



IDB news

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IDB APPROVES RECORD \$1.1 BILLION LOAN VOLUME IN 1974 TO FOSTER LATIN AMERICA'S DEVELOPMENT

The Inter-American Development Bank recently announced that it had authorized a record \$1,110.7 million in 53 loans during 1974 to foster the economic and social development of its member countries in Latin America.

This annual loan volume, highest in the Bank's history, exceeds by more than \$200 million the previous record annual loan volume of \$884 million achieved in 1973 and increases the cumulative total of Bank lending to \$7.4 billion.

In a year-end review of the Bank's activities during 1974, Antonio Ortiz Mena, President of the Inter-American Bank, noted that cumulative Bank lending from 1961 through 1974, distributed in 823 loan operations, is helping to carry out projects and programs with a total cost of some \$26 billion.

Mr. Ortiz Mena reported that disbursements for the year totaled \$673

million, increasing to \$4.341 million the cumulative total of Bank disbursements. In addition, nonreimbursable technical cooperation approved in 1974 amounted to \$18.8 million, about three times the \$6.4 million record level achieved in 1973.

In 1974 the Bank approved \$635.6 million in loans from its ordinary capital resources, or hard loan window, and \$475.1 million from its Fund for Special Operations, or soft loan window. In accordance with its policy of providing preferential treatment to its lesser developed member countries, 53 per cent of the Bank's concessionary lending was extended to countries of relatively less economic development and insufficient market, several of which received a larger volume of Bank financing in 1974 than in any previous year since the Bank was established in 1959.

In 1974 the Bank also extended the largest individual loan of its history—\$95

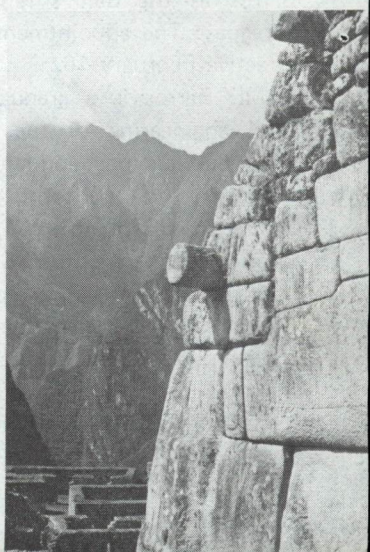
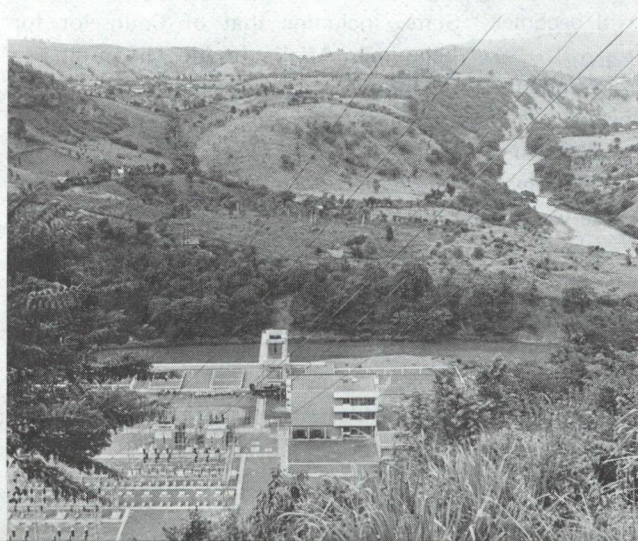
million—to Argentina and Uruguay to help finance the second stage of the construction of the Salto Grande hydroelectric project on the Uruguay River. Together with a previous \$79 million loan approved in 1972, this increases the total resources approved by the Bank for the construction of Salto Grande to \$174 million, the largest amount of financing authorized by the Bank to date for one project.

During the year the Bank attracted \$104.3 million in additional resources for Latin America's development from Europe, Asia and its own Latin American member countries. The Bank's borrowings in 1974 were highlighted by the placement of bond issues totalling \$33.3 million in the markets of two of its oil-producing member countries, including a \$23.3 million issue in Venezuela and a \$10 million issue in Trinidad and Tobago.

(continued on page 4)



The Inter-American Bank's record credit operations in 1974 helped to finance projects that are vital to the development of Latin America. Among them are such projects as the Xayá-Pixcayá aqueduct (upper left) in Guatemala, which was begun with IDB funds approved in 1969; the COSIPA steel works in Brazil (below), now being expanded with a new IDB credit; the Río Bao electric power plant and irrigation works in the Dominican Republic (center), near the Tavera dam, also built with the help of IDB financing; improving and expanding the port in Barbados' capital city, Bridgetown, (upper right), and the Peruvian Government's tourist development program in Machu Picchu and in the Puno and Cuzco areas, which includes building new roads and hotels and restoring historical monuments. The year's credits are helping to execute projects having an estimated cost of about \$26 billion.



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

Panel Meeting on Power Reactors of Interest to Developing Countries. Vienna, Austria, November 18-21.

This meeting was sponsored by the International Atomic Energy Association (IAEA) and was attended by representatives of developing nations, engineering firms, international lending agencies or government-affiliated financing agencies, manufacturers of nuclear plants and government atomic energy commissions. Salvatore N. Liberatore, Chief of the Energy Section, represented the Bank.

The conference reviewed the market for atomic energy plants in developing nations on the basis of a 1974 IAEA survey which indicates a potential market of 220,000 megawatts which can be supplied by 155 units of 500 MW or less, to start operation between 1981 and 1990.

The conference issued the following recommendations: that the existing program for undertaking or assisting in the performance of nuclear power planning studies for developing countries be pursued further and intensified; that feasibility studies and studies of domestic production capabilities be encouraged; that IAEA

missions regularly visit countries considering or embarking upon nuclear power programs to give advice and assistance at appropriate stages; that IAEA undertake to secure specific data related to small and medium power reactors now available or likely to become commercially available and disseminate such information to its member states; and that the IAEA convene potentially interested developing countries to explore together the possibility of a common purchase, thereby reducing costs, and to determine facilities for financing nuclear energy projects.

Workshop on Methods Used to Allocate Resources in Applied Agricultural Research in Latin America. Cali, Colombia, November 26-29.

Sponsored by the International Tropical Agriculture Center (CIAT), this workshop was attended by representatives of the national agricultural research institutions of Brazil, Colombia, Ecuador and the United States; three hemispheric agricultural research centers—CIAT, the International Potato Center (CIP) and the International Rice Research Institute (IRRI); Argentina and Canada, the World Bank, the Inter-American Bank, the Interamerican Institute of Agricultural Sciences (IICA), the Ford Foundation and the U.S. Agency for International Development (AID).

Representing the Bank were Jacques J. Kozub, Chief of the Agricultural Economics Section, and José Soto-Angli of the Training Division.

The representatives of the national research institutes described their experiences in assigning and allocating resources for agricultural research. Mr. Soto-Angli presented a paper on the Bank's experience in financing research programs and on the training and transfer of technology carried out in Bank member countries by the

international centers. He also emphasized the importance that the IDB assigns to strengthening national programs in this sector.

The workshop helped to expedite the interchange of information on agricultural research and financing between the national and international groups represented by a discussion of such topics as:

- The yearly budgeting of national resources for agricultural research, although the research must be funded on a medium- and long-term basis.

- The need to consider the operating costs of the research programs as an investment, even when carried in the budget as current costs.

- The apparent lack of an optimum level of resources that may be assigned to agricultural research although, in cases where research is considered an operating cost rather than an investment, the allocated resources represent less than one per cent of the national budget and cannot cover medium- and long-term objectives.

First Seminar on Managing Planned Agricultural Development. Washington, D.C., October 7-11. Jacques J. Kozub, Chief of the Agricultural Economics Section, and Frank Meissner, Project Analyst in the Agriculture Development Project Analysis Division, represented the Bank.

Sponsored by the Agricultural Sector Implementation Project (ASIP) of the Government Affairs Institute of Washington, this seminar had as its major objective a critical review and evaluation of the contemplated total of 16 chapters of the draft manual "Managing Planned Agricultural Development", to suggest changes in the text so as to reflect the practical experience of the participants, and to seek adaptation of conclusions in the manual to improve the planning work of participants.

Recent Appointments

Antonio Ortiz Mena, President of the Inter-American Development Bank, has announced the appointment of Eduardo Barros as the Bank's representative in Paraguay. The appointment will become effective February 16.

Mr. Barros is a graduate in agricultural engineering of the University of Chile and did postgraduate work at the University of California in Berkeley. Joining the Bank in 1961, he served as Chief of the Agricultural Section and, in 1966-69, as the Bank's representative in Colombia. At present he is Chief of Division II of the Operations Department.

The designation of Herman H. Barger

as the Bank's representative in Chile will also become effective February 16. Mr. Barger, a United States citizen, is presently the Bank's representative in Paraguay. Prior to joining the Bank in February 1974, Mr. Barger held several high posts in the U.S. Department of State, including that of Counselor for Economic Affairs in the U.S. Embassy in Indonesia, Special Assistant to the Under Secretary of State for Economic Affairs, Director of the Office of International Trade and Finance, Counselor for Economic Affairs at the U.S. Embassy in Mexico, Director of the U.S. Agency for International Development (AID) in Mexico, Alternate U.S. Executive Director to the Asian Development Bank, Counselor for Economic and Commercial Affairs at the U.S. Embassy

in Japan, and Deputy Assistant Secretary of East Asian and Pacific Affairs.

Mr. Ortiz Mena also announced the appointment of Sidney Schmuckler as Deputy Manager of Region II of the Operations Department to succeed Paul J. Colcaire, who resigned on January 31.

Mr. Schmuckler, who joined the Bank in 1968, was Assistant Program Advisor. Before coming to the Bank, he had held important posts with the United States Department of State and its Agency for International Development. He was Deputy Director of the Office of North Coast (South America) Affairs. He was also Chief of the AID Latin American Planning Division in Washington, D.C. and Chief of the Economic Development Division of the Economic Bureau of the United States Department of States.



Recent visitors: Argentine Minister of Economy, Alfredo Gómez Morales, shown here with President Antonio Ortiz Mena and Raúl Fernández, Executive Director for Argentina, at the IDB. During his visit, the Argentine Minister signed a loan for \$11.5 million for agricultural development in the Río Negro Valley.

Argentine Minister Visits Bank

The Inter-American Bank's loan operations in Argentina were analyzed in an interview on January 15 at Bank headquarters in Washington, D.C., between Antonio Ortiz Mena, President of the Bank, and Alfredo Gómez Morales, Minister of Economy of Argentina.

Dr. Gómez Morales was in the United States to attend the meeting of the Joint Ministerial Committee of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Nations, held in mid-January, and to talk with U.S.

Government officials, bankers and representatives of international organizations.

The Argentine minister was accompanied on his visit to the IDB by Alejandro Orfila, Argentine Ambassador to the U.S.; Saúl Bauer, Director of International Organizations for the Ministry of Economy; René Blandeau, Director of Foreign Investments; Horacio Alonso, Deputy Manager of the *Banco Central de la República Argentina*, and Ricardo Arriazu, an advisor.

Mr. Ortiz Mena gave a luncheon for Dr. Gómez Morales which was attended

by officials of the World Bank, the IMF and the U.S. Treasury and State Departments.

Mr. Ortiz Mena and Dr. Gómez Morales discussed IDB financing of projects in Argentina during the period 1974-76 in the sectors of agriculture, industry, electric power and export financing.

In 1974 the Bank extended loans totaling \$183 million to Argentina—the largest amount ever approved by the Bank in one year for that country—to help carry out high priority development projects. One of these loans—\$95 million—was authorized jointly to Argentina and Uruguay to help carry out construction of the second stage of the hydroelectric project at Salto Grande on the Uruguay River and constitutes the largest single loan ever approved by the Bank in its 15-year history.

As IDB Governor for Argentina, Dr. Gómez Morales expressed the interest of his government in widening the scope of activities in the field of technical cooperation of the *Instituto para la Integración de América Latina (INTAL)*, by increasing substantially its annual contribution to the Institute. An agency of the IDB, INTAL is located in Buenos Aires.

IDB Floats \$100 Million Bond Issue

The Inter-American Development Bank on January 8 made a public offering of a total of \$100 million of its 8 1/4 Per Cent Ten Year Notes of 1975, due January 15, 1985. The notes, priced at 99 per cent, are the Bank's first borrowing in the United States market since 1970 when it sold a 25-year bond issue for \$100 million and increases to \$1,186,500,000 the total value of notes issued by the Bank in the U.S. market.

During 1974 the Bank placed bond issues in the capital markets of two of its member countries in Latin America—one for \$23.3 million in Venezuela and another for \$10 million in Trinidad and Tobago. This marked the first time that the Bank has marketed bond issues in any of its oil-producing member nations. In addition the Bank sold \$40.2 million in short-term bonds in 16 Latin American countries and Israel, and borrowed \$24.6 million in Japan, \$6 million in Sweden

and \$200,000 in Finland.

The Bank's January 8 offering in the U.S. market is being made by a nationwide group of investment banking houses and commercial banks under the joint management of Lehman Brothers; Lazard Frères & Co.; Goldman, Sachs & Co.; and Merrill Lynch, Pierce, Fenner & Smith Incorporated. The notes are not redeemable prior to January 15, 1983. On and after that date they will be redeemable in whole or in part at any time at the option of the Bank at 100 per cent, together with accrued interest.

These bond issues and other financial arrangements entered into by the Bank from 1961 to December 31, 1974, with member and nonmember countries and other entities have enabled the Bank to increase by \$2,660,300,000 the resources from which it channels development loans to its 22 member countries in Latin America.

IDB Tourism Study

The Inter-American Bank has recently published a study entitled "Appraising International Tourism Projects," written by Terry A. Powers, an economist with the Bank's Project Methodology Unit.


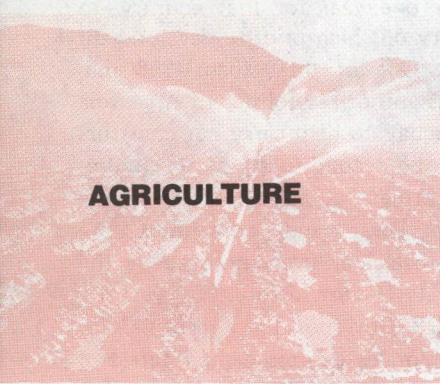
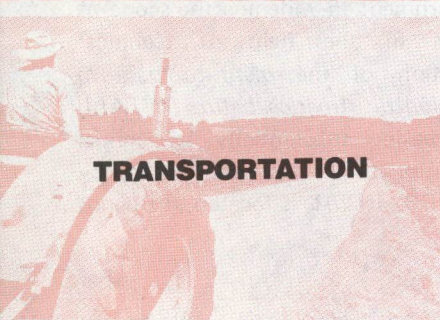
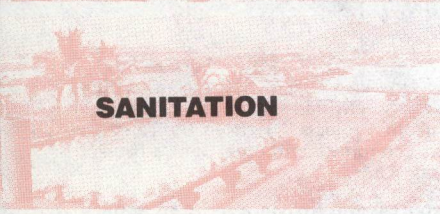
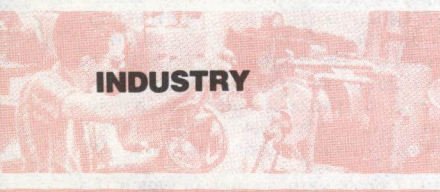
The report is the first in a series of applied studies in benefit-cost analysis carried out under the direction of the Bank's Division of Country Studies. The studies are intended to provide an operational guideline for evaluating specific kinds of projects and draw heavily upon current IDB appraisal techniques and those of other international organizations.

This study deals with an area in which the Bank has only recently become involved—international tourism development. The paper concentrates on site development, accommodations, transport facilities and related aspects and identifies their principal economic costs and benefits.

Copies may be obtained by calling or writing the Office of Information, Inter-American Development Bank, 808 17th St., N.W., Washington, D.C., 20577.

Bank Financing Helps Carry Out Variety of Infrastructure Works

(from page 1)

 ELECTRIC POWER	384
 AGRICULTURE	229
 TRANSPORTATION	195
 SANITATION	119
 INDUSTRY	105
TOURISM	29
PREINVESTMENT	28
EXPORT FINANCING	12
EDUCATION	10
TOTAL	\$1,111

The negotiations initiated by the Bank to bring a group of non-regional industrialized nations into membership culminated on December 17 with the signature of the "Declaration of Madrid", in which 13 European nations and Japan signified their intention of contributing \$755 million to the Bank, of which \$440 million would represent paid-in contributions, when their admission as members is ratified. The 13 non-regional countries include Austria, Belgium, Denmark, Germany, Israel, Italy, Japan, the Netherlands, Portugal (for whom the agreement is open for signature), Spain, Switzerland, the United Kingdom and Yugoslavia.

The 53 loans approved by the Bank in 1974 will help finance physical infrastructure projects, particularly in the electric energy and transportation and communication sectors, and will help foster agricultural and industrial development, construct sanitation facilities, develop tourism, carry out pre-investment studies, expand educational facilities and finance regional exports.

The distribution by sector of the loan operations authorized by the Bank in both 1973 and 1974, and the cumulative total by sector, are shown in the table on page 5.

The sectors which benefited most from Bank lending during 1974 were electric power with a total of \$384 million, agriculture with \$229 million and transport and communications with \$195 million.

In addition to the \$95 million Salto Grande loan, the Bank helped finance electric power projects in Costa Rica, Chile, Ecuador, Paraguay and the Dominican Republic, and a second project in Argentina consisting of the execution of the second stage of a rural electrification program for which the Bank approved a \$43 million credit.

Other Bank-financed projects in this sector included the Antuco hydroelectric power plant in Chile, for which the Bank authorized a \$75.3 million loan; the National Electrification Plan in Ecuador, being carried out with the help of three Bank loans totaling \$51.5

million; construction of the Arenal hydroelectric plant in Costa Rica with the help of a \$50.5 million loan; and the expansion of the electric power generation, transmission and distribution system in Paraguay for which the Bank authorized a \$33.6 million loan.

In accordance with the high priority that it has assigned to the development of agriculture in its member countries, the Bank in 1974 extended almost \$229 million to this sector. Of this total, Mexico received \$133.5 million—58 per cent—in three loans, including \$43 million for fisheries development, \$45 million for small irrigation works and \$45.5 million for large-scale irrigation, including the construction of a dam on the San Lorenzo River in the State of Sinaloa. In addition, the Bank helped finance an agricultural development and colonization program in the Province of San Juan in Argentina with a \$45 million credit and approved a \$22 million loan to help Chile provide the short-term financing required to increase the production of foodstuffs.

Other Bank loans approved during 1974 in the agricultural sector are helping to increase milk production in Guatemala, to combat animal diseases in Honduras, to develop the fishing industry and provide farm credit in Panama, and to develop forestry resources in Nicaragua.

In the transportation and communications sector, the Bank in 1974 extended several large loans to help its member countries to expand and modernize their highway networks and to improve their port installations. Major credits were extended to Brazil—\$60 million—to help expand and modernize a 250-mile stretch of highway between São Paulo and Curitiba; to Mexico—\$50 million—to partially finance the construction of feeder roads in 15 states; to Bolivia—\$35 million—for the construction of a highway which will link Oruro in the *altiplano* with the Cochabamba Valley and the agricultural lowlands in the eastern part of the country; to Uruguay—\$21.4 million—for the improvement of its national highway network;



Agricultural development programs ranging from land settlement to mechanization projects have received \$1,683 million in loans during the 15 years of Bank operations. Bank credits have benefited this sector more than any other.

to Honduras—\$20.5 million—for the construction and improvement of a 95-mile highway between Progreso and Yoro which will link the central part of the country and the northern coast, and to Barbados—\$9.1 million—for expansion of the Port of Bridgetown.

In the sanitation sector, the Bank in 1974 approved a total of \$119 million in loans to help expand and improve potable water and sewage systems in Peru, El Salvador, Guatemala, Paraguay, Honduras and Haiti.

Two Bank loans totaling \$35.2 million are helping Peru carry out a major sanitation program in both rural and urban zones, including one loan for \$4.7 million to implement the National Rural Potable Water Plan which is being executed in 22 of the country's 23 states.

Other sanitation loans include an \$18.4 million credit which is helping El Salvador to improve and expand the water supply system of the metropolitan area of San Salvador, the capital; a \$15 million loan which will enable Guatemala to complete the first stage of the construction of the Xayá-Pixcayá National Water Supply System, and a second \$5 million loan to construct water supply and sewage systems in 21 urban municipalities; a \$7.4 million loan which is helping Paraguay to build water supply systems in nine interior towns having a combined population of about 162,000 inhabitants, and a \$4 million

DISTRIBUTION OF LOANS

Sector	1973	1974	1961-74
	(In millions of dollars)		
Agriculture	\$187	\$ 229	\$1,683
Electric Power	216	384	1,570
Transportation and Communications	135	195	1,311
Industry and Mining	165	105	1,080
Sanitation	48	119	752
Urban development	14	—	415
Education	91	10	306
Preinvestment	14	28	133
Export financing	10	12	108
Tourism	4	29	69
TOTAL	\$884	\$1,111	\$7,427

loan to Honduras to construct water supply systems in some 90 rural towns.

In the industry and mining sector, the Bank approved \$103 million in two loans to help Brazil carry out a further expansion of its steel industry and \$1,150,000 in a third loan to strengthen the oil and gas industries in Bolivia.

In recognition of the growing value of tourism as an industry capable of increasing foreign exchange earnings in a relatively short period of time, the Bank in recent years has increased its financing of tourism and tourism-related projects. In 1974 the Bank authorized

\$29.3 million in two loans to help Peru carry out an integrated tourism development project in the Department of Cuzco and Puno in the southeastern part of the country which includes the famed Machu Picchu archeological ruins.

In addition, during 1974 the Bank authorized \$28 million in loans for the execution of preinvestment studies in Bolivia, Brazil, Ecuador and Panama, loans totaling \$10 million in the education sector and an additional \$11.9 million in credits to help finance exports among its Latin American member countries.

ORTIZ MENA COMMENTS ON YEAR'S ACTIVITIES

Reviewing the Bank's achievements in 1974 at a meeting with the staff on January 28, President Ortiz Mena emphasized the following points:

- The Inter-American Bank is not engaged in a give-away program. Rather, it lends its resources to create employment and to stimulate production in its member countries of Latin America "with an open mind, generous spirit and a desire to cooperate with all other world areas."
- The world food crisis has forced nations to review the problems of food production and transportation and to undertake changes in food storage policies. Food should be stored in the country where it is produced and exported directly to a consumer nation, rather than being shipped to a third country with large storage facilities for transshipment to a final destination. The design of an integrated production, storage and distribution system in Latin America will require an extremely large investment, but it can be accomplished with the close

cooperation of nations interested in maintaining close ties with the region to achieve an adequate food supply.

- Worldwide inflation affects developing nations in a variety of ways.

"The general adjustment to inflation in industrialized countries produces a fall in demand which reduces their imports from the developing countries," Mr. Ortiz Mena said. "As production slackens, the demand for essential goods and services is reduced. As our area exports raw materials for the manufacture of goods in the industrialized countries, this reduction in demand will produce a drop in prices in our countries if we maintain full production. Therefore, on the one hand, we have an increase in the prices of goods and services we must import from the industrialized nations, a reduction in the price of the raw materials we export to them, an increase in the price of fuels we buy abroad and, in addition, an increase in the price of the food stuffs we do not produce in sufficient quantity."

IDB Extends \$103 Million in Two Loans For Brazilian Steel Industry Expansion

The Inter-American Bank wound up its 1974 credit operations with the approval of two loans for \$103 million that will help Brazil mobilize additional funds from local, foreign and other international credit suppliers for expanding its steel industry, as well as several technical cooperation operations. The details follow:

BRAZIL: On Dec. 18 the Bank authorized a \$63 million loan to help increase the production capacity of the Volta Redonda steel mill from 2.5 million to 4.6 million tons a year by 1979.

The loan was extended to *Companhia Siderúrgica Nacional (CSN)*, owner of the Volta Redonda mill and one of the three major steel companies of Brazil. The loan is closely linked to another loan, for \$40 million, extended simultaneously to *Companhia Siderúrgica Paulista (COSIPA)* of São Paulo whose plant is located in Cubatão in the State of São Paulo. The two companies are among the largest steel producers in Brazil and are largely government-owned.

The project is part of a national program coordinated and supervised by the *Conselho Nacional de Não Ferrosos e de Siderurgia*, the national non-ferrous metals and steel council, to increase Brazil's raw steel capacity from 7.9 to 22.3 million tons per year by 1979.

One of the largest steel mills in Latin America, CSN has approximately 20 per cent of Brazil's current steel production capacity of almost 8 million tons per year and supplies 35 per cent of Brazil's market of cold rolled products, especially coated products such as galvanized sheet and tinplate, on which the company has a monopoly.

While COSIPA produces exclusively flat rolled products, CSN produces nonflat products as well. In 1973 flat products accounted for about 78 per cent of CSN sales and non-flat products the remaining 22 per cent.

In an expansion now nearing completion CSN will increase production capacity from 1.5 million to 1.7 million tons per year. In an additional expansion now under way, the company is using the resources of a \$43 million Bank loan extended in 1971 to help expand capacity to 2.5 million tons per year by 1976. The newly-approved loan will enable CSN to further expand capacity to 4.6 million tons per year by 1979.

The Bank's loan of \$63 million will cover 4 per cent of the \$1,616,100,000 total estimated cost of the project. The World Bank will cover another 6 per cent, bilateral credits 31 per cent and local contributions 59 per cent.

The resources of the Bank loan will help CSN increase capacity by the expansion of iron ore mines at Casa de Pedra, near Belo Horizonte; the acquisition and installation of two batteries of coke ovens, a 4,600 tons-a-day sintering plant, a 1,100 tons-a-day oxygen plant, two 400 tons-a-day calcinating plants, a hot-strip mill, a plate finishing line, two pickling lines, a cold-strip mill, two temper mills, two cold-strip finishing lines and one galvanizing line, and related facilities.

On the same day the Bank approved another loan for \$40 million to help *Companhia Siderúrgica Paulista (COSIPA)* of São Paulo to boost its production from 2.3 million to 3.5 million tons by 1978. COSIPA will use the resources of the Bank loan to finance a new expansion of its plant in

Cubatão, located on the Atlantic Ocean 13 miles from Santos and 44 miles from São Paulo, the principal market for its products.

The Bank's \$40 million loan will cover 4.6 per cent of the \$861 million estimated total cost of the project. The World Bank will finance 7 per cent, foreign supplier credits another 27.6 per cent and local sources the remaining 60.8 per cent.

The project will consist of the acquisition and installation of the following:

- A new pier and additional loading and unloading facilities, additional raw material handling equipment, a third sinter plant, a second basic oxygen furnace with two 120-ton vessels and two continuous slab-casting machines, and a new slab reheat furnace with cooling bed and normalizing furnace.

- A new roughing mill and down-coiler for the hot-strip mill, a new pickling line, a new 5-stand tandem cold reduction mill, a new temper mill and lines for inspection, shearing and electrolytic cleaning.

- A new roll shop for the cold mill, high and low pressure boilers, a turbo-generator with substation, a fourth oxygen plant, revamping and enlargement of old equipment and installation of services and utilities.

Execution of the project will help satisfy the rising demand for flat steel products in Brazil, which is expected to increase at an average 12.1 per cent per year throughout the remainder of the 1970s. In addition, it will help eliminate imports of plate, hot rolled, cold rolled and coated products by the end of the decade and will generate savings of approximately \$1.6 billion in foreign exchange.

GUATEMALA: On Dec. 19 the Bank announced the approval of \$474,000 in technical cooperation to help finance studies for a master transportation plan for Guatemala City and its metropolitan area and create the institutional structure required to carry it out.

The resources were extended to the municipality of Guatemala. Up to \$291,000 is being extended on a nonreimbursable basis and up to \$138,000 on a contingent repayment basis.

Guatemala City, the nation's capital, accounts for more than 15 per cent of Guatemala's total population and for 65 per cent of its industry, and generates nearly two-thirds of its gross national product.



Dr. Raul Barbosa, Executive Director of the Inter-American Bank for Brazil and Ecuador, was awarded a Doctor Honoris Causa degree recently by the *Universidade Federal do Ceará* in Brazil. A former governor of the State of Ceará and past president of the *Banco do Nordeste do Brasil*, Dr. Barbosa was cited for his outstanding work on behalf of the university and the socio-cultural development of the Brazilian northeast.

The rapid growth of the city—870,000 in the central area and 1,134,000 in the metropolitan area—has created a lack of infrastructure facilities and public services, particularly in transportation, which has limited the city's social and economic development.

If continued, the 5.5 per cent a year population growth of the city over the last decade would produce a population of about 2,800,000 persons in the central city and 4,187,000 persons in the metropolitan area by the year 2000.

The Bank-financed project, which is being carried out at a cost of \$618,000 will help prepare detailed feasibility studies of selected short- and medium-term projects having a high order of priority.

PARAGUAY: On Dec. 19, the Bank also announced the approval of \$360,000 in technical cooperation to help Paraguay prepare studies of the transmission systems of the *Administración Nacional de Electricidad (ANDE)*, Paraguay's electric power agency.

The technical cooperation, extended on a contingent repayment basis, will enable ANDE to prepare technical and economic feasibility studies, final engineering designs, cost estimates and bidding documents related to its electric transmission systems, and to prepare a loan application to be presented to an international credit agency for financing of the actual construction project.

The total cost of the project is estimated at \$400,000, of which the Bank's technical cooperation will cover 90 per cent and local contributions the remaining 10 per cent.

This technical cooperation is directly linked to the \$33.6-million loan extended by the Bank to Paraguay on Nov. 27 to help finance the expansion of the system for the generation, transmission and distribution of electric energy in the country.

REGIONAL: The Bank also announced the approval on Dec. 19 of \$99,000 in grant technical cooperation to train approximately 24 officials from four of its member countries in Latin America in the planning and administration of irrigation districts.

The technical cooperation will enable the *Secretaría de Recursos Hídricos (SRH)* of Mexico to carry out a three-stage training program for officials representing the irrigation agencies of the Governments of Ecuador, El Salvador, Honduras and Panama.



Regional Bank Presidents Confer

The presidents of the leading regional development institutions met recently in Washington, D.C., to continue a discussion of common problems of a regional nature started in 1974. Attending the meeting, which was held in the Inter-American Bank, were Antonio Ortiz Mena of the IDB, Abdelwahab Labidi, President of the African Development Bank, and Shiro Inoue, President of the Asian Development Bank.

Mr. Labidi and Mr. Inoue were in Washington on the occasion of the meetings of the Joint Ministerial Committee of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries—the Development Com-

mittee—which, with Mr. Ortiz Mena, they attended as observers.

The three bank officials discussed problems which have been presented for consideration by the Development Committee, prevailing economic and social conditions in their respective regions, and forms of coordination which will help foster the development of the member countries of their three institutions.

The meeting is part of a series of periodic discussions in which the three bank presidents have participated in recent months. The last time they met was on September 30, 1974, also in Washington, on the occasion of the last annual meeting of the Boards of Governors of the IMF and the World Bank.

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 Inter-American Bank.

COLOMBIA: *Empresa Puertos de Colombia (COLPUERTOS)*, an agency of the Public Works Ministry, requests international bids (247-07-74 BID) for the construction of concrete works in an approximate area of 5,000 square meters which will include foundations, columns, beams, decks, reinforced pilings, floors, drinking water and sewage systems, sanitary equipment, and electric, telephone and air conditioning equipment.

The work will include 7,000 cubic meters of cuts and excavations and 43,000 cubic meters of fill and will require 232 cubic meters of prefabricated piling, 226 tons of structural steel, 3,843 cubic meters of concrete, 3,905 cubic meters of masonry and brick, 4,140 meters of waterproofing, and 11,687 square meters of flooring, as well as drainage, electric, telephone and air conditioning networks.

The budget is \$19 million. Payments will be made up to 35 per cent in U.S. dollars, the remainder in local currency. The construction period will be 360 calendar days. Bids opened January 9, 1975, and will close at 10 a.m. on February 24, 1975, in the COLPUERTOS office, *Subgerencia Técnica*, 10° piso,

Carrera 10a. No. 15-22, Bogotá, Colombia.

As minimum conditions the bidders should offer evidence that they have previously constructed projects with 15,000 square meters of concrete paving, own a concrete mixer with an 8-cubic-meter hourly capacity, have a minimum of \$2 million working capital, and have previously registered in either Groups I, II or III of the Contractors Register in COLPUERTOS, and report the maximum number of projects executed in a one-month period during the last 12 months.

The cost of bidding forms is 4,000 Colombian pesos for the first form, in a nonreimbursable certified check, and 3,000 pesos for each additional form. Such forms are on sale at the *Tesorería General de Puertos de Colombia*, Carrera 10a. No. 15-22, Bogotá, Colombia, and in the Administrative Office of the *Terminal Marítimo de Barranquilla*. The cost of the guarantee is \$600 and of the contract guarantee, 20 per cent of the value of the bid.

To qualify, bidders must be from IDB member countries, from developing or relatively developed countries which are members of the IMF, or from developed non-member countries which have been declared eligible by the IDB. The project is part of the Port Development Program partially financed by the Inter-American Bank. (Unless stated otherwise, all sums are in Colombian pesos).

Ortiz Mena Calls for Adequate Flow Of Resources to Developing Nations

Antonio Ortiz Mena, President of the Inter-American Development Bank, warned that unless steps are taken to assure an adequate flow of public and private capital to developing countries at all levels of development then "We face the risk of a massive retrogression in the economic conditions of a large number of countries and a lamentable increase in the list of the countries in a critical situation."

Mr. Ortiz Mena expressed these views on January 17 in a letter to Henri Bédie, President of the Joint Ministerial Committee of the World Bank and International Monetary Fund on the Transfer of Real Resources to Developing Countries.

Established last October at the Annual Meeting of the International Monetary Fund and the World Bank, the Committee has the mission of studying and proposing specific measures for the transfer of real resources to the developing countries. Mr. Ortiz Mena attended the Committee's second meeting, held in Washington, D.C., on January 17, as an observer.

Mr. Ortiz Mena pointed out that "The interdependence of the nations of the world in which we live has made it illusory to think that one nation or a group of nations can hope to avoid through isolation the adverse effects of a crisis; likewise, it would be unjust and unrealistic to hope that a crisis can be overcome with solutions for limited groups of nations, no matter how important they may be. In these moments it can be seen, for example, that the industrialized countries are actively engaged in establishing mechanisms of cooperation to face the actual problems. On the other hand, some measures have been pinpointed and others are being proposed to assist countries which are in situations of extreme poverty and least able to help themselves economically.

"On the other hand," he added, "great areas of the developing world, which include most countries whose long and tenacious efforts have succeeded in driving towards a process of growth, yet remain a long way from

their desired goal, have encountered in these moments the simultaneous risks of a diminution of demand for their products in world markets, increased inflation in the prices of manufactured products and capital goods which they must import, which add to the increase in the prices of hydrocarbons and their derivatives, along with the decrease in the flow of public and private financing for development."

The letter emphasizes that it will be necessary to consider the broadening of the eligibility criteria proposed for the various initiatives under consideration by the Committee, to take into consideration the situation of those developing countries whose efforts are threatened by the new international economic conditions.

It adds: "On the other hand, it is necessary to consider measures to increase effectively the transfer of additional real resources to all developing countries. Undoubtedly, that requires, in addition, a continuing and even greater effort by the most developed countries of the OPEC, in proportion to their financial capacities. Hopefully, these countries would decide to follow immediately the vigorous and effective example shown in Latin America by the Government of Venezuela, with its numerous initiatives of cooperation with international organizations and with Latin American countries."

The letter adds that it would seem desirable that the countries of the Socialist bloc, particularly the Soviet Union, assume an active role "in the recognition of the responsibility for international cooperation which no nation on this planet can avoid."

In view of these considerations, Mr. Ortiz Mena said that he believes that a program of international cooperation of development at this moment should include the following elements:

- "An adequate increase in the resources of the IMF in order to provide the necessary compensatory financing to all countries greatly affected in their balance of payments by the current

problem of world inflation, the increase in the price of petroleum and its derivatives, as well as of other basic products and of manufactures;

- "An effort on the part of the most developed countries and the countries of the OPEC with the necessary financial capacity, to transfer to developing countries additional real resources in increasing amounts, to assure the maintenance of the rate of development attained in recent years;

- "Attention, with special resources, to the most acute problems of countries in extreme poverty, including efforts, in which other developing countries can participate, to endow them with greater economic capacity of their own;

- "An effective effort to liberalize international trade and to eliminate discriminatory measures of the most developed countries which are obstructing or impeding the access of the exports of developing countries;

- "Adoption of effective measures in the most developed countries and in the countries of the OPEC, to facilitate the access of developing countries to their capital markets."

Mr. Ortiz Mena pointed out that, in his opinion, the regional banks—and in the case of Latin America, the Inter-American Bank—should have the opportunity to participate fully in this effort, within the framework of efficient cooperation and coordination that already exists with the IMF and the World Bank Group.

"For these reasons," Mr. Ortiz Mena concluded, "I wish to express the Bank's interest in continuing to associate with the tasks of the Development Committee; I wish to make available to the Committee the collaboration of the technical personnel of the Bank; I wish also to request that the Bank be included in work groups dealing with aspects of activity in which the Bank is engaged and which may be of interest in the external financing of Latin America's development."

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