



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

IDB FELIPE HERRERA LIBRARY



00116147

## Technical Cooperation Plays Key Role in Inter-American Bank Activities

Advice—even good advice—is often ignored. But the recommendations the Inter-American Development Bank makes to its member countries are usually followed, perhaps because they are backed by the possibility of financial support for a development project, or perhaps because they generally involve the channeling of expertise they have requested.

Along with its first order of business—issuing loans for projects which help speed the economic and social advancement of its developing members—the Bank lends funds for technical and other advisory services to governments and

private enterprises in those countries. So far, the Bank has authorized \$255 million in technical cooperation.

“The main thing,” according to Mrs. Beatriz Harretche, Chief of the Bank’s Division of Technical Assistance, “is not merely the transfer of financial resources, important as that is, but of technical know-how that complements and strengthens the borrowers’ capacity to function in specific development fields.”

“In this way,” Mrs. Harretche said, “the Bank helps its member countries, particularly the less developed among them, to move ahead in their social and economic development programs.”

borrowing government or agency to engage consultants, technicians and other experts to provide the advisory services required for a specific project.

The Bank provides resources for advisory services in a wide variety of activities. Among these are preparing national development plans, establishing or strengthening development agencies, particularly those expected to administer or execute Bank-supported projects. It also includes training national personnel for key development tasks. Since 1961, more than 10,000 Latin Americans have attended IDB-supported courses and seminars.

The Bank, in addition, provides technical cooperation for research on development and for disseminating the results of that research through publications, round tables, and seminars.

For example, Bank technical cooperation  
(Continued on page 6)

### In this issue:

Population: Carrillo Flores and Ortiz Mena exchange views. Page 2

World Population Conference and Latin American concerns. Page 3

Venezuela, rich in petroleum, moving ahead in industry and agriculture. Page 4

New organization seeks common regional goals, approaches. Page 8

### The program

Except for training, however, the Bank does not provide technical cooperation directly; it finances it, enabling the

## Region’s Telecommunications Improve Steadily But Much Remains to be Done

By the end of this decade, people living in the major cities of any country in the western hemisphere will be able to make international phone calls much more easily than a call next door.

Already sixteen of the hemisphere’s countries have their own earth satellite station—or access to a neighboring station—for high quality, reliable international telecommunications and television. An earth satellite communications station will be operating in Paraguay and another in the Dominican Republic in a few months, bringing the total to eighteen.

The Paraguayan and Dominican satellite stations indicate the Latin American countries’ keen interest in updating their international telecommunications systems—an essential ingredient for economic

growth and regional integration. Not entirely new, this interest has become a driving force in recent years.

Latin America’s advanced international telecommunications systems and its relatively backward domestic communications networks present a paradoxical situation. With few exceptions, national telecommunications systems have developed slowly.

This is borne out in the number of telephones in relation to the population—an indicator usually employed in measuring relative development in this sector. Latin America has 3.3 telephones per 100 people. In the United States the proportion of telephones per 100 people is 61.3, in Europe 16, and in the world as a whole, 8.2. Latin America has 8.9 per cent of the world’s population, but only

(Continued on page 8)

### New Publications

Recently the Bank issued four publications for general distribution—*Urban Population Growth in Chile*, *Urban Population Growth in Mexico*, *Urban Population Growth in Peru*, and *Regional Urban Population Growth Trends*. The latter includes data for Argentina, Brazil, Chile, Mexico, Peru, and Venezuela. All are available in English and Spanish editions.

The publications, which are part of a series, provide individual city, urbanized area and urban agglomeration projections at ten-year intervals to the year 2000 in each of the countries covered.

They may be requested from the Office of Information, Inter-American Development Bank, 808 17th St., N.W., Washington, D.C. 20577.

## Ortiz Mena, Carrillo Flores

Antonio Carrillo Flores, Secretary-General of the World Population Conference, and Antonio Ortiz Mena, President of the Inter-American Bank, met recently in Washington to discuss the role of regional financing organizations in helping countries solve their population problems.

Mr. Carrillo Flores informed Mr. Ortiz Mena on various aspects of the Conference, scheduled to be held August 10-30 in Bucharest.

President Ortiz Mena will attend the Conference, and will present the IDB's position, based on the views of its member countries.

Mr. Carrillo Flores also discussed the possible contribution of regional organi-



The Secretary-General of the World Population Conference, Antonio Carrillo Flores (right) and President Ortiz Mena discuss role of regional organizations in coping with population problems.

zations like the IDB to demographic policy-making that conforms to each country's socio-economic conditions in relation to natural resources and environmental factors.

He noted that, while some countries are deeply concerned by the population problem, others—endowed with greater natural resources and geographical terri-

tory—view the matter in a different light.

In this "mosaic," Mr. Carrillo Flores said, a common denominator in current scientific and political thinking must be found to frame a plan of action that harmonizes with the characteristics and idiosyncrasies of each country and, at the same time, respects their individual right to self-determination.

## 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—and some of the topics discussed and conclusions or resolutions adopted—were:

**Fourth Annual Meeting of the Caribbean Development Bank.** Grenada, West Indies, May 3-4.

The delegation from the Inter-American Development Bank, which was headed by Executive Director Jesús Rodríguez y Rodríguez, included José Luis Montiel, Executive Director; Guillermo Moore, Manager, Project Analysis Department; and Maurice Wolf, Senior Counsel for Operations, Legal Department. Members of the delegation attended as observers.

The Honourable George J. Hosten, Grenada's Minister of Finance, Trade and Industry, chaired the meetings.

Of the various resolutions adopted—most of them dealing with the Caribbean Development Bank's internal procedures—two were of special interest. One authorized the President-elect, William Dumas, to assume office no later than August 1, 1974, instead of April 22. The other approved an increase in the Bank's authorized capital stock from US\$ 100,000,000 to US\$ 192,000,000.

The Inter-American Development Bank was mentioned prominently in the Governors' speeches, particularly by Finance Minister George Chambers, Governor for Trinidad and Tobago; Horace Barbour, who represented Jamaica; and the Honourable A.B. Hanna, Deputy Minister and Minister

of Finance of the Bahamas, as well as Roy Jones, Acting President of the Caribbean Development Bank.

Mr. Chambers said his Government was prepared to increase its contribution to the Caribbean Development Bank's Special Fund and to establish a new fund to help finance the required local counterpart contributions to loans made from other resources.

Minister of Finance Héctor Hurtado, Governor for Venezuela, pledged an additional contribution of US\$5 million by his Government to the Special Fund, increasing its commitment to US\$10 million. He called for the establishment of a Special Trust Fund, stating that Venezuela would contribute US\$25 million.

It was decided to hold next year's meeting in Barbados.

**III Seminar on Scientific and Technological Planning.** Caracas, Venezuela, May 6-10. (Sponsored by the Organization of American States.)

Mario Edgardo Ibacache, Specialist in Education, Section on Education, Science and Technology, attended the Seminar on behalf of the IDB as an observer.

Among the main conclusions reached during the first part of the Seminar were the following:

- That all organizations and professions involved in a country's scientific and technological development should be included in the system used in planning national policies on science and technology.
- That national policies on science and technology should be coordinated with the country's socio-economic development policies.
- That the transfer of technology to the

developing countries should be based on a process of desegregation that, among other things, permits the selection of the type of advisory services desired and the development models implicitly involved.

•That regional scientific and technological cooperation should be encouraged.

**Seminar on Demographic Policies.** San Salvador, El Salvador, June 10-13.

Among those present were officials from the ministries of health and the national planning offices of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Nicaragua, Honduras and Panama; representatives of the private sector, demographers and researchers from Central America, and other guests, including the representative of the United Nations Fund for Population Activities, the Governor of the State of Chiapas, Mexico, and the Minister of Health of the State of Guanabara, Brazil.

Luis Ratinoff, Consultant in the Program Advisor's Office, represented the Bank.

The seminar dealt mainly with the experiences of the Central American countries in family planning and with the possibility of formulating and adopting overall demographic policies.

In the course of the deliberations it was concluded that, in order to formulate an integral population policy, the following factors should be taken into account: the relation between population and human resources training; the relation between demographic facts and the adequate use of natural resources; the relation between development investment and geographical location of the population; the relation between technological progress, its capacity to create productive employment and the economic participation of the population; and the relation between social structure and demographic trends.

# World Population Conference and Latin American Concerns

The World Population Conference, opening in Bucharest, Romania on August 19 for a twelve-day period, will examine a series of issues associated with the continuing rapid increase of the world's population.

Sponsored by the United Nations and led by Antonio Carrillo Flores, the Conference's Secretary General, some 205 governments and institutions will be represented, making it the largest international participation in any United Nations conference to date.

President Antonio Ortiz Mena will head the Inter-American Development Bank delegation.

Items to be discussed include population trends and prospects; relations between population change and economic and social development; relations between population, resources and environment; and population, family and human well-being. The session is expected to produce a World Population Plan of Action.

## World Population Trends

Throughout history, the number of births has barely exceeded the number of deaths, minimizing population growth. Maximizing fertility, therefore, was assumed to be a desirable goal. But in the Twentieth Century, as mortality rates plummeted and birth rates remained traditionally high, the delicate birth and death balance changed drastically, resulting in a population explosion. Worldwide, population increased less than one per cent a year between 1900 and 1950. Since then, the rate has accelerated, averaging about 2 per cent a year. The United Nations projects world population increases from about 2.5 billion in 1950 to about 5 billion in 1980 and 6.5 billion by the year 2000.

## Population in Latin America

In this setting, Latin America has one of the highest rates of population growth in the world. Its population increased from 89 million in 1920 to 285 million in 1970, and is projected to rise to 626 million by the year 2000, an average annual growth rate of 2.7 per cent between 1970-2000.

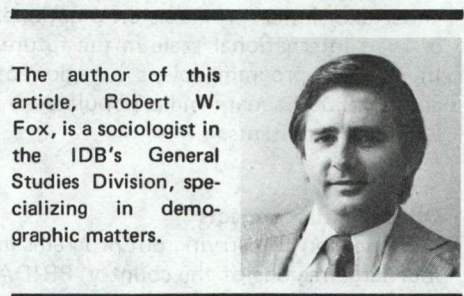
Rapid urbanization, along with a high rate of regional population growth, is another striking demographic feature. Six major countries—Argentina, Brazil, Chile, Mexico, Peru and Venezuela—together

account for about 73 per cent of the region's population and 639 of the approximately 800 cities which have more than 20,000 inhabitants.

The clear relationships found between national and city growth trends are of considerable interest to the Bank's activities. Among the major facts and findings are the great differences in growth rates at the national level.

At the extremes are Argentina, averaging a low rate of 1.5 per cent, and Mexico, averaging 3.4 per cent (1960-1970).

Beginning with a base population of 23 million in 1970, a population of 34 million is projected for Argentina by the year 2000. For Mexico, the base year total is 48 million, and for the year 2000,



The author of this article, Robert W. Fox, is a sociologist in the IDB's General Studies Division, specializing in demographic matters.

129 million inhabitants.

The rural-to-urban transition continues unabated. As observed and projected in the 1960-1980 period, Argentina should increase the proportion of its population living in cities of more than 20,000 inhabitants from 60 to 71 per cent, Brazil from 31 to 47 per cent, Chile 50 to 65 per cent, Mexico 52 to 62 per cent, Peru 31 to 48 per cent, and Venezuela 53 to 69 per cent.

## The urban explosion

Two aspects of this transition are of keen interest: the differential rate of urban-vs-rural growth, and the magnitude of city increases.

Almost *all* population growth in each country is accruing to the cities through natural increases and rural-to-urban migration.

In other words, the urban explosion is largely the population explosion. Termed an urban "absorption" percentage—an amount slightly in excess of all national growth—100 per cent and more accrued to the cities of Argentina during the 1960-1970 interval.

This implies, of course, absolute losses of inhabitants in the rural sector, a factor

which will gain increasing importance in several countries in coming years, particularly from the point of view of focusing on absolute rural losses among younger persons of productive age.

The absorption percentage among the other countries amounts to 68 per cent for Brazil, 100 per cent and more for Chile, 71 per cent for Mexico, 73 per cent for Peru, and 83 per cent for Venezuela.

Judging by the projections, absorption percentages by the urban sector of Peru and Brazil, in particular, will increase significantly during the coming decades.

## Future trends

On an absolute basis these figures are extremely impressive and, if reached, will constitute a phenomenon never before experienced in Latin America—or, for that matter, in the world. The Brazilian projections, for example, show city increases of around 30 million inhabitants in the 1980-1990 interval *alone*, and 40 million more in the following decade.

This will, of course, place enormous strains on urban economic and social systems. Already the early effects are being seen in terms of severe housing shortages and continuing expansion of large tracts of squatter settlements, high unemployment rates, and similar "marginality" conditions.

To cope with this, measures now considered quite radical may be required for orderly development.

Certain to be among these will be substantial efforts to divert some of the future population growth from the largest to smaller urban centers in order to avoid the development of intolerable megapopolis conditions such as those resulting from the 32 million population projected for Mexico City and the 25 million for São Paulo by the year 2000. One need only recall that the entire metropolitan area of New York City has "just" 17 million inhabitants to attest to this need.

The dilemma here, however, is that most secondary cities in the region are themselves growing at a rapid pace, and diverting growth will simply double their burden. Whether secondary cities can successfully expand social and economic functions at the pace imposed will be another subject of increasing concern in the coming years.

At the Population Conference, both subjects—rapid population growth and present urbanization trends—will surely be among the most pertinent areas of interest for the delegations from Latin America.

# Venezuela, Rich in Petroleum, Moving Ahead in Industry and Agriculture

In late 1973, Miguel Angel González and José Eugenio Pérez of Barinas, a small town in southern Venezuela, representing a group of local farmers, delivered a petition to the coordinator of the Integral Agricultural Development Program (PRIDA) asking him to include their community in the Program.

The request was approved, setting in motion a major rural development program which by mid-1975 will provide medical service, schools, stores, feeder roads and a variety of technical services including seed disinfection, fertilizers, soil preparation, weed control and other farming requirements in 64 individual settlements encompassing a zone of 1,976 acres.

A government project supervised by the Central Coordination and Planning Office of the Presidency, with the cooperation of several government agencies, PRIDA is one of the more ambitious rural development programs in Latin America in which the Inter-American Bank has participated as an advisor.

Its basic purpose is to bring the rural population into the national economic,

The General Páez hydroelectric complex, being built with the help of an IDB loan, will supply power to six of the country's states.



social and political mainstream through the construction of a series of infrastructure works and the establishment of essential services under Venezuela's thirteen-year agrarian reform program.

The IDB has approved a \$75.3 million loan for the project, which will cover 41.4 per cent of the total estimated cost of approximately \$182 million. The Venezuelan Government will assume the remaining 58.6 per cent.

An essential aspect of the project has been the unique degree of cooperation among six government agencies and other groups which have participated directly or indirectly in this operation.

The program will improve the economic infrastructure of 120 rural settlements and will push penetration of feeder roads into the area, making it possible to undertake similar programs on a national or even international scale in the future. In all, the program covers a region of about 38,000 square miles populated by 845,000 inhabitants.

## Other agrarian projects

In addition to carrying out programs in four large regions of the country, PRIDA is engaged in a wide range of other activities in the farm sector, surpassing the goals it had set itself. This is a prime example of the manner in which the IDB has cooperated with Venezuelan development. The PRIDA program has also benefited from the experience gained in previous Bank financing of agricultural development programs in Venezuela.

Through the National Agrarian Institute and the Venezuelan Workers Bank, the IDB has helped finance four projects in the agrarian reform field, totaling \$34.7 million. These include improvement and expansion of rural farm housing for low-income families, consolidation of farm settlements and modernization of potable water systems in approximately 330 villages of less than 5,000 inhabitants each. The interrelation of these loans, the contracting of Venezuelan personnel, and the training programs established, provided the basis for later IDB collaboration with PRIDA in helping to improve rural conditions and tie the farmer more firmly to the soil—the country's two most urgent agricultural problems in recent years.

"PRIDA," according to Leopoldo Anzola, a Venezuelan engineer working in the program for the central-western



Staff members of Venezuela's land development agency plan tree plantings for rural settlement project. Maps show projects already under way.

region, "has changed the outlook of officials in the agricultural sector and has brought about a thorough and orderly evolution in the agricultural economy of the area being developed."

In 1963 the IDB approved a \$4.7 million loan to the Agriculture and Livestock Bank (BAP) to support the Venezuelan Livestock Development Plan under which the BAP extended 517 subloans to finance 80 per cent of the import value of 13,152 breeding cattle. As a result of these imports, cattle is being increased to an estimated 55,000 head of high-quality stock.

## Electric energy

The IDB has also cooperated in the development of other projects of importance to the Venezuelan economy, including the General José Antonio Paéz hydroelectric project on the Santo Domingo River. The project includes a dam, already completed, which is 220 meters long and 70 meters wide. It will form a lake containing 2.6 million cubic meters of water and will permit the generation of 240,000 kilowatts of electric power. The system will be interconnected with the La Fría thermo-electric plant in the state of Táchira, on the Colombian border, and with the San Lorenzo, Morochas and Tablazo thermal plants in Zulia, another state on the Colombian border. Energy produced by the General Páez plant will help supply

additional power to Barinas and Portuguesa States through a series of transformer substations located in Mérida, Valera, Barinas and Guanare. Two of the plant's four generating sets started operation in 1973. Besides helping satisfy the energy requirements of the western zone of Venezuela in 1973-82, the new plant, with its man-made lake in the Santo Domingo River valley, is expected to become a tourist attraction.

#### Industrial program

In 1973, the final stage of Venezuela's program to industrialize its hydrocarbon resources, a new nitrogenous fertilizer plant was inaugurated in the Morón Petrochemical Complex. The plant was constructed with the help of a \$12.7 million IDB loan. Sixty per cent of the project is represented by an ammonia and an urea plant with an annual production capacity of 200,000 and 250,000 tons, respectively. The remaining 40 per cent, scheduled to start operation soon, consists of a series of phosphate fertilizer plants with modern equipment for extracting and crushing ore from the Riecito mines in Falcón State, and transporting it to the phosphoric acid plants. In full production, the Morón complex will produce 600,000 metric tons a year of fertilizer. This will meet national demand, now estimated at 250,000 metric tons per year and, for at least a few years, will provide a surplus for export.

In Ciudad Guayana, one of the country's fastest developing cities, the IDB has made \$32.5 million in loans available to help expand two major projects—the Caroní aluminum plant (ALCASA) and the Orinoco steel plant (SIDOR). The aluminum plant, in operation since 1967, is equipped with hot and cold-rolling machinery and has an annual production capacity of 50,000 metric tons which permits it to supply the domestic market and to export surpluses to several Latin American countries. Domestic production will absorb the plant's entire capacity for the next three years, prior to completion of the plant's expansion program in 1977.

The gigantic SIDOR industrial complex forms the center of an industrial zone whose growth has surpassed expectations. With its 38 miles of railroad and 20 highways, the complex covers an area of 667-acres in which more than 7,000 Venezuelans, including engineers, technicians and specialized personnel, are employed. Until now, the complex has produced 1,250,000 metric tons of steel products yearly, of which 72 per cent is

consumed in Venezuela and the remainder is exported to other countries in the continent. In 1974 the complex will start a new line of tin and chrome electrolyte, one of the more difficult processes to develop in a flat steel mill.

#### Other sectors

The Bank has approved loans totaling \$43.2 million to the *Corporación Venezolana de Fomento* (CVF) to foster the development of diverse sectors of the economy. Recipients of CVF subloans include small- and medium-scale industries and a subsidiary of the *Compañía de Administración y Fomento Eléctrico*, which generates a large part of Venezuela's electric power. Within the company the IDB helped create a \$6 million Preinvestment Fund designed to mobilize resources for the preparation of general studies on the subsectoral level and investment studies in the industrial, mineral and agricultural fields for both public and private groups. Also, the Bank, together with the *C. A. Venezolana de Desarrollo* (CAVENDES), a private development group, has helped to establish a loan program for industries with low production costs and high export potential.

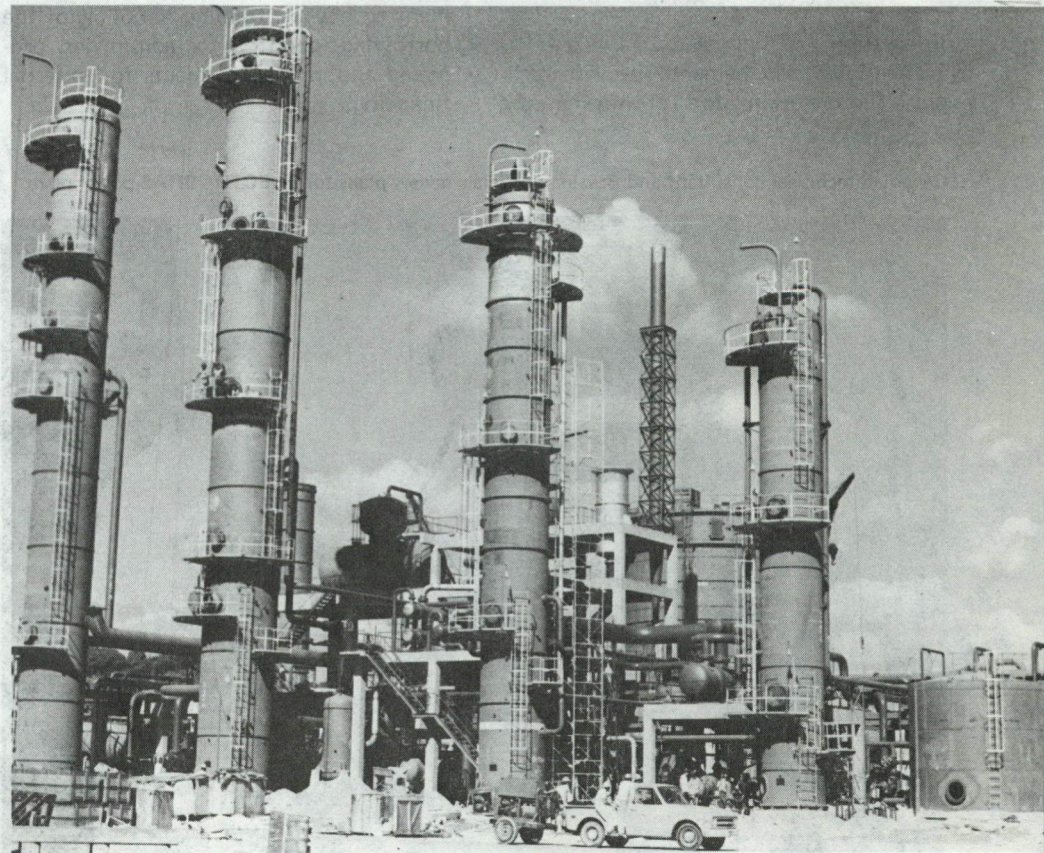
The Bank has also been active in the

field of education by helping to enlarge the pool of trained personnel. To date the Bank has extended four loans for \$47.4 million to help train young people for managerial posts in the country's economic and social development programs.

At the *Universidad de Oriente*, in Cumaná, a city in the eastern part of the country, and at the *Universidad Andrés Bello*, in Caracas, the capital, IDB loans have helped to finance the expansion of physical plants and to reorganize the academic program. Bank loans to the *Universidad de los Andes*, in Mérida, a city in the south, and the *Universidad Simón Bolívar*, near Caracas, are helping to improve physical plants, libraries and laboratories and will permit expansion of scientific and technological research for use by student bodies drawn largely from low- and middle-income families.

The loans approved so far—amounting to \$430.2 million—reveal a pattern of consistent cooperation through development projects that range from various aqueducts and the Maracaibo sewage works to a scientific and technological center for advanced studies at Mérida University to train many of the scientists and researchers who one day will help guide the country's future.

The \$54 million petrochemical plant in Morón will satisfy the increasing agricultural demand for fertilizer in Venezuela until 1985. The plant, built with the help of a \$16.2 million loan from the Inter-American Bank, will help mobilize the country's vast natural resources for industry.



## \$255 Million in IDB Technical Cooperation

(from page 1)

tion is assisting Nicaragua to prepare a five-year development plan. It is enabling Ecuador to undertake a satellite mapping program of the geography and resources of its northeastern region, where the possibility of work in newly-discovered oil fields has attracted a considerable number of settlers.

It is helping Costa Rica improve the facilities of its national university; Barbados to improve the sanitation system of Bridgetown, its capital city; Haiti to undertake preinvestment studies of agricultural projects, particularly in marketing, stock farming, crop diversification, irrigation and other aspects of rural development; and Venezuela to prepare a comprehensive program for developing its fishing industry.

One of the Bank's most recent loans to the Dominican Republic, to help execute the first stage of a master plan to meet the water and sewage requirements of its capital city, Santo Domingo, until the year 2000, included \$990,000 in technical cooperation. Part of those funds are to be used to strengthen the agency responsible for administering the city's water supply and sewage disposal system. The rest is for studies of the second stage of the master plan.

### Integration

The Bank also helps to provide technical cooperation for promoting the

economic integration of the region, especially the export of capital goods among the countries, and multinational projects, such as improving power, transportation, and communication facilities.

An example of this type of technical cooperation is a \$4 million loan to the Central American Bank for Economic Integration for preinvestment studies in the five member countries of the Central American Common Market.

Another is the \$2 million the Bank approved on May 9 in technical cooperation grants to three non-profit international agricultural research centers in Latin America which are working to increase the world's food supply—the International Center for the Improvement of Maize and Wheat (CIMMYT), the International Center for Tropical Agriculture (CIAT), and the International Potato Center (CIP).

### Financing

Funds for technical cooperation are provided either as separate, independent loans or as part of loans issued for specific projects.

Those issued as independent loans are usually for providing expertise in the preinvestment stage of a project or program—for instance, for preparing a country's development program; establishing development priorities; organizing and administering planning machinery; revising the administration of a government agency; or training nationals of the borrowing country to administer programs and prepare projects for external financing.

## Appointments

Julio C. Gutiérrez was elected to serve on the Board of Executive Directors as Executive Director for Bolivia, Paraguay, and Uruguay as of July 1 to complete the term ending June 30, 1975, in replacement of Ulysses Pereira Reverbel, who resigned recently. Mr. Gutiérrez appointed Edmundo Valencia Ibáñez as Alternate Director for the same period.

Other Bank appointments include the designation of Carlos Solera and Santiago Madriñán de la Torre as Controllers of the Review and Evaluation System, for a period of three years.

Alberto Castillo, Alternate Chief of the Division of Country Studies in the Economic and Social Development Department, was appointed as the Bank's representative in Guatemala.

Ary dos Santos Pinto, Chief of the International Advisory Section of Brazil's Ministry of the Treasury, was appointed to the Advisory Council of the Institute for Latin American Integration (INTAL) for the term ending December 31, 1975 in replacement of Rubens Vaz Costa, who has resigned from that post.

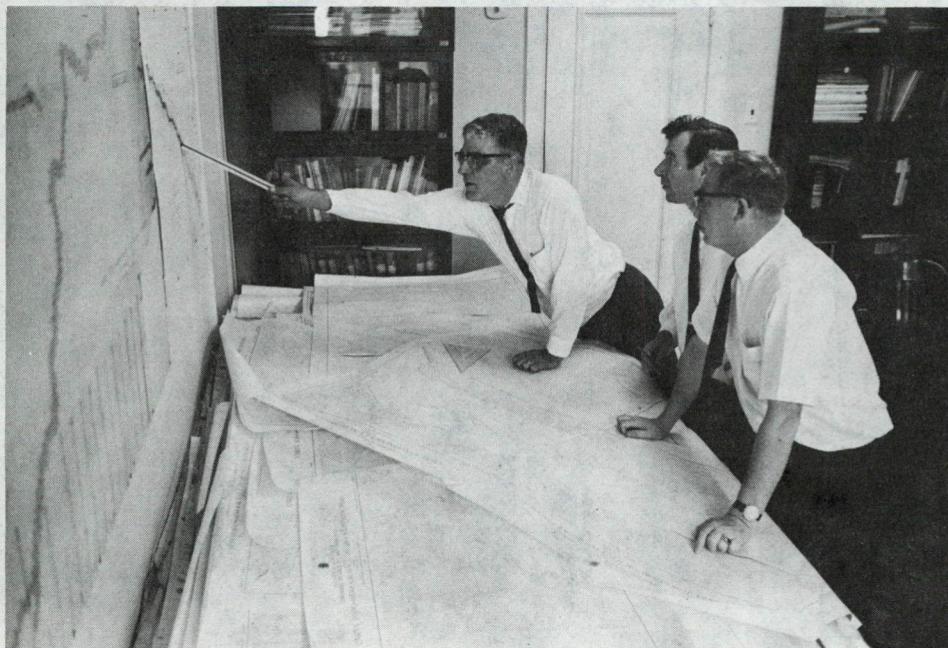
Funds earmarked for technical cooperation as part of a loan issued for a special project are usually related to the execution of that project.

Such loans may be authorized, for example, to engage consultants or technicians from abroad for advisory, managerial or technical services in the early stages of a project, training personnel for work on a project or strengthening the agencies in charge of getting the job done.

The Bank extends technical cooperation on a reimbursable, nonreimbursable or contingent recovery basis—that is, subject to repayment if the technical cooperation leads to a project that merits outside financing, whether by the IDB or another external credit institution.

Of the \$255 million the Bank has authorized for technical cooperation, \$190 million has been authorized as loans or parts of loans on a reimbursable basis, and \$65 million in grants or on a nonreimbursable contingency basis.

Canadian technical consultant and Brazilian officials review plans for ELECTROBRAS power plant.



*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. All 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.

# Loans: IDB Approves \$117 Million to Brazil, Mexico and Paraguay

Recent weeks the Inter-American Development Bank approved loans to Brazil, Paraguay and Mexico. Details of the credits are as follows:

**BRAZIL:** On June 20 the Bank announced a \$60 million loan to help widen and modernize the 250-mile highway between São Paulo and Curitiba in the southeastern part of the country.

The São Paulo-Curitiba highway is part of federal highway BR-116 which extends 2,750 miles along the Atlantic coast from Fortaleza, capital of the State of Ceará, in the north, to Jaguarão at the border with Uruguay in the south, crossing 11 states. The São Paulo-Curitiba section, the only paved road between those two cities, is used by trucks carrying farm produce from southern Brazil to São Paulo and trucks carrying manufactured goods from São Paulo to Curitiba and other southern points.

When the project is completed in 1977, as many as 32,325 vehicles a day will be able to use the São Paulo-Curitiba highway along urban sections and 10,280 vehicles a day along rural sections—an increase of about 35 per cent over present capacities.

The loan will cover 28.5 per cent of the estimated cost—\$210.7 million—and the *Departamento Nacional de Estradas de Rodagem*, the national highway agency, the remaining 71.5 per cent.

**PARAGUAY:** On July 18 the Bank announced approval of a \$7.4 million loan to help Paraguay build water supply systems in nine interior towns having a combined population of about 162,000 inhabitants.

The loan was extended to the *Corporación de Obras Sanitarias (CORPOSANA)*, the country's water and sewage agency. The total cost of the project is estimated at \$8,770,000, of which the Bank loan will cover 84.4 per cent and local sources the remaining 15.6 per cent.

In addition, the Bank granted \$116,000 in nonreimbursable technical cooperation to help CORPOSANA design and implement a new rate schedule, modernize its accounting system and train in Paraguay and abroad technical and administrative personnel engaged in the project.

The project, when completed, will reduce morbidity and mortality rates caused by contaminated water. It will

make it possible to provide twice as many people with potable water services. At present, some 165,000 people, or roughly 8 per cent of the total population of 2.5 million, have such services.

**MEXICO:** On July 25 the Bank announced the approval of two loans totaling \$50 million to help Mexico execute the third stage of a national feeder road program.

The two loans—\$35 million from the Bank's ordinary capital resources and \$15 million from its Fund for Special Operations—were extended to *Nacional Financiera, S.A.*, the government agency charged with negotiating foreign loans. They will be used by the *Secretaría de Obras Públicas* to construct about 688 miles of new roads and pave an additional 313 miles of existing roads in 15 states.

The total cost of the project is estimated at \$109.8 million, of which the Bank will cover 45.5 per cent and the Mexican Government the remaining 54.5 per cent.

The Government has given high priority to the extension of the national highway network as a means of achieving balanced regional development and improving income distribution. Mexico's highway system has more than doubled in size in the last seven years.

## 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:** The *Instituto Colombiano Agropecuario (ICA)*, requests bids (No. S-10-74), for 100 small vehicles for integrated rural development programs.

Opening date: July 2, 1974; sale of forms: until July 19, 1974; closing date: August 16, 1974.

Forms are on sale at a nonrefundable fee of 2,000 pesos for the first copy and 500 pesos for each additional copy.

Documents containing details may be consulted or purchased at the *Sección de Suministros*, Room 401, Calle 37, No. 8-43, Bogotá, D.E. Telephone: 322520.

The *Instituto Colombiano Agropecuario (ICA)*, requests bids (No. S-09-74) for 200 motorcycles to be used in its integrated rural development programs. Opening date: July 2, 1974; sale of forms: up to July 19, 1974; closing date: August 16, 1974.

Forms are on sale at a nonrefundable fee of 2,000 pesos for the first copy and 500 pesos for each additional copy.

Documents containing details may be consulted or purchased at the *Sección de Suministros*, Room 401, Calle 37, No. 8-43, Bogotá, D.E. Telephone: 322520.

**ECUADOR:** Four firms have qualified in the request for bids issued by the *Ministerio de Obras Públicas y Comunicaciones* for the construction and surfacing of the Macas-Chiguaza-Río Pastaza road between the western provinces of Morona, Santiago and Napo.

According to information released by the Ministry, the qualifying firms are: CEPA, Monolítica, Hidalgo & Hidalgo and Federico Arteta-Menatlas. Contracts will be awarded on the basis of a report from a technical committee to which the bids will be submitted.

The works to be executed include: clearing and grubbing, drainage structures, earth movement, rock excavation, shaping and compacting of the subgrade, sub-base, bridges and complementary structures.

The Macas-Chiguaza-Río Pastaza road will be part of the highway project now under way between Ambato-Baños-Puyo-Macas-Méndez-General Plaza-Gualaceo and Cuenca. Nine bridges will be built in the course of the 62.4 kilometers the road will cover, among them, one 350 meters long over the Upano River, and another 175 meters long over the Pastaza River.

This job is included in the five-year

(1973-1977) national road program the Government has undertaken with the help of an IDB credit.

**PERU:** International Public Bid No. 01-74 issued by the *Ministerio de Salud* to IDB member countries under loan contract Peru-IDB 367/SF-PE for the construction of buildings for the *Institutos Nacionales de Salud*.

1. *Job and location:* Urbanization and construction work for a 32-unit complex in a 28,800-square meter area in the District of Chorrillos, city of Lima, Department of Lima.

2. *Forms:* Prequalification forms will be available after May 2, 1974, at the *Oficina Ejecutora*, at Javier Prado Este No. 350, San Isidro, at a fee of 300 soles. Bids should be presented by August 29; work should be started October 1, 1974, and completed by March 31, 1977.

3. *Financing:* The project is being partially financed by the Inter-American Development Bank. Contracts will be drawn up on the basis of the stipulations contained in Loan Contract Peru-IDB No. 367/SF-PE.

4. *Payment:* Payments for goods and services originating in Argentina, Brazil, Mexico and Venezuela will be made, at the Bank's option, in the currency of the contracting firm's country of origin.

5. *Other requirements:* Requirements are described in the prequalification forms.

# New Organization Seeks Common Regional Goals, Approaches

A new organization—the Latin American Forum—was established recently in Buenos Aires by 30 Latin American leaders.

The founders, who had previously attended a meeting organized by the Institute for Latin American Integration (INTAL) to discuss the region's future and its place in the international scene, agreed that there was a need to establish a nonofficial, independent organization representing all shades of Latin American thought.

The Forum adopted a charter and elected a Board of Directors consisting of Carlos Lleras Restrepo, former President of Colombia, Germánico Salgado, of

Jorge Sábato, of Argentina, sociologist Helio Jaguaribe of Brazil, Rodrigo Llorente, former Minister of Finance of Colombia, and Mario Ojeda, of the *Colegio de México*, was also established.

In a letter of invitation to its meeting, INTAL stated that Latin America's future depends on the role it plays in the international scene which, in turn, will depend on how well the various countries coordinate their foreign policy.

Relations among the Latin American countries, their trade with the rest of the world, their access to foreign capital and technology, the practices of multinational corporations and the policies of the industrial nations, are other variables



A group of Latin American leaders discuss region's future at recent meeting in Buenos Aires.

Ecuador, member of the Board of the Cartagena Group Agreement; and Juan Carlos Puig, former Foreign Minister of Argentina; Enrique Iglesias, Executive Secretary of the Economic Commission for Latin America; Felipe Herrera, former President of the Inter-American Development Bank; sociologist Candido Mendes, of Brazil; anthropologist José Matos Mar, of Perú; Francisco Javier Alejo, Director of the *Fondo de Cultura de México*; Roberto Mayorga Cortés, Executive Secretary of the Central American Common Market; Antonio Casas González, former Director of CORDIPLAN; neurosurgeon Raúl Matera, of Argentina; and Cleantho de Paiva Leite, of Brazil, Editor of the *Revista de Estudios Internacionales*.

An Executive Committee headed by Gabriel Valdés, former Foreign Minister of Chile, and including nuclear physicist

having a bearing on the region's future, according to INTAL.

"Unless Latin America strengthens its ability to influence those factors, it cannot hope to reduce its external dependency, improve its negotiating position vis-à-vis the rest of the world, or adopt development models that will enable its peoples to use their resources more advantageously and to keep a larger proportion of the benefits."

Presented at the meeting were: "Latin America in the Context of Great International Changes," prepared by the United Nations Economic Commission for Latin America (ECLA); "Latin America: Trends and Perspectives for Economic Integration," by Félix Peña; and "Favorable and Unfavorable Trends Toward a Latin American Regional Sub-system," by Luciano Tomasini.

# Communications in Latin America

(from page 1)

4.4 per cent of the telephones.

For several years the Inter-American Development Bank has supported the region's efforts to improve its telecommunications.

The Bank launched several programs in the sixties to develop and strengthen the Inter-American Communications Network and the regional satellite communications system. Its "Feasibility Study of Space and Terrestrial Telecommunications in South America," published in 1966, demonstrated the technical and economic feasibility of satellite communications in the region and paved the way for satellite stations in several countries.

Today, besides Canada, the United States and Puerto Rico, there are stations in 13 countries—Argentina, Brazil, Barbados, Colombia, Chile, Ecuador, Jamaica, Mexico, Nicaragua, Panama, Peru, Trinidad and Tobago, and Venezuela. Other countries expect to install stations when their international traffic justifies the investment.

In 1968, in addition to financing the feasibility study on the Network, the IDB allocated \$52 million to promote the development of communications. The countries which benefited from this were the Central American countries and Bolivia, Brazil and Chile. Nicaragua and Peru also received additional financing to replace telecommunications installations destroyed in the earthquakes which struck both countries.

All these projects will expedite the establishment of connections with the Inter-American Network, which is being installed in sections throughout the hemisphere. Others besides the Central American section are already in operation in several countries.

The Latin American countries are making definite advances in their international communications programs. But according to an IDB telecommunications specialist, Robert F. Gellerman, their efforts in the next few years should be directed to strengthening their local telephone systems.

The Latin American countries, Mr. Gellerman said, plan to install 10 million additional telephone lines in the next ten years—twice the number now in operation. That means they will have to redouble the efforts they have been making—and which the IDB has supported—to achieve their goals.