South American road network extending to the Argentine Patagonia.

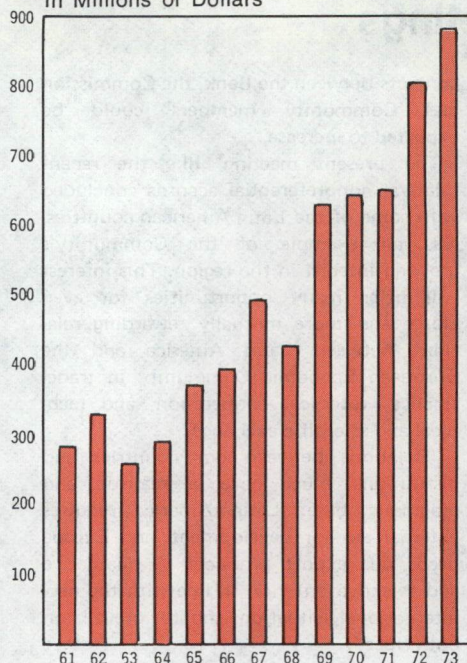
In another effort of major significance to the welfare of the hemisphere, the Bank authorized three additional loans in 1973 to support the continent-wide campaign to control and eventually wipe out foot-and-mouth disease in cattle—\$5.6 million to Ecuador, \$6 million to Peru and \$10.6 million to Venezuela.

Other highlights

The Bank, in addition to its record lending:

- Approved \$6.4 million for technical cooperation—an increase over the previous year's record of \$5.8 million—to help members draft new projects, improve government institutions, train personnel for development tasks, and foster the region's economic integration.
- Disbursed more funds—\$582 million—on approved loans than in any previous year, and set new high marks for earnings.
- Moved forward in its efforts to attract additional financial resources for Latin America's development. It achieved the goal to increase the ordinary capital resources and received additional contributions to replenish the Fund for Special Operations. And it continued its efforts to attract additional capital resources from developed countries outside the hemisphere by enlisting their membership in the Bank. Negotiations toward that goal continue in 1974.

Yearly Loans
In Millions of Dollars



The \$884 million lent in 1973 meant that the Bank virtually attained the \$900 million goal set by the Board of Governors in 1970 when it recommended an increase of \$3.5 billion in resources.

The Bank's lending was practically balanced between loans extended on conventional banking terms from the ordinary capital resources and loans made on concessional terms from the Fund for Special Operations, primarily to the Bank's least developed countries, regions or sectors. Some 51 per cent of the year's loans was authorized from the ordinary capital resources and 49 per cent from the Fund for Special Operations.

The report notes that the Bank's lending activities, along with those of other international and bilateral lending institutions, act principally as a catalytic agent.

The Bank's total lending of \$6,309 million, as of December 31, 1973, was matched by \$13,349 million in counterpart funds provided primarily by the Latin American countries to finance development projects costing \$19,657 million.

Financial highlights

The Bank's overall earnings were higher than at any time in its history. The gross income earned from operations from its principal sources of funds—the ordinary capital and the Fund for Special Operations—was \$197 million, compared with \$148 million in 1972. Its net earnings in 1973 totaled \$71 million, compared with \$41 million in 1972, and its reserves rose from \$247 million in 1972 to \$336 million in 1973.

The report notes that the Bank again relied on sources outside the United States to raise funds in the capital markets to increase its lending resources. In 1973 it raised \$131 million in borrowings—\$28.6 million in Japan, \$24.6 million in Switzerland, \$13.9 million in Spain and \$10.7 million in Austria. It also placed its eighth short-term bond issue—\$53.4 million—in the central banks of the Latin American countries.

Distribution of loans

A marked characteristic of the Bank's support for Latin America's development over the past three years has been the increasing amount of loans and technical cooperation channeled to the economically less developed countries. In 1973 the Bank surpassed the goals set by the Board of Governors in 1972 in new policy guidelines for preferential treatment for such countries in the use of the Fund for Special Operations.

More than 50 per cent of all Fund loans went to countries classified as economically less developed or of insufficient market. Six of them received more loans than in any previous year—Bolivia, \$47 million; the Dominican Republic, \$39 million; Ecuador, \$56 million; Guatemala, \$37 million; Haiti, \$22 million; and Nicaragua, \$29 million.

In its loans to the most developed countries, the report notes, the Bank continued to give catalytic support for large-scale projects of broad economic impact which generally are too large to be financed by a single agency.

Venezuelan Banks Purchase IDB Bond Issue

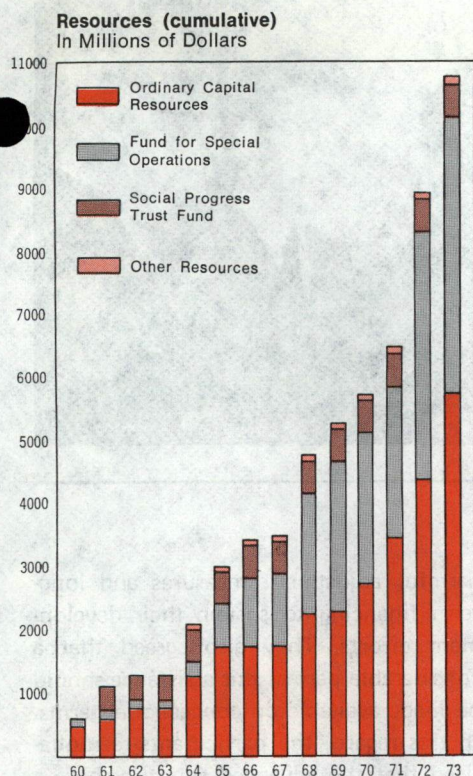
The Inter-American Development Bank placed in March an offering of 100 million bolivars (equivalent to \$23.2 million) of its bonds in Venezuela's capital market. The borrowing is the first long-term bond issue the Bank has placed in Latin America.

Commenting on the placement, Bank President Antonio Ortiz Mena praised Venezuela's extraordinary cooperation in making it possible for the bonds to be sold on favorable terms.

The bonds have a 13-year maturity, with a three-year grace period and bear an interest rate of 7 per cent. The issue was sold at 97 per cent of par value.

It was purchased by a group of ten Venezuelan commercial banks headed by the Banco de Venezuela. The others are: Banco Mercantil y Agrícola, Banco de Maracaibo, Banco Latinoamericano de Venezuela, Banco Unión, Banco Caracas, Banco del Centro Consolidado, Banco de la Construcción y de Oriente, Banco Metropolitano and Banco de Comercio.

The proceeds of the issue, which will be freely convertible into any other currency, will be incorporated into the Bank's ordinary capital resources for use in its ordinary loan operations.



In 1973 the Bank completed its share in the execution of 42 projects costing \$1,014 million for which it had authorized loans totaling \$263 million. This brought to 430 the number of Bank-supported projects completed as of December 31, 1973.

Sectoral lending

The Bank's sectoral lending in 1973 reflected a broad balance among the directly productive, the economic infrastructure and the social infrastructure sectors. The directly productive sectors accounted for \$352 million, or 40 per cent of the Bank's lending; economic infrastructure for \$351 million, or 39 per cent; and the social sector for \$153 million, or 17 per cent.

In recent years the Bank has emphasized projects and programs designed to meet Latin America's need for energy. Support for energy programs has gone mainly for electric projects. The Bank, which has pioneered in supporting projects to distribute gas, as well as to refine petroleum, continued this policy in 1973.

Development trends

In 1973, Latin America achieved an economic growth rate of nearly 7 per cent—a continuation of the accelerated

development which began in 1968.

This favorable trend resulted largely from an expansion of domestic investment, an increase and diversification of exports and substantial long-term capital flows from abroad. Another important factor was the strengthening of institutions responsible for formulating and implementing national economic policies.

Manufacturing, construction and electric power have been the most buoyant sectors in the growth of Latin America's economy in recent years. The rate of growth of agriculture, however, has not been sufficient to maintain the 1966 per capita output level.

"This is a serious shortcoming," the report states, "given the importance of agriculture to most of the Latin American economies, both in terms of its contribution to the gross product and as a source of employment."

The inadequate growth of agriculture, according to the report, helped to increase inflationary pressures which were already strong in 1972 and earlier. The effect of higher oil prices on production costs in all countries will make it more difficult to stabilize prices in the near future.

From 1969 to 1972, the ratio between capital outlays and gross domestic product rose significantly in more than half the countries, as well as in the region as a whole. But the ratio between savings and the gross domestic product fell in nearly two-thirds of the countries, as well as in the region.

The external sector made a very favorable contribution to the region's development during 1970-72. The upswing in the prices of primary products helped

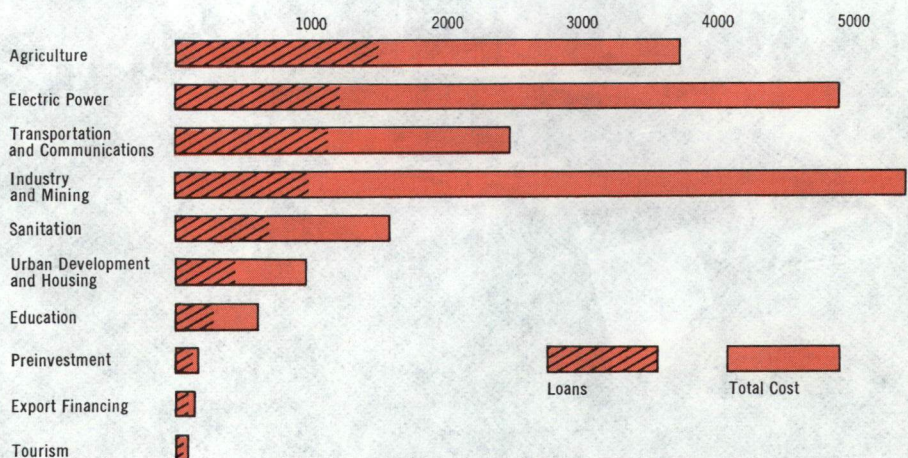
boost exports by approximately 30 per cent over the 1967-69 period. At the same time, the net inflow of long-term foreign capital—\$11,453 million—offset the \$11,636 million deficit in the current account of the balance of payments recorded in this same period. International monetary reserves rose sharply from \$5,640 million at the end of 1970—or 6.1 per cent of the world total—to an unprecedented \$13,900 million in October 1973—or 7.2 per cent of the world total.

Latin America also has continued to make notable progress in health, education and basic social services, but serious problems remain. These are largely associated with the high rates of population growth, the migration from the country to the city, unemployment and the lagging rural sector.

To some extent, the prosperity of the industrialized countries, as well as international trade, were responsible for the region's accelerated economic growth. "Towards the end of 1973, however, circumstances—particularly the shortage and the soaring prices of oil—occurred which raise serious questions about how the economies of most of the Latin American countries will perform in 1974."

At present, the report adds, it is impossible to foresee the impact of the energy crisis on the international economy. "It is clear, however, that the maintenance of the dynamic development performance shown by most of the Latin American countries in the last five years will depend largely on the continuation of favorable world market conditions and on the inflow of external financing."

Distribution of Loans, 1961-73
In Millions of Dollars



Heads of International Financing Institutions Discuss Energy Crisis

The heads of the five major international financial institutions met at the headquarters of the Inter-American Development Bank last March 12 to assess the impact of the current international energy situation on the developing member countries that are members of these institutions.

Participating in the meeting were Antonio Ortiz Mena, President of the IDB; Robert S. McNamara, President of the World Bank; H. Johannes Witteveen, Managing Director of the International Monetary Fund; Abdelwahab Labidi, President of the African Development Bank; and Shiro Inoue, President of the Asian Development Bank.

The meeting was prompted by the serious implications for many of the nations of the underdeveloped world of the higher prices for oil and related products which have prevailed since the turn of the year. This situation poses grave problems for the future development of many of the nations in the developing world that are net importers of petroleum and products of the petrochemical industries.

McNamara, Ortiz Mena, Labidi and Inoue exchange views. The energy crisis could seriously hamper the development plans of many oil-importing countries.



Conclusions

After a thorough exchange of views, the participants concluded that many of the developing countries dependent on imported energy resources will find it very difficult to absorb the impact of higher costs upon their economies. It was recognized that these additional outlays represent for many of the developing countries not only a heavy drain on their external payments situation, but also threaten the orderly execution of development programs and the growth prospects of their economies.

In this respect the participants noted that the developing countries as a whole urgently require additional external aid, both short-term assistance to avoid

harmful adjustment measures and long-term financing to sustain their development efforts. They also agreed that a considerable part of this assistance should be made available on concessional terms. In this regard, the participants reemphasized that the advanced countries have a continuing responsibility for providing aid resources. At the same time, they pointed out that the oil-exporting countries now have a greater capability to share the burden of the additional international aid effort, both through their own channels and through cooperation with existing international institutions.

Role of institutions

The heads of the international financial institutions pointed out that, in the light of the expertise and experience of their respective institutions in effectively channeling resources to the developing world, they have the capacity to play an important and timely role in the international aid effort. To perform this function, additional funds are required by these institutions and a special effort should be made to mobilize such resources from the increased financial assets of the oil-exporting countries.

The heads of the international financial institutions agreed to continue their exchange of information and to coordinate their actions in the light of these new financial requirements.

The participants stated that the present situation should be viewed as an added opportunity to bring into the cooperative international aid effort new and important sources of development financing.

The heads of five international financing organizations and their advisors at the meeting held recently at the IDB to assess the impact of the energy crisis on their developing members



IDB Loans: \$102.5 million to El Salvador, Mexico, Peru and Uruguay

In recent weeks, the Inter-American Development Bank approved six credits amounting to \$102.5 million to El Salvador, Mexico, Peru and Uruguay.

EL SALVADOR: On February 28, the IDB approved an \$18.4 million loan to expand and improve the water supply system of the metropolitan area of San Salvador, the capital. The loan will be used by the *Administración Nacional de Acueductos y Alcantarillados (ANDA)*, the national water and sewage agency, for a project designed to meet the requirements of San Salvador and nine neighboring municipalities up to 1980.

On March 21, the Bank approved a second loan to El Salvador for the equivalent of \$15 million to improve public health services. The loan will be used by the Ministry of Public Health and Social Welfare (MSPAS) to build and equip health facilities to provide comprehensive health services—preventive as well

as curative—to 1.8 million persons in urban and rural communities.

MEXICO: A \$43 million loan approved on March 7 will help finance an integrated fishery development program in Mexico. The loan, which was extended to the *Nacional Financiera, S.A. (NAFIN)*, the Mexican Government agency charged with negotiating foreign loans, will be used by the Fisheries Division of the Department of Industry and Commerce to finance three interlocking projects. The resources will help renovate and expand the Mexican fishing fleet, strengthen port infrastructure and marketing systems, and establish a training center for personnel in all phases of the fishing industry. The program is expected to increase production from

301,000 tons to an estimated 471,000 tons within six years.

PERU: On March 14 the Bank announced the approval of a \$4.7 million loan to help carry out the third stage of a national rural water supply plan which will benefit some 270 rural localities with between 400 and 2,000 inhabitants each. The loan will also be used to construct 239 water systems in 22 of the country's 23 departments, supplying water to roughly 60 per cent of the population in the communities benefited.

URUGUAY: Also on March 14, the Bank announced the approval of two loans totaling \$21.4 million to help Uruguay recondition its national highway network. The loans will be used by the Ministry of Public Works (MOP) for a general integrated highway works program designed to improve existing highways and reduce the cost of road transportation and vehicle maintenance.

Procurement in Latin America

Recently, several IDB member countries have requested bids for goods and services which, in some cases, are to be acquired with financial resources furnished by the Bank.

Following are the main facts concerning one such procurement request:

COLOMBIA: International bid PT-74-2 (IDB-14), issued by the *Empresa de Energía Eléctrica de Bogotá* for designing, manufacturing and supplying metal utility poles for 115 KV transmission lines, having these specifications: 220 three-crossarm poles measuring 25.0 meters; 210 six-crossarm poles measuring 30.0 meters; and 60 guy poles measuring 12.0 meters and 50 measuring 13.50 meters.

Forms containing information on specific bidding requirements and conditions are available at Company Offices at Calle 13, No. 37-35, Room 224, Bogotá, D.E. Bids should be filed at the same address before 2:30 p.m., May 13, 1974, at which time they will be opened in public.

Goods acquired through this procurement request will be covered by funds from IDB ordinary capital loans 238 and 249 OC/CO. Only bids from manufacturers in IDB member countries, in developing member countries of the International Monetary Fund or in countries classified by the IDB as eligible for this purpose, will be considered.



João Oliveira Santos, IDB Operations Manager, explains Bank's loan policies to Chilean journalists Antillo, Navasal, Pérez de Arce Ibieta, Diozel Pérez, Celedón, and Sepúlveda Vergara

Chilean Journalists Visit IDB

A group of leading Chilean journalists visited IDB headquarters in Washington March 3-9, a few weeks before the Bank's Board of Governors Fifteenth Annual Meeting was scheduled to open in Santiago.

The newspapermen came to Washington at the Bank's invitation to study the IDB and its operations at first hand.

In addition to Bank President Ortiz Mena, the group met with various Bank officials for briefings on the IDB's objectives, loan and technical cooperation activities, administrative and capital structure and general policies.

The journalists also had the opportunity to visit other Washington-based

international organizations. Before returning to Chile, they also visited New York.

The group included Federico Willoughby, of the Chilean Government's Press Office; Carlos Sepúlveda Vergara, editor of the daily newspaper *La Patria*; Hermógenes Pérez de Arce Ibieta, staff reporter of the magazine *Qué Pasa*; Emilio Filippi, editor of the magazine *Ercilla*; and Alberto Guerrero Espinosa, editor of *La Tercera*, a newspaper.

Also, Carlos Figueroa Serrano, president of the country's Radio Broadcasting Association; Jaime Celedón, of television channel 13; José María Navasal, of the daily *El Mercurio* and TV channel 13; Diozel Pérez of the newspaper *La Prensa*; and Hernán Antillo, of the Organizing Committee for the Meeting of the Board of Governors of the IDB.

Board of Governors: Major Decisions

(From page 1)

lent on concessional terms, would be open to contributions from other Latin American member countries.

The Board of Governors authorized President Ortiz Mena to negotiate, with the prior approval of the Board of Executive Directors, an agreement with Venezuelan authorities to establish the trust fund at the earliest possible time.

The pertinent resolution also requested the Board of Directors to propose policies to ensure the prompt use of these resources. It cited in this connection the financing of large-scale projects that would utilize the region's natural resources; the acquisition of capital stock and the financing of working capital in Latin American companies, especially in the relatively less-developed countries and in those of insufficient market; and supplementing the Bank's present program for financing exports, including exports of manufactured and semimanufactured goods and those directed to extraregional countries.

Admission of Bahamas and Guyana

Another Board resolution requested the Board of Executive Directors to draft amendments to the Agreement Establishing the Bank to permit admission of the Bahamas and Guyana as members. The resolution also specified that the Agreement be modified to enable the IDB to extend loans to the Caribbean Development Bank and permit this institution to lend to its member countries "whether or not they are members of the Inter-American Development Bank." This would mean that virtually all countries and territories in the Caribbean could benefit from IDB financing.

The Board of Directors must submit the proposed amendments to the Board of Governors no later than next June 1.

Export financing

The Board of Governors also asked the Board of Directors to study the measures needed to expand the Bank's present export financing program so as to include goods other than capital goods and enlarge its geographical scope to include markets other than those of the Latin American members, particularly in other developing countries which are members of the International Monetary Fund. The Board will report to the Committee of Governors on this matter by next September 30.

Site of next meeting

The Governors selected Santo Domingo, Dominican Republic, as the site of the 16th Annual Meeting, to be held in April 1975.

Committee of Governors

This Committee was originally created by the Board of Governors in 1970 to examine alternatives for greater mobilization of resources from non-member countries to Latin America.

At the Annual Meeting, at the suggestion of President Ortiz Mena the Governors voted to extend indefinitely and broaden the Committee's mandate so that it may consider whatever matters the Board may refer to it. They also asked the Committee to adopt procedures that would allow for the periodic participation of all the Governors and periodic change of officers.

Membership of extraregional countries

The Board of Governors took note of the report presented by Mr. Ortiz Mena to the Committee of Governors on the status of negotiations concerning the possible admission into the IDB of a number of countries outside the hemisphere. In the light of the progress achieved, the Board authorized President Ortiz Mena to continue the negotiations on the same terms that it had previously authorized and set October 1 as the negotiating deadline. These terms include a minimum paid-in contribution of \$500 million by the group of extraregional countries that would join the Bank.

Report of Mr. Ortiz Mena

At the opening session, President Ortiz Mena said the Bank plans to lend \$3.3 billion in the 1974-76 period. He asked the member countries to increase the Bank's resources so that it can help meet Latin America's growing external financing needs more effectively.

The Bank, he added, will step up its efforts to attract parallel funds from other sources so that its loans "will help to mobilize the largest possible volume of additional external financing." He noted that if the mobilization of additional funds—domestic and external—follows the pattern of the past, the proposed volume of Bank loans in 1974-76 will help to finance Latin American development projects worth about \$10 billion. This would mean that in the next three years the level of the Bank's contribution would rise half again as much as in its 14 years of activities.

Referring to the challenges confronting the IDB, Mr. Ortiz Mena said the Bank

was fortunate in being able to rely on the expertise of its Board of Executive Directors in the consideration of Latin American developmental matters.

"Discussion in the Board goes beyond the simple presentation of views, for it is marked by an effort to draw the line between the possible and the merely desirable," he said. "Opinion is at times divided and resolutions are adopted by majority vote. Those instances, when they occur, are positive experiences in that they show the ability of the Latin American community to accommodate to its higher collective interests."

Mr. Ortiz Mena praised Venezuela for its foresight in offering to devote part of its oil revenues to Latin American development through creation of a trust fund under Bank administration.

Referring to statements by United States Secretary of State Henry Kissinger at the February meeting of American foreign ministers, Mr. Ortiz Mena said he found in them "not only realism, but also a sense of justice" regarding the United States commitment to maintain aid levels despite rising energy costs.

Hemispheric solidarity

The IDB President called on member countries to maintain their solidarity in the common effort for development. "Latin America will have to find its rightful place in the new international equilibrium now sought, emphasizing unifying factors and promptly eliminating unreal or anachronistic motives for discord," Mr. Ortiz Mena said, and added:

"It cannot be allowed to happen that while in the political sphere understandings, experimental new trading arrangements and coexistence are being brought into being, our countries should be caught up in contrived confrontations."

In closing the 15th Annual Meeting, the IDB President expressed satisfaction with the results achieved and with the frank and clear discussions held.

"We return to our daily activities strengthened by your inspiration and support, which will help us carry on our work with renewed enthusiasm and with even greater faith in the future of Latin America and its ability to assume its share of responsibility in the world community."

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