



INTER-AMERICAN DEVELOPMENT BANK
WASHINGTON, D. C. 20577



Latin America's Economy Shows Record Growth in Last Two Years

Latin America has continued to experience the strong economic expansion begun in 1968, achieving growth rates of almost 7 per cent in the last two years, according to an economic and social survey of the region just published by the Inter-American Development Bank.

The report—*Economic and Social Progress in Latin America*—surveys the area's growth trends since 1970, with special emphasis on 1972-73, on a regional and country-by-country basis.

Increased domestic investment, higher levels of long-term foreign capital inflows, and rising and more diversified exports

are among the reasons cited in the report for this vigorous growth.

Preliminary information, according to the 400-page report, indicates that the region's gross domestic product increased about 6.8 per cent in 1973.

This rate, together with the 6.9 per cent growth in 1972, is one of the highest levels of economic expansion achieved by the region in the last 13 years and is the continuation of the uptrend that began in 1968.

Furthermore, the report notes, the region's rate of economic growth from 1968-72 was well above the average GDP

(Continued on page 4)

In this issue:

Bank participates in study of the Pilcomayo Basin. Page 2

The world energy crisis and the options of the Latin American countries. Page 3

New university approach seeks increase in educational opportunities. Page 6

Resources from Sweden

The Inter-American Development Bank announced recently that it had borrowed 25 million Swedish kroner—equivalent to about \$5.3 million—to help foster the economic and social development of its member countries in Latin America and the Caribbean.

The loan was obtained from a group of three private Swedish banks—Götabanken, Skandinaviska Enskilda Banken, and Svenska Handelsbanken.

This is the third loan the Inter-American Bank has obtained from private Swedish Banks, having previously borrowed the equivalent of \$10.6 million in 1969 and of approximately \$6.3 million in 1972.

The loan agreement was signed by Antonio Ortiz Mena, President of the Inter-American Development Bank, and by Carl-Bertil Winqvist, Executive Vice-President of the Skandinaviska Enskilda Banken, for the three Swedish banks.

Under a 1966 agreement with the Government of Sweden, the Bank administers the \$5 million Swedish Development Fund for Latin America, the entire resources of which were committed in 1968 to help finance a water supply project in São Paulo, Brazil.

INTAL: What it is, How it Works, and What it Does for Regional Integration

An IDB inventory issued two years ago listed 654 physical infrastructure projects of importance to the economic integration of Latin America which were either underway or scheduled for the near future.

The cost of the projects—designed to improve communication facilities among the countries of the area and increase trade, cultural exchange and tourist travel among them—was estimated at more than \$14 billion.

This inventory is perhaps one of the most cogent justifications of INTAL's existence.

INTAL—the Institute for the Integration of Latin America—was established in 1965 in Buenos Aires by the IDB, under the auspices of the Government of Argentina, to promote Latin America's integration.

Since then it has actively cooperated with Latin American government plans for integration and helped train technical executive personnel for tasks in that field.

The Institute represented a new approach because of the way it was

organized as much as because of the functions it performed, and awakened widespread interest even in highly developed countries in other parts of the world with integration programs of their own.

INTAL has been described as a center for research, consulting, and higher education and as a clearing-house for the exchange of ideas, plans, and operating techniques designed to help accelerate the collective development of the IDB member countries. That, of course, is a task to which the Bank, established to promote the individual and collective development of those countries, is also committed.

To that end, INTAL engages in research; organizes seminars and working meetings with Latin American specialists in economic, social and political affairs; collects, exchanges, publishes and circulates studies and documents on integration in different parts of the world; grants scholarships and offers training courses to officials of public and private

(Continued on page 8)

Bank Participates in Study on the Use of the Resources of the Pilcomayo Basin

The Inter-American Development Bank and the Organization of American States have agreed to participate in a study of the resources of the Pilcomayo River basin in Argentina, Bolivia and Paraguay.

The project will be undertaken by the Governments of Argentina, Bolivia and Paraguay and the United Nations Development Programme (UNDP).

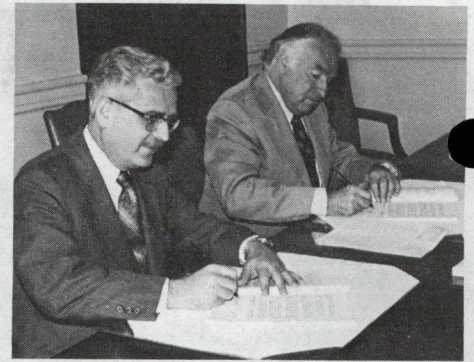
Under an agreement with the UNDP signed on April 22, the Bank agreed to serve as executing agency for the project together with the OAS acting through its Regional Development Department.

The agreement between the Bank and the OAS was signed on May 21 by Henry J. Costanzo, Executive Vice President of the Bank, and Galo Plaza, Secretary-General of the OAS.

The project will consist of a detailed study of the most important natural resources of the basin, covering not only its water and soils, but also the human resources available and the determination of specific projects for developing those resources and controlling and stabilizing the river.

The Pilcomayo river basin encompasses an area of approximately 160,000 square kilometers. About 52 per cent of that area is in Bolivia, 29 per cent in Paraguay, and 19 per cent in Argentina. The 1,030-mile river rises in Bolivia, crosses the Chaco zone of Paraguay and flows into the Paraguay River near Asunción.

The resources of the Basin, however, are under-used. In spite of the region's potential, there are no hydroelectric



Signing the agreement: H. Costanzo and G. Plaza

installations in the area; despite an annual eight-month dry season, river waters are not used for irrigation; and no flood control works have been built.

The UNDP will help to finance the project in the amount of \$750,000 and the OAS with \$275,000. The Governments of Argentina, Bolivia and Paraguay will underwrite the rest of the amount required for the study.

The 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 officials participated were:

FOURTH REGULAR SESSION, OAS GENERAL ASSEMBLY.

Atlanta, Georgia, April 19-May 1.

The principles and recommendations of the Declaration of Tlaltelolco of February 26, 1974 and the communiqué of the Meeting of Ministers of Foreign Affairs, held in Washington D.C. on April 17 and 18, 1974, lent special interest to the Fourth Regular Session of the General Assembly of the Organization of American States.

Among the resolutions adopted by the Assembly were the following:

- To request the Special Committee for Consultation and Negotiation (CECON) to assign maximum priority to the establishment of rules of procedure for the system of consultations, provided for in Resolution REM-1/70 of the Inter-American Economic and Social Council (CIES).

- To recommend to the member states that, in their bilateral economic relations, they take special account of the situation of member states whose balance of payments is most affected by price increases in basic raw materials and manufactures.

- To request the General Secretariat of the OAS, in collaboration with the IICA, the PASB, and the IDB, and in consultation with the relevant organizations and programs of the United Nations, to carry

out a study of the regional problems posed by the shortage of food.

- To request the Special Committee to Study the Inter-American System and to Propose Measures for Restructuring It (CEESI), to study the opinion of the Inter-American Juridical Committee on the topic "Strengthening the Inter-American System for the Maintenance of Peace."

- To request the Permanent Council to obtain from the General Secretariat a compilation of studies by the OAS and other international organizations and institutions on the nature and legal structure of transnational enterprises—principally those operating in Latin America—their economic and operational characteristics, and the impact of their activities on the development of the countries of the region.

MEETING ON THE DEVELOPMENT OF FINANCIAL MARKETS.

Geneva, April 25-26. (Sponsored by the International Savings Banks Institute and the International Finance Corporation).

The Bank was represented by José Antonio Menéndez, Chief of its Section on Development Financing Institutions.

Mr. Menéndez presented a paper on "The IDB's Contribution to the Development of Financial Markets in Latin America."

Participants were interested in the use the IDB planned to make of the "petrodollars" it would obtain from the recently-announced Venezuelan Trust Fund, especially in connection with equity investments, the financing working capital and export credits.

The view was expressed that IDB leader-

ship in the region's development banking system would be an important factor for the success of new operations techniques. It was thought that the development financing institutions in the region, in view of their first-hand knowledge of their countries' needs, should play an important role in IDB operations plans.

Other participating institutions referred mainly to their activities in the institutional strengthening of the development banks. Activities relating to these institutions, regarded as of vital importance to the development of financial markets, are centralized in high-level administrative units.

In this connection, the Asian Bank reported that it had been reorganized. Its Division of Institutional and Financial Analysis is now concerned exclusively with dealing with the region's financial intermediaries, and additional financial analysts have been assigned to other sectorial divisions of the Bank to complement the multi-discipline work on projects being considered.

Another interesting item was the announcement made by the representative of the World Council of Churches, Diogo de Gaspar, that the Council had decided to establish a Development Fund which would function like a development bank.

Mr. de Gaspar, who is Investment Secretary of the World Council, said that, although the Fund will deal directly with some countries, some of its operations would be managed like the "Populorum Progressio", a Fund which the IDB administers for the Vatican. He said regional financing organizations would be used for that purpose.

The World Energy Crisis and the Options Open to the Latin American Countries

A country's degree of economic development and its consumption of energy are closely related. In fact, the physical counterpart of the gross domestic product is the total annual consumption of energy. The Latin American countries, just to begin to catch up with the more industrialized nations, would have to double or triple their per capita energy intake.

Taken as a whole, Latin America appears to have a strong energy resource base, and although individual countries are liable to medium-term energy crunches, the long-term prospects for expanding per capita energy consumption are excellent.

Renewable vegetable fuels, human and animal power, fossil fuels, and hydroelectric energy—and, to a minor extent, solar and geothermal energy—are the sources now used in Latin America.

About two-thirds of the countries of the region have a total energy deficit—that is, they have to import some of the energy needed—and about one-third have a surplus.

Overall, oil provides 65 per cent, natural gas 16 per cent, hydroelectric power 14 per cent, and solid fuels 5 per cent of the commercial energy used. Of the major regions of the world, Latin America depends more than any other on petroleum (80.8 per cent) for energy. Its pattern of relative consumption of the various energy resources indicates that up to about \$400 of the GNP per capita, the major contributors to the energy supply are agricultural residues, followed by oil; and above about \$400 of GNP per capita, the major contributor is petroleum, followed by agricultural residues or hydroelectric power.

For Venezuela, natural gas is the main contributor, followed by oil. Only three countries—Mexico, Chile and Colombia—have a fairly diversified pattern of energy supply, although there petroleum also comes first.

Latin America is next in importance to the Middle East and Africa as a net provider of oil to other world regions. About half of the Latin American countries, including most of the major ones, produce petroleum; but only Venezuela, Ecuador, Trinidad and Tobago, Colombia and Bolivia, in that order, have an export surplus. The three

most important petroleum producers in decreasing order are Venezuela, Mexico, and Argentina, followed by Ecuador, Colombia, Brazil, and Trinidad and Tobago.

The best estimates on petroleum resources come from companies with broad operations which have been engaged in explorations in many countries for several years. The figure of 217 billion metric tons is given in one such example for world petroleum recoverable resources. Obviously, this figure contains a wide margin of error. If world demand were to increase at 5 per cent cumulative, then the amount mentioned above would be exhausted by the year 2008. Although this is only speculation, it does indicate the impending danger of oil depletion.

Except for Venezuela, Ecuador, Colom-

The author of this article, Bernardo F. Grossling, a research geophysicist, served as the IDB's Technical Advisor from 1960 to 1964.



bia, Trinidad and Tobago, and Bolivia, all the other Latin American countries have a net physical oil deficit. The largest deficit—about 124 million barrels—corresponds to Brazil, followed by Cuba—about 44 million barrels. The deficit of the Latin American deficit countries is about 305 million barrels and the surplus of the surplus countries is about 893 million barrels. Prices (f.o.b.) of Middle East crude were recently increased from about \$2.20 in January 1973 to about \$7.65 per barrel.

Thus the effective cost per barrel of crude, including various excise taxes, has been raised from a range of \$5.70-\$8.90 per barrel to \$14.85-\$23.15 per barrel, depending on the consumer country involved. With this drastic price increase, the Latin American balance of payments surplus can be projected at \$6,510 million, but the deficit of the deficit countries would increase from about \$923 million to about \$2,576 million. The full impact of the new prices has not been felt yet because of the purchase agreements in force.

A complicating factor, as well as a source of confusion, is the method used in estimating the extent of the remaining resources. Because of the nature of petroleum deposits, and because of technological limitations, it is not possible to locate all the remaining deposits.

Published data on Latin America are completely inadequate and grossly underestimate its energy resource potential. The extent of the energy resource base can be gauged by comparing it to that of the United States, for which significant published data are available.

Published proven reserve figures for oil, gas, oil shale, coal, and uranium for Latin America are only a small fraction of those for the United States. The discrepancy is even greater for identified and undiscovered resources.

As for petroleum, after sedimentary basins have been identified, a pre-drilling potential estimate is made, based on geological factors. With such a basic scheme I could justify for the potential of the Argentine continental shelf a figure of about 200 billion barrels of oil; that is, four times as large as the figure published for the recoverable oil resources for the United States Atlantic continental shelf.

The published figure for coal is 20 billion tons for identified resources and 10 billion tons for undiscovered resources, which seem to me to underestimate the Latin American potential by two orders of magnitude.

As a new start, I believe one could assume that the energy resources base of Latin America is about twice that of the United States.

The immediate energy options for the Latin American countries are hydroelectric expansion, import of hydroelectricity, coal production, land petroleum resources, marine petroleum resources, geothermal resources, and nuclear energy. Coal liquification, coal gasification, shale oil, bituminous sands, solar energy and nuclear energy are the mid-range options.

Some countries—Brazil, Chile, Argentina, Mexico, Venezuela—have a wide variety of options. The options of some of the others are more limited, either because of their resource base, their stage of economic development, or their size.

The principal options appear to be: development of land petroleum resources (Bolivia, Peru, Colombia); development of marine petroleum resources (Argentina, and the countries of the Caribbean); coal liquification (Chile, Colombia); coal gasification (Chile, Colombia); shale oil (Brazil); and bituminous sands (Venezuela, Colombia).

Record Economic Growth in Latin America

(From page 1)

increase of the developing countries as a whole, which is estimated at around 6.2 per cent annually during that period. In addition, Latin America's economic expansion was faster than the 4.5 per cent annual rate posted by the industrial countries over that same period.

Brazil's fast-growing economy has played an important role in the region's recent expansion. Since 1968 this country has registered average annual gains of over 9 per cent and as high as 11.3 and 10.4 per cent in 1971 and 1972, respectively.

Other countries also recorded high growth rates above the regional average, such as Colombia, which achieved 6.7 and 7.1 per cent rates in 1970 and 1972; Ecuador, which expanded 9.6 per cent in 1970-72 compared to an annual average 4.9 per cent over 1961-70; Mexico, which sustained a 7 per cent rate from 1960-70 and again in 1972; Panama, with a rate of 8 per cent from 1961-70, 8.7 per cent in 1971 and 7.5 in 1972; and the Dominican Republic, which has averaged 11.2 per cent since 1969.

Updating production

The report points out that Latin America's faster growth in the last six years was due primarily to internal economic factors, supplemented by a rising inflow of foreign capital.

Gross domestic investment increased at an annual average of 7.8 per cent from 1968-72, compared with the 4.4 per cent yearly average during 1961-67.

At the same time the region was expanding its productive facilities, it made marked institutional progress in the preparation and implementation of investment plans and in the administration of economic policies.

In addition, improvements in education and in the training of skilled manpower contributed to the adoption of modern production techniques in the region's fastest-growing economic areas—manufacturing and the production of electric power.

Industrial growth

The electricity, manufacturing and

construction sectors registered production growth rates which were higher than that of the total product, a difference that became even more noticeable in the second half of the 1960s and thus far in the 1970s.

In 1968-72, the fastest-growing lines in manufacturing were metal products and machinery and equipment, with an average annual growth of 12.6 per cent; non-metallic minerals, 10.2 per cent yearly, and chemicals and basic metals, which rose 9.3 per cent.

In those countries that exceeded the region's growth rate in the last five years, their favorable performance reflects in

part a substantial increase and diversification of exports, together with net inflows of long-term foreign capital that made possible a rapid increase of imports and enabled them to accumulate high levels of international monetary reserves.

At the same time that the Latin American countries were stepping up the volume of their production, they were making basic changes in the structure of their economies.

In general, these changes are similar to those which took place in the economic growth process of the developed countries.

For example, agriculture and mining reduced their share of the regional product from 23.3 per cent in 1960-62 to 18.2 per cent during 1970-72. On the other hand, manufacturing increased its share of regional GDP from 22 to 26 per cent during that decade, and the contribution of electric power, gas and water nearly doubled.

Agricultural slowdown

Agriculture in Latin America, in contrast to the dynamic performance of manufacturing and electric power, has continued to record a relatively slow and declining annual growth rate: 3.7 per cent during 1961-65, 2.4 per cent between 1966-70 and 2.8 per cent during 1971-72.

As a result of this sector's stagnation, the report notes, "per capita agricultural output in the region has dropped in the last seven years at the average rate of about 0.3 per cent yearly.

One of the most serious effects of this stagnation has been the sector's failure to retain, in a productive form, the increase in the rural labor force and to supply the amount of foodstuffs needed to meet the growing demand in the rapidly rising urban population.

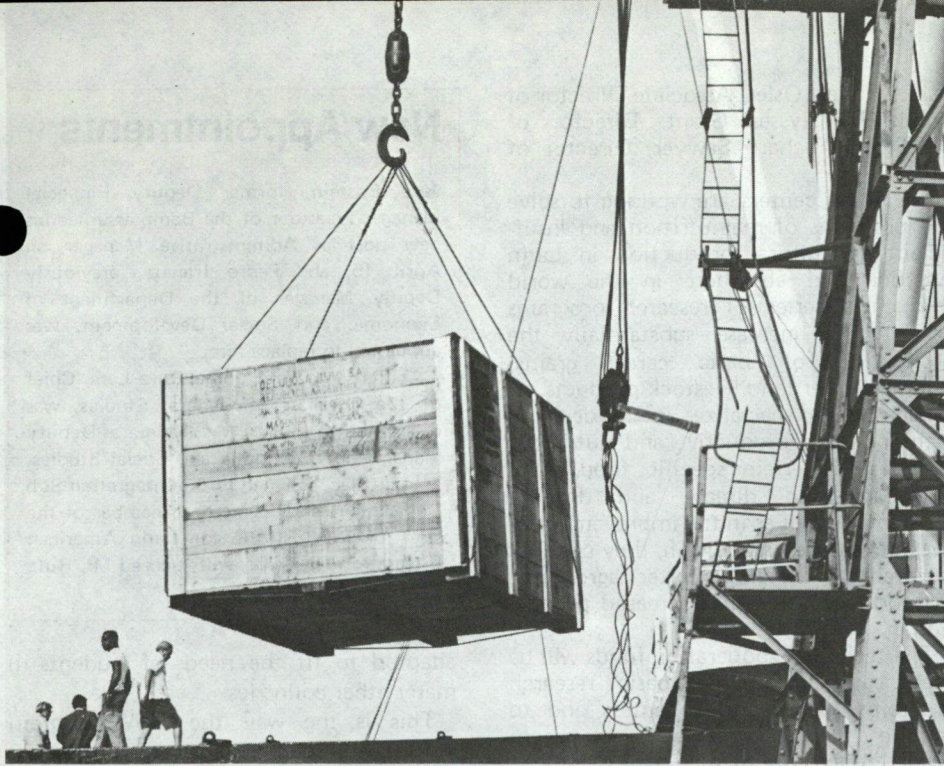
The effects of this inadequate performance are clearly manifested in urban poverty and unemployment, and they have contributed in an important degree to the inflationary process."

Partly reflecting the contagion of worldwide inflation, the prices of consumer goods and services in Latin America rose an average of 23 per cent in 1972, compared to the 15 per cent average annual price increases during 1966-71. It is estimated that the regional inflation rate exceeded 30 per cent in 1973, according to preliminary data.

Facts About Latin America

Selected aggregate statistics for the 22 Latin American member countries of the Inter-American Development Bank (1972)

Population:	276.7 million
Labor force:	84.2 million
Gross domestic product (1970 dollars):	\$163.5 billion
Per capita product (1970 dollars):	\$591
Sectoral composition of the regional GDP (per cent):	
Agriculture:	14.4 per cent
Industry, mining, construction and electric power:	35.2 per cent
Other:	50.4 per cent
Central government current revenues (current dollars):	\$19.8 billion
Central government total expenditures (current dollars):	\$23.1 billion
Merchandise exports:	\$18.0 billion
Merchandise imports:	\$17.8 billion
International monetary reserves as of October 1973:	\$14.0 billion



Reflecting the positive trends in the economy, Latin American exports have risen steadily since the turn of the decade. But agriculture has recorded a slow annual growth rate, with a drop in per capita output. Several countries, however—Colombia, Dominican Republic, El Salvador, Costa Rica, Bolivia, Paraguay, Brazil, Honduras and Guatemala—registered growth rates of 4 to 5.5 per cent a year.



Latin America: Manufacturing growth rates, 1968-72, by major groups of industries (percentages)

Category	ISIC No. ^a	1968-1972	1968	1969	1970	1971	1972
Manufacturing	3	8.3	8.5	8.6	7.9	8.5	7.9
Food, beverages, tobacco	31	4.9	3.3	6.4	6.7	2.8	5.4
Textiles	321	6.9	7.6	3.9	6.1	10.0	7.1
Wearing apparel, leather and footwear	322-324	5.7	6.8	1.4	6.3	7.9	6.1
Wood	33	6.4	2.7	9.5	6.3	6.7	6.9
Paper	34	6.8	10.3	6.5	8.1	8.1	1.2
Chemicals	35	9.3	9.1	10.4	10.1	9.1	7.9
Non-metallic minerals	36	10.2	11.6	5.6	13.8	11.6	8.8
Basic metals	37	9.3	12.4	10.3	4.4	11.4	8.1
Metalworking, machinery, appliances	38	12.6	13.8	15.2	10.0	11.0	12.9

^a ISIC: International Standard Industrial Classification. Source: Calculated from United Nations, *Monthly Bulletin of Statistics*, August 1973.

Spiraling prices affected most of the Latin American countries, hitting hardest in Argentina, Chile and Uruguay. In 1973, according to the report, seven countries had inflation rates of more than 15 per cent, eleven of between 5 and 15 per cent and only two of less than 5 per cent. The disparity in rates of inflation is difficult to explain solely in terms of individual factors such as the world monetary problem, pattern of fiscal spending, and others.

Domestic inflationary factors, the report notes, have been exacerbated in recent years by higher import prices due to currency realignment and price rises in the industrial economies.

The report adds that current international economic conditions, particularly higher oil prices and world inflation, are likely to have a strong impact in 1974 in many of the countries of the area.

Except for Venezuela, Ecuador, Bolivia and Trinidad and Tobago, the remaining 18 countries of the region are net oil importers, although among these Colombia is virtually self-sufficient.

Increased reserves

Latin America exports soared in value from slightly over \$11 billion in 1968 to an estimated \$25 billion in 1973, as the region's primary commodities benefited from the steep rises in world market prices that began in 1972.

As a result, the merchandise account of the region's balance of payments moved from a \$195 million deficit in 1971 to a \$271 million surplus in 1972 and a further improvement was expected for 1973.

Taking into account long-term and short-term capital flows, the report notes that Latin America recorded unprecedented increases in international reserves in the past two years, which stood at nearly \$14 billion in October 1973.

The survey, published annually since 1961, consists of two parts: a regional overview of recent economic trends, as well as a country-by-country summary of these trends in the 22 Latin American countries included; and an appendix containing selected economic and social statistics on Latin America.

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

IDB Fosters Food Research

The Inter-American Bank has extended \$2 million in grant technical cooperation for research programs to increase the world's food supply being carried out by three non-profit international agricultural research centers in Latin America.

Up to \$750,000 of the technical cooperation was given to the International Center for the Improvement of Maize and Wheat (*CIMMYT*), \$1 million to the International Center for Tropical Agriculture (*CIAT*), and \$250,000 to the International Potato Center (*CIP*).

The three centers are part of a world-wide network sponsored by private foundations, international organizations and governments which have played a major role in the green revolution.

The contract under which the cooperation will be made to the three entities was signed May 9 at Bank headquarters by Antonio Ortiz Mena, President of the

Bank; Robert Osler, Associate Director of *CIMMYT*; Ulysses Grant, Director of *CIAT* and Richard Sawyer, Director of *CIP*.

The three centers are working to solve the problems of malnutrition and insufficient agricultural production in Latin America and elsewhere in the world through a series of research programs designed to increase substantially the production of basic cereal grains, legumes, tubers and livestock products.

Each center specializes in the development of more productive and nutritious varieties of certain specific food crops that are also disease and drought resistant, as well as in the improvement of livestock herds. In addition, they conduct research to develop better agronomic methods for achieving increased production.

The technical cooperation funds will be used to help finance basic research programs in the three centers and to acquire the facilities and equipment needed to execute them.

New University Approach Seeks to Increase Educational Opportunities

Representatives of the Union for Experimenting Colleges and Universities and of the University Without Walls met with IDB officials on May 16 to explore the possibility of adapting for use in the Bank's Latin American member countries teaching methods developed through the University Without Walls, an innovative program now under way in the United States. The meeting was held at IDB headquarters.

The Union is an association of 30 colleges and universities in the United States which have joined together to encourage research and experimentation in higher education.

The University Without Walls is a new kind of educational program that offers a unique learning experience through a more flexible and more easily accessible college and graduate-level education to

students ranging in age from 16 to 60 and older.

The meeting was an expression of the Bank's interest in continuing to support new approaches to higher education. In 1973, for example, it provided funds for an Open University program at Simón Bolívar University in Venezuela as part of a loan for institutional development.

The Open University is another approach which centers on a degree conferred for off-campus study. It focuses on proficiency examinations instead of course work and makes extensive use of technological teaching tools such as TV, tapes and films.

UWW emphasizes a flexible curriculum, combinations of work and study, free exchange of students between cooperating institutions, and development of technological advances in teaching.

Describing the UWW program at the IDB meeting, Dr. Samuel Baskin—President of the UECU and architect of the University Without Walls program—said, "The idea of the UWW was born out of the urgent need to experiment with new forms of higher education."

He added that the UWW's type of individualized learning could be readily



Mr. Baskin (Left) and UECU representatives at IDB meeting. "A program like the University Without Walls could enlarge the pool of professionals in Latin America more quickly than the traditional systems."

New Appointments

José Epstein, former Deputy Financial Manager-Treasurer of the Bank, assumed his new post as Administrative Manager on April 15, and Pedro Irañeta, previously Deputy Manager of the Department of Economic and Social Development, was appointed to replace him.

At the same time, Jorge Rufz Lara, Chief of the Division of General Studies, was designated to replace Mr. Irañeta as Deputy Manager for Economic and Social Studies.

John Elac, assigned to the Integration Sub Department and formerly a member of the staff of the Institute for Latin American Integration (INTAL), will succeed Mr. Rufz Lara.

adapted to fit the needs of students in many other countries.

This is the way the UWW program works: A student enrolls in one of the 30 participating colleges or universities, but he is not limited to its campus. He can study at one or more other colleges, at home, on the job, through independent study, field experience, or in travel and service abroad. And he can work at his own pace, taking more or fewer than the customary four years to become competent in his field and acquire a degree.

In consultation with his teacher-adviser he works out his individual course of study according to his needs and goals and, within that framework, his own syllabus. Teacher-student ratio is one to one.

The adviser may be a full-time member of the UWW staff, a member of the "host" institution, or what Mr. Baskin called "adjunct faculty"—a professional or other person with specialized knowledge working outside the academic world in the student's field of study.

Mr. Baskin emphasized the high standards of scholarship required by UWW. "The UWW programs generally demand more of the student than the impersonal, conventional lecture system."

So far, 30 established colleges and universities in the United States are participating in the program. They represent a broad range of educational institutions across the country—small and large, public and private, metropolitan and rural, secular and religious, progressive and conservative. Most of them, however, are cast in the traditional mold.

To date, the Union has held three international conferences under the auspices of UNESCO and the Ford Foundation in Austria, France and the United Kingdom, and plans to hold a fourth in Moscow this June.

Bolivia and Guatemala Receive \$40 Million in Loans for Highway and Water Projects

During the month of May, the Inter-American Development Bank approved two loans amounting to \$40 million to Bolivia and Guatemala.

Details of the credits are as follows:

BOLIVIA: On May 30 the Bank announced a \$35 million loan to help Bolivia build a section of the Cochabamba-Oruro highway, joining the highland cities with the Cochabamba valley and the agricultural lowlands of the eastern part of the country.

The loan will enable the *Servicio Nacional de Caminos* (SNC), the national highway agency, to finance the construction of four sections of a two-lane highway between Quillacollo, on the outskirts of Cochabamba, and Confital, 65 miles to the west, to replace the present precarious dirt road. The 105-kilometer stretch will be the first

phase of a project to rebuild the entire highway between Quillacollo and Oruro.

The total cost of the project, to which the Bolivian Government assigns the highest priority, is estimated at \$43.5 million, of which the Bank loan will cover 80.4 per cent and local sources the remaining 19.6 per cent.

At a second stage, the SNC will rebuild the 33-mile dirt and gravel road now linking Confital with Caihuasi.

The new highway is part of the Inter-American Highway System. When completed, it will reduce the high maintenance costs now required by the present roadway, as well as traffic bottlenecks and accidents, particularly on the steep grade between Parotani and kilometer 94.7. It will also ease the transit of heavy vehicles.

GUATEMALA: On May 9 the Bank

announced the approval of a \$5 million loan to help Guatemala construct water supply and sewage systems in 21 urban municipalities with a population of 200,000.

The total cost of the program is estimated at \$6.3 million, of which the Bank loan will cover 79.4 per cent and local sources the remaining 20.6 per cent.

The Bank loan will help finance the construction or expansion of 14 water supply systems in the 21 localities.

The projects were selected by the *Instituto de Fomento Municipal* (INFOM), a municipal public agency, on the basis of need, concentration of housing, availability of water, and basic infrastructure.

The systems are designed to satisfy local demand for water up to 1993, when it is estimated that the municipalities involved will have a population of approximately 385,000.

Bidding Information

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

These are the main facts concerning such requests:

Colombia: International bid PV-74-25, issued by the *Empresa de Energía Eléctrica de Bogotá* for designing, manufacturing and supplying 35 vehicles, as follows: 20 jeeps; 4 four-wheel drive station wagons; 5 four-wheel drive pick-up trucks; 3 dump-trucks; and 3 cranes.

Forms containing specific requirements and conditions are available at Company offices, Calle 13, No. 37-35, Room 224, Bogotá, D.E.

A nonreimbursable fee of 1,000 Colombian pesos will be charged for the first copy of the forms, and 500 Colombian pesos for each additional copy.

Bids, together with a "good faith deposit" of 5 per cent of the offer, to be held for 120 days, should be sent to the Company's Fiscal Review Department at Calle 37-35, Room 216, Bogotá, D.E., by 2:30 p.m., July 8, at which time they will be opened in public.

Disbursements are to be made from the proceeds of IDB ordinary capital Loans 238-OC-CO and 249-OC-CO.

Therefore, only bids from manufacturers in IDB member countries, developing member countries of the International Monetary Fund, or industrialized countries classified as eligible by the IDB for this purpose, will be considered.

Mexico: The *Secretaría de Recursos Hidráulicos* on April 30 announced a request for bids from construction firms in Mexico, World Bank member countries, and Switzerland which have the capability for executing the works for Irrigation Zone Barrote II, in the State of Veracruz, which is part of the First Stage of the Panuco River "Pujal-Coy" Irrigation Project.

The works will be financed with the proceeds of a World Bank loan, and will be executed under a contract to be awarded this year through competitive bidding.

The construction work involved is for the following: excavations, 18,460 cubic meters; dikes, 90,490 cubic meters; roadways, 21,000 cubic meters; lined canals, 10,080 cubic meters; drain excavations, 300,000 cubic meters; dams, 56; bridges, 18; sublateral outlets 15; farm outlets, 81.

Work is to be started not more than 60 calendar days after bids are received. It is to be completed between the date contracts are awarded and September 30, 1975 at the latest.

Interested firms should register at the *Secretaría's* Registration and Information Office, Paseo de la Reforma No. 77, 7° piso, México, D.F., within a 45-day period from the date of this announcement.

Registration copies should be filed with the Contract Department of the *Dirección de Construcción de Irrigación y Control de Ríos*, at Lafragua No. 4, 4° piso, Mexico, D.F.

Firms which have already registered should file a copy of the registration papers with the Contract Department.

The *Secretaría*, on the basis of the information in its Contract Registry, as well as of additional data or clarification it may require, will make a selection from among registered firms which meet the following conditions:

- Sufficient background, technical capability and experience in similar work.
- Adequate and sufficient equipment for the job.
- Economic ability to complete the work without interruption or delay.

The *Secretaría* will notify in due course the firms selected of the date on which they may apply for the necessary documentation—specifications, plans, and forms—for participating in the competitive bidding.



Antonio Ortiz Mena, Rubens Vaz da Costa and A. Calvo at INTAL Advisory Council meeting

INTAL Promotes Economic Integration

(From page 1)

institutions or of Latin American centers of higher education active in the field.

It collaborates with regional and international organizations on their objectives, particularly with agencies operating in the Latin American area such as LAFTA—the Inter-American Free Trade Association—the Andean Group, the Latin American Common Market, the Caribbean Community, the Treaty on the River Plate Basin, the regional development banks, and others.

INTAL's activities are financed by the following major sources: the IDB (through technical cooperation provided from the Fund for Special Operations and the Social Progress Trust Fund which it administers for the United States); a special contribution from the Central Bank of Argentina, including the building for its headquarters and an allocation in local currency; and contributions from other IDB member countries.

INTAL has a small staff of technicians—supplemented by specialists in various disciplines engaged on a temporary basis—headed by a Director who is appointed by the President of the IDB.

Its policy guidelines and annual work programs are devised in consultation with an Advisory Council composed of nine members of acknowledged background and expertise in the field of integration.

At a recent press conference, Alberto Calvo of Argentina, who has been Director of INTAL since the middle of last year, described the organization as a service institution, most of whose activities "seek to provide concrete answers to real problems posed by technical-political integration organizations, sub-regional financing agencies, or public and private agencies of the Bank's member countries."

He added, "When the Institute under-

takes long-range studies, such as the one on the legal, institutional and administrative problems of multinational enterprises, or when it studies the implications of the transference of technology in the Central American Common Market or undertakes to assess the effects of foreign investments in Latin America, it is providing guidelines to help countries arrive at more rational decision-making policies in those fields."

In line with this approach, the Institute this year has prepared a selective program of activities within the framework of previous experience, but taking into account, in the first instance, the present needs of the member countries.

Some of the studies available to LAFTA will deal with the legal aspects of multi-national enterprises; the specific problems facing the least developed countries; and with transportation problems in landlocked countries.

The Andean Group will receive technical cooperation on the area's industrial rationalization, as well as on the legal aspects of integration; on the development of tourism; on cultural integration within the framework of the Andrés Bello Agreement, which provides the guidelines for that area of subregional development; and on the movement of professional workers in its five member countries.

Its program for cooperation with the Central American Common Market includes research on the legal and institutional aspects of restructuring the Market; a study on the transference of technology within the five Market countries; and consulting services on the area's external tariff.

The Caribbean Community will receive advisory services on professional training; formulation and evaluation of integration projects; transportation; establishment of

multinational enterprises, etc.

Collaboration with Latin American universities and other academic centers will again have a prominent place in the Institute's activities.

The Institute will undertake research legal and institutional aspects of integration; distribution of the costs and the benefits of integration; strengthening of the countries' institutional organization for handling integration matters; the social effects of integration; and analysis and evaluation of the process of Latin American integration to date.

INTAL training activities will include special courses, seminars, roundtables and lectures in several member countries.

An example of the Institute's efforts to work more closely with the Latin American countries, and to decentralize its activities, is the 1973 agreement with the Government of Venezuela for joint sponsorship of a four-year course of advanced studies on the administration of integration programs—the first of its kind in the continent.

The course will be given by the Instituto de Estudios Superiores de Administración (Institute for Advanced Studies on Administration), in Caracas, which will award a degree of Master of Arts in Integration.

These broad activities are complemented by an important publication program.

INTAL publications include the *Boletín de la Integración*, a monthly publication now in its ninth year; *Latin American Integration*, a bi-monthly abridged version of the *Boletín*; *Derecho de la Integración* (Integration Law) and *Revista de la Integración* (Integration Review), both quarterly publications which have been issued regularly for the last several years.

A new publication, *Boletín de Información Legal* (Legal Information Bulletin), offers a monthly summary of the principal legislation enacted in the Latin American countries.

The Institute also publishes an annual report on the progress and problems of the process of regional integration.

Publications are available at INTAL, Cerrito 264, Buenos Aires, Argentina.

IDB News is a monthly publication of the Inter-American Development Bank and appears in English and Spanish editions. Chief of Information: Carlos D. Conde. Editor: Carlos M. Hirsch. Distribution is free of charge. A published material may be reproduced if credit is given to the IDB. Signed articles express the views of the author and do not necessarily represent those of the Bank. Address: 808 17th Street, N.W., Washington, D.C. 20577, USA.