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ORTIZ MENA IS UNANIMOUSLY ELECTED TO SECOND TERM AS IDB PRESIDENT

The Board of Governors of the Inter-American Development Bank on December 12 unanimously elected Antonio Ortiz Mena, of Mexico, as President of the Bank for a second five-year term beginning March 1, 1976.

The election, held at a special meeting of the Board at Bank headquarters in Washington, D.C., reaffirmed the confidence of the 24 member countries in Mr. Ortiz Mena's leadership since he became President of the institution on March 1, 1971.

During Mr. Ortiz Mena's first term as

President, the Bank:

- Approved a record number of loans, authorizing more than in the entire previous ten-year period.
- Took measures to increase its capital resources from \$10 billion to \$17 billion, including \$500 million in a Trust Fund placed under its administration by the Government of Venezuela.
- Admitted Canada into membership in the Bank, thereby increasing the number of member countries to 24.
- Negotiated the entry of 12 new members from outside the region into the

IDB's membership. Their entry will become effective when the requisite financial and legal steps have been taken. On joining the Bank, these countries will make an initial contribution of about \$750 million.

The Board of Governors, made up of one Governor and one Alternate Governor from each of the Bank's member countries, is the highest authority of the financial institution and has the responsibility of electing the President.

Diógenes H. Fernández, Governor for

(Continued on page 8)

President Antonio Ortiz Mena, escorted by members of the committee which informed him of his reelection, returns to the conference room, where he was greeted by the Governors with an ovation. Going to the podium, the IDB President delivered his acceptance address. "The Bank," he said, "will never disappoint Latin America."



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IDB LENDING TO LATIN AMERICA TO FOSTER DEVELOPMENT TOPS \$1.3 BILLION IN 1975

The Inter-American Bank has announced that it authorized a record of more than \$1,360 million in loans during 1975 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 \$250 million the previous record annual loan volume of \$1.1 billion achieved in 1974 and increases the cumulative total of Bank lending to almost \$8,700 million.

The loans approved by the Bank during its 16 years of operation are helping to carry out some 900 economic and social development projects in Latin America with a total cost of more than \$30 billion.

THE IDB AT INTERNATIONAL MEETINGS

Among recent international meetings on economic and social development in which Bank officials have participated—and some of the topics discussed and conclusions or resolutions adopted—were:

II LATIN AMERICAN CONFERENCE ON UNIVERSITY PLANNING. Oaxtepec, Mexico, October 6-10. The Conference, sponsored by the *Unión de Universidades de América Latina (UDUAL)*, was opened by President Luis F. Echeverría of Mexico, and was attended by the presidents and planning directors of 35 Latin American universities. Fernando Molina, Chief of the Social Studies Section of the Economic and Social Development Department, represented the Bank.

In his opening remarks, Mr. Echeverría emphasized the role of Latin American universities in building up the region's scientific and technological capability and the importance of continuing education. The Conference concentrated on reviewing the present situation of Latin American universities and the outlook for the future, including the impact of technology on education; the alternatives for university planning in view of structural changes, a theme discussed by Guillermo Soberón, President of the *Universidad Autónoma de México*, (National Autonomous University of Mexico); and continuing education, discussed by Carlos Medellín, of the *Instituto Colombiano para el Fomento de la Educación Superior (ICFES)*, the Colombian Institute for the Development of Higher Education.

Another important point covered was the need to establish a high-level center for the study and analysis of university development in Latin America. In that connection, the Minister of Education of Mexico, Víctor Bravo Ahuja, said his country was prepared to support the establishment of the center at the *Universidad Autónoma de México* under the leadership of UDUAL, which represents the universities of the region. There

was a consensus on the need to promote continuing education in the countries of the region, especially as that approach, together with other new types of post-secondary education, will be discussed at a Latin American and Caribbean meeting which it is expected will be held in 1976 under the joint sponsorship of the Bank and Luis Manuel Peñalver, Minister of Education of Venezuela.

THIRD IMF REGIONAL SEMINAR ON PUBLIC FINANCIAL STATISTICS. Bogotá, Colombia, November 3-7. The seminar was jointly organized by the Statistics and Fiscal Affairs Departments of the International Monetary Fund within a worldwide program aimed at compiling, classifying, and regularly publishing government finance statistics which may be comparable at the international level. Two similar regional seminars were held in Singapore and Nairobi last February and May and two others are scheduled for 1976 in Abidjan and Paris.

The Bogotá seminar was presided by Jorge del Canto, Director of the Western Hemisphere Department of the IMF. It was attended by high-level officials from the central banks and ministries of finance of the Latin American countries, with the exception of Argentina, and by officials from the World Bank, the Inter-American Development Bank, the Organization of American States, the Latin American Institute for Economic and Social Planning (ILPES), and the Permanent Secretariat of the General Treaty for Central American Integration (SIECA), who participated as observers.

Jean-Michel Houde, an economist in the General Studies Division, represented the Bank and presented its views on the Draft Manual.

The main objectives of the seminar were to discuss the Spanish edition of the IMF Draft Manual on Government Finance Statistics published last April, as well as to examine the technical problems arising in answering the public finance questionnaire previously sent by the IMF to the Latin American Governments. At the end of the seminar, the representatives of the IMF said they would probably be able to publish the final version of the Manual at the end of

1976. The General Studies Division of the IDB is presently engaged in an effort to expand and standardize the collection of the government finance statistics of member countries and will attempt to present a more comprehensive coverage of central and general government fiscal operations in the 1976 edition of *Economic and Social Progress in Latin America*, an IDB annual report.

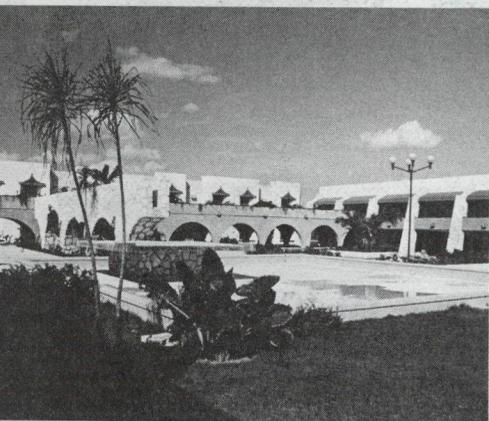
SECOND INTER-AMERICAN TELECOMMUNICATIONS CONFERENCE (CITEL). Rio de Janeiro, November 19-26. Robert F. Gellerman, of the Telecommunications Unit, represented the Bank.

The results were as follows:

Rural telecommunications. The continuing interest of the CITEL members in the development of rural telecommunications was expressed in a resolution recommending that the IDB give priority treatment to requests from member countries for rural telecommunications projects.

Inter-American Telecommunications Network. The links between most of the countries were established several years ago by means of satellite. A terrestrial (microwave) link between Peru and Chile was established during the past year, and construction is proceeding on the following terrestrial links: Chile-Argentina, Peru-Bolivia, Paraguay-Argentina, Paraguay-Brazil, Uruguay-Brazil, and the improvement of Uruguay-Argentina. Projects are in preparation for Panama-Colombia, Ecuador-Colombia, Ecuador-Peru, Chile-Bolivia and a second link from Venezuela to Colombia. Satellite stations are being built in Bolivia and studied in Costa Rica and Honduras, and new submarine cables are planned from Venezuela and Brazil to the Virgin Islands, joining the United States-Virgin Islands cables.

Other Matters. Other matters treated were broadcasting, maritime, aeronautical and meteorological communications, tele-education, and CITEL organizational changes. Brazil will assume the presidency for the next four-year period, and the next conference was scheduled for 1979 in Buenos Aires.



GOVERNORS TO HOLD ANNUAL MEETING IN CANCUN

The Seventeenth Annual Meeting of the Board of Governors of the Inter-American Development Bank will be held May 17-19, in Cancún, Mexico.

The meeting, regarded as Latin America's most important annual financial for-

um, will bring together the Governors and Alternate Governors of each of the Bank's 24 member countries. The Board of Governors is the Bank's highest authority and the Governors are generally either the Finance Ministers or Central Bank Presidents of their respective countries.

The Sixteenth Meeting, held in May 1975 in Santo Domingo, the Dominican Republic, had accepted the offer of the Governor for El Salvador to have the capital of San Salvador as the site of the meeting in May. In supporting that proposal, the Governor for Mexico offered his country as an alternate site in the event that it were not possible to hold the meeting in San Salvador.

Subsequently, El Salvador made known its desire to postpone the meeting to be held in its country and the Bank's Board of Executive Directors, acting as the delegation of the Board of Governors, then accepted Mexico's offer of a site for the 1976 meeting.

The Government of Mexico selected the tourist center of Cancún as the site for the meeting. Cancún is situated on the

Caribbean at the extreme north of the Yucatán Peninsula, one of Mexico's most important tourist areas. The region combines the archeological past of the Mayan civilization with extraordinary beaches and exceptionally good year-round climate. Cancún is about one hour by plane from the principal United States cities located near the Gulf of Mexico.

The Inter-American Bank is closely connected with the creation of Cancún as an international tourist center. In August 1971, it authorized its first tourist infrastructure loan—\$21.5 million—to the Mexican Government for the development of the region as a tourist center.

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Capital Markets in the Developing Countries

In the present situation of the international economy the performance of capital markets and national savings in developing countries becomes increasingly important because of the greater scarcity of external long-term resources and the need to maintain growth and import capacity.

If the capital market is defined as the aggregate of demand and supply of resources available for long-term investment, and if this market in developing countries is examined, we find that the supply of long-term funds is scarce. These countries, even when they have a well-developed money market, have only a limited domestic capital market.

The capital markets of developing countries are disequilibrated. In some cases external factors are predominant; in others, this role is played by domestic financial policies. Very often the structure of interest rates for long-term loans, particularly when favoring priority sectors, may either stimulate or inhibit the inflow of external capital. For instance, loans to the agricultural sector subsidized at the national level may inhibit the concession of external credits because of the existence of different credit policies for agriculture at the international level. Generally, the more a country increases the mobilization of savings, the smaller the gap between supply and demand in its capital market and the lower the cost of capital. To attain a viable capital market, national savings have to be captured and converted into financial assets. A good part of the real savings in developing countries consists of hoarding. Such savings do not enter the financial system and do not increase a country's capacity to invest and produce.

The mobilization of national savings is a prerequisite for the achievement of sustained economic growth in a developing country. Although economic theory for many years has stressed the role of infrastructure as a precondition for development, not enough emphasis has been placed on the fact that savings and capital markets also perform an infrastructure function within an economy.

Studies have shown that the higher the level of income, the higher the proportion of savings mobilized. For a sample of 100 countries, savings as percent of gross national product in 1964 were: for a per capita product of \$200, 15 per cent; for \$400, 18 per cent; for \$800, 21 per cent and for \$2,000, 25 per cent. On an institutional level the leading countries in savings have a postal savings system; among them are India, Pakistan, Sri Lanka and Yugoslavia, with one savings branch per 5,000 inhabitants. Next are Argentina and Greece, with one branch per 10,000 inhabitants, followed by Algeria, Uruguay and the Congo, with one branch per 20,000 inhabitants. Singapore and Colombia have one office per 33,000 inhabitants, and other developing countries have less than one branch per 50,000 inhabitants.

The average for the industrial countries is one savings branch per 2,000 to 3,000 inhabitants (Australia, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Norway, the Netherlands, New Zealand, the Soviet Union, Sweden, Switzerland, and the United Kingdom). While the regional distribution of savings banks is rather even for industrial countries, for developing countries there is a concentration of branches in large urban centers, with few offices in more remote regions.

The motives which induce saving in developing countries are the same as in industrial countries. These, according to Keynes, are four: the transactions motive (cash balances for settlement of current transactions); the precautionary motive (accumulation of savings for contingencies and future needs); the convenience motive (effort required to obtain interest-bearing assets); and the speculative motive. The opportunity for savers to satisfy these motives is limited in developing countries. Particularly with respect to the precautionary motive, the possibilities are often unsatisfactory. This leads to hoarding, investment in real property, and an outflow of savings to countries where savings instruments provide an effective store of value.

To strengthen development, a country can mobilize domestic

resources both through the tax system and the financial system. In countries with efficient tax systems, the mobilization of savings through financial institutions is more difficult than in countries with lower taxes. However, although an inverse relationship can be observed between taxes collected and savings captured, as a policy the two factors should not be treated as competitive, but as complementary.

Fiscal policy normally recognizes the need for attracting latent savings, and many countries have adopted incentives to increase savings at the national, regional and sectoral level. In fact, these measures constitute policies for increasing the mobilization of resources and for coordinating this process between the fiscal and financial sectors. Among the policies for the mobilization of national savings we distinguish: general financial policies of the public sector regarding money and capital markets; and specific loan and interest-rate policies of the savings institutions proper.

With regard to the first category, competent authorities tend to limit and fix the level of interest rates that can be paid on different types of savings and may require the investment of certain proportions of financial assets in government securities of high-priority sectors. Limiting or fixing interest rates, particularly in times of accelerated inflation, exerts unfavorable effects on the level of savings and contributes to distortions in markets and to less efficiency in resources allocation. Forced investments reduce the income of financial institutions and their ability to pay higher interest on deposits.

In many developing countries higher interest rates may induce savers to deposit funds in national institutions instead of accepting the risk of foreign account deposits. Savers' decisions are determined by liquidity, security, and yield factors; they tend to give priority to one of these according to their needs. If their motive is speculative, "yield" tends to receive top priority.

With respect to the policies of the savings institutions proper, the form, diversity and convenience of the services offered also play an important role. Savings institutions can widen their role by diversifying services and by expanding their network of branches. A large number of small branches attracts a greater number of savers than a small number of large offices. In addition, deposit insurance, legal assistance, estate planning advice, and appraisal services increase the attractiveness of savings accounts.

In view of the weaknesses of capital markets in developing countries, it is evident that the following should be among the major objectives in their development: the adoption of policies; the creation of institutions and the creation of instruments to expand the supply of long-term funds through increased mobilization of domestic resources, and through the transformation of more short-term funds to longer maturities. The absence of one of these factors is often enough to inhibit the development of capital markets. For example, the existence of viable policies and institutions is not sufficient if modern financial instruments are lacking. In turn, viable institutions and instruments can be neutralized by a lack of appropriate financial policies.

In line with the foregoing, there emerge for the development of capital markets a series of requirements with regard to policies, institutions, instruments, human resources, technical training and links with international capital markets. Policy in this field must integrate the complementary factors of each of these elements and fuse them into an organic, viable and operational capital market.



The author of this article, Nicholas Bruck, is Chief of the Financial and Special Studies Section of the Economic and Social Development Department, and an economist specializing in international finance. Before joining the IDB, Mr. Bruck was a professor of economics at St. John's University in New York and at San Carlos University in Guatemala. He also served as an Economic Affairs Officer on the staff of the United Nations Secretariat.

Ortiz Mena Says Latin America Needs More External Resources

Antonio Ortiz Mena, President of the Inter-American Development Bank, said that a major effort is now required to harness external resources if Latin America is to preserve the impressive economic gains it has made since the mid-1960s. Otherwise, he warned, Latin America's growth potential will be severely inhibited at a critical juncture in its development and the entire fabric of international economic relationships will be weakened.

In an address December 8 at the Eleventh Annual Meeting of the Council of the Americas in New York City entitled "Latin America—Development Financing in the Present World Economic Juncture," Mr. Ortiz Mena pointed out that Latin America has attained a more advanced stage of development than other developing areas of the world, that the potential for further growth is immense and that the growing importance of the region to the world economy is manifest. Nevertheless, he said, "Over the next five years Latin America faces a widening resource and financial gap that must be filled. This gap will amount to an estimated \$4.3 billion next year and \$6.2 billion by 1980."

Due largely to the severe recession that began to hit the industrialized countries in mid-1974 and to the abrupt rise in petroleum prices, Latin America's 1974 merchandise trade deficit—excluding Venezuela—reached \$7.6 billion, compared to \$198 million in 1973, and the current account payments deficit widened from \$3.4 billion to \$11.4 billion, he said.

For its part, Mr. Ortiz Mena said, the Inter-American Development Bank can play—and is playing—a key role in mobilizing external resources and in serving as a catalyst in the flow of private development capital to the region.

This year the Bank will provide more than \$1.3 billion in loans and technical cooperation to its Latin American members. This will bring the cumulative lending total since the establishment of the Bank to almost \$9 billion. Furthermore, an increase in the Bank's total resources amounting to \$6.3 billion over a three-year period has been approved by the Governors. Of this total \$5.3 billion will be for the authorized capital and \$1 billion will be for the Fund for Special Operations, the Bank's concessional loan window. The United States' contribution, now before Congress, will amount to \$2.2

billion, of which \$750 million will be paid-in capital and the rest will be callable capital which will serve as backing for Bank borrowings in private capital markets.

"Prompt action on this replenishment is of vital importance if the Bank is to keep up its financial assistance to the member countries," the Bank President said. "The support of such an influential organization as the Council of the Americas in this endeavor would be particularly effective now and would be warmly welcomed by all of us."

Mr. Ortiz Mena said the Inter-American Bank, in an effort to channel additional development capital to Latin America, has adopted a "highly promising new approach" called complementary financing. Under this form of financing, recently instituted by the Bank in connection with a loan to Argentina, "the Bank negotiates two types of loans for the same project: one which provides for the established terms on Bank lending out of its own resources, and the other which is complementary and carries commercial terms," he said.

"The Bank's own lending carries the longer-term maturities at fixed rates of interest, while the complementary loan covers the shorter maturities at rates that may be higher or, where appropriate, readjustable in relation to the London inter-bank rate. Participation in the latter is sold to the full amount to private lenders, without recourse to the Bank."

Mr. Ortiz Mena noted that this type of tripartite lending arrangement provides advantages to both the borrower and the private lender, as well as to the Inter-American Bank. For the borrower, he said, there is additional financing which otherwise might not have been obtainable on the same terms, or at all. In addition, the borrower is free of the burden of having to negotiate with a potential lender.

For the private lender, the risk is minimized to the extent that the Bank has thoroughly studied the project, serves as disbursing and collecting agent, supervises execution of the project and administers the total loan package until full repayment has been made.

"This prerequisite, plus the fact that the Bank's loans are guaranteed by the governments, have produced a portfolio in which there are no defaults," he said. "This gives the complementary loan particular quality, even though it carries no

formal guarantee by the Bank."

Finally, from the Bank's point of view, Mr. Ortiz Mena pointed out, complementary financing "has the virtue of attracting additional capital to the region, potentially from some of the smaller private lending institutions, as well as helping to widen the opportunities for further business development between borrower and lender, and enabling the Bank to finance not only a larger but also a wider spectrum of projects."

The Bank President outlined a series of additional steps which could be taken to provide more financial and technological resources for Latin America's development.

He said that the international investment banking community has shown considerable interest in the creation of a special facility within the Inter-American Bank to guarantee the bond issues of Latin American countries which have not yet found access to the world capital markets. The proposal, advanced by Mr. Ortiz Mena at the meeting of the World Bank-IMF Development Committee in June, is currently under study within the Inter-American Bank and the Development Committee. If backed by an effective guarantee facility, Mr. Ortiz Mena said, Latin American security issues could expand the flow of capital to the region, lengthen debt maturities and, if linked to specific Bank-financed development projects, attract additional long-term resources to Latin America from external capital markets.

Mr. Ortiz Mena pointed out that Latin America's long-term capital requirements and needs for technology will also have to come, as in the past, from the flow of direct private foreign investments. Such investments reached about \$1.6 billion in 1974, compared with an average of about \$400 million in 1961-65.

"What appears to be needed in the host countries is a better understanding of the role direct foreign investments can play in the transfer of real resources and skills," he said. "The 'rules of the game' must be established in each country, in accordance with its particular needs, priorities and institutional framework. On the part of the investor, there must be a willingness to adapt to such rules, provided they are fair and equitable."

He added that the suggestion put forward by a recent Round Table on Private Foreign Investment held in Punta del Este, Uruguay, and sponsored jointly by the Bank and the Organization of American States for the creation of a regional information and documentation center on private foreign investment, deserves

serious consideration.

"A regional facility could constitute an important complement to the programs concerning the role of transnational enterprises now being instituted by the United Nations on a global scale," he explained.

The Bank President pointed out that even if present conditions inhibit a substantially increased flow of equity investment to Latin America, "there is no reason why the transfer of skills must be similarly restricted." He observed that the Inter-American Bank is beginning to explore the role that it can play as an intermediary in such technological flows on a commercial basis, quite apart from the flow of equity investment.

In conclusion, Mr. Ortiz Mena said:

"While the current posture of the world economy and Latin America's role in it gives little reason for cheerfulness, I am optimistic about the future. I believe there is a refreshing new awareness of our international and regional interdependence. There is a growing recognition that the international redistribution of income, just as income redistribution nationally, is not only good ethics but also good economics. The recovery of the United States economy, which has now begun, will affect recovery throughout the world and will facilitate the task before us. But, above all, the intensive search—nationally, regionally, and globally—for new policies and mechanisms to deal with the problem of poverty and development, reflects what I believe is a new political will to find solutions. Crisis has stirred us into action. And it has now spurred us to begin to build a common new threshold into the next century."

RODRIGUEZ ADAME TO HEAD AGRICULTURAL UNIT

President Antonio Ortiz Mena on December 23 announced the appointment of Julián Rodríguez Adame, of Mexico, as Coordinator of the Latin American Group for International Cooperation in Agricultural Development and Food Production (GIDA-AL). Mr. Rodríguez Adame will take up his new duties next April 1.

The Group was established last April by the Inter-American Bank at the suggestion of Mr. Ortiz Mena as a result of the general concern expressed over the world food situation at the United Nations World Food Conference held in Rome last November, and the wish to strengthen the activities of the Bank and of other organizations in the field of agriculture and rural development, in which they plan to increase their operations.

Besides the IDB, the Group includes the World Bank, the Organization of American States (OAS), the United Nations Economic Commission for Latin America (ECLA), the United Nations Food and Agriculture Organization (FAO), the United Nations Development Programme (UNDP), the United States Agency for International Development (AID), the Canadian International Development Agency (CIDA), and the Inter-American Institute for Agricultural Science (IICA).

The Group is establishing priorities in line with the needs and capabilities of the individual countries. These priorities are designed to achieve three overall objectives: to increase domestic food production and the availability of basic foodstuffs within the region; to increase agricultural exports among the countries of the region and to

the rest of the world; and to increase income and employment levels and raise the standard of living in the rural sector.

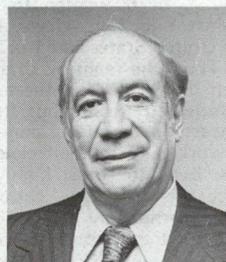
One of the Group's responsibilities is to maintain an up-to-date inventory of projects being carried out or completed by the member organizations and to disseminate information on those projects. The IDB hopes not only to channel resources, but to provide a clearing house for technical and financial information, enabling the member countries to exchange data that will be useful to them in orienting their policies on food production.

Mr. Rodríguez Adame has had a long career in public service at the highest level, for the most part in the field of agricultural development. He served as General Director of the Banco Nacional de Crédito Ejidal and as manager of the Mexican Export-Import Company (now CONASUPO). During the six-year administration of President Adolfo López Mateos, he served as Secretary of Agriculture, a post in which he was responsible for agricultural planning.

Mr. Rodríguez Adame was the founding-president of the International Maize and Wheat Improvement Center (CIMMYT), based in Mexico, and founder and Counselor of the International Center of Tropical Agriculture (CIAT), in Cali, Colombia. He has also been Director of the Central Agricultural School of the State of Mexico and held the chair of Agricultural Economics at the National School of Economics of the University of Mexico.

The new Coordinator has also been active in international agricultural organizations, having been President of the Coffee Federation of America, of the Inter-American Cotton Federation, and of the International Cotton Institute, and represented his country at various specialized conferences held by the OAS.

He succeeds Juan Felipe Yriart, Assistant Director General of the Food and Agriculture Organization, who last April accepted Mr. Ortiz Mena's invitation to organize the Group on a temporary basis and, having completed his mission, has returned to the FAO.



SUBWAY FOR CARACAS. Recently a Venezuelan mission came to Washington in connection with the purchase of equipment for building a subway. The mission, headed by José González Lander, a Director General of the Ministry of Public Works, included Delfín Ponce, Director General of Public Credit of the Ministry of Finance, and Manuel Díaz, also of the Ministry of Public Works, who is in charge of the subway project. The group met with IDB officials Cristián Santa Cruz and Oscar Rodríguez Rozic of the Operations Department (right) and with officials of the Project Analysis Department. It was agreed that the Bank would continue to serve Venezuela in an advisory capacity in seeking export credits for purchasing the equipment, which is expected to cost more than \$10 million.

Women's Role in Regional Development Discussed at IDB

More than 200 IDB staff members attended an open forum on "Women in the Development of Latin America" held November 14 at Bank headquarters in Washington, D.C.

The forum was held under the auspices of President Antonio Ortiz Mena, the International Women's Year Committee of the IDB Staff Association, and the IDB Wives Association.

Staff members heard addresses by President Ortiz Mena and a panel of four speakers, with Dorel Callender, Alternate Executive Director for Jamaica, Mexico, Panama and the Dominican Republic, as moderator.

The panel members were Teresa Orrego de Figueroa, a sociologist and a consultant to the Pan American Health Organization who is a member of the IDB Wives Association; Beatriz Harretche, Chief, Division of Technical Assistance; Margaret Hagen, Operations Officer; and Jorge Ruiz Lara, Deputy Manager for Economic and Social Studies. Mrs. Callender, Mrs. Harretche and Miss Hagen attended the meeting on the United Nations International Women's Year held in Mexico City last June as delegates from the IDB Staff Association, while Mrs. Figueroa participated in a special meeting organized by the American Association for the Advancement of Science which preceded the conference.

Mr. Ortiz Mena, speaking of the changing role of women the world over, called for a radical change in Latin America in the way men think of women and women think of men. "It is not enough," he said, "to seek economic and social development; women must participate in that search and not, as heretofore, solely in domestic tasks."

"The work done by women is one of the most important unrecorded components of our national income. Figures for the gross domestic product never include all the goods and services women furnish without salary."

"We think of the development of Latin America as a set of social measures that will bring a steady improvement in the people's standard of living, and that cannot be achieved without the direct and active participation of women."

"That," Mr. Ortiz Mena added, "is why I am glad to see that our institution is increasingly receptive to the participation of women."

After pointing out the contribution made by women to the work of the Bank—specifically, at the policy-making level, by Dorel Callender, the first woman to serve on the Bank's Board of Executive Directors, and by Beatriz Harretche, Chief of Technical Assistance—Mr. Ortiz Mena announced the appointment of Marta Ramos, of Venezuela, as Deputy Manager of Technical Cooperation as of January 1, 1976.

The IDB President noted that of the students enrolled in the training courses on development banking and finance offered by the Bank jointly with American University, 50 per cent are women. He noted, however, "with great dissatisfaction," a scarcity of women when it comes to recruiting professional personnel and to the number of women who come from Latin America to participate in new Bank programs, such as the junior professional training courses.

WOMEN'S DUAL ROLE

Mrs. Figueroa said the legislation of most of the Latin American countries assures women of the same educational, social and political rights enjoyed by women in the more developed countries. "The problem is not so much a struggle for rights as to broaden and implement them," she said.

Latin American women, she added, are experiencing a period of transition that is trans-

lated into contradictory situations in the home, at school, at work, and in other activities in general. "She is denied nothing," Mrs. Figueroa said, "but she is permitted very little."

Describing the contradictory elements in the lives of Latin American women, Mrs. Figueroa pointed out, as examples, that while formal education is open to them at all levels, illiteracy rates are higher among them than among men, and that, because of cultural traditions and values, 3 out of every 4 women students opt for careers in the humanities, in education and in the social and health sciences, particularly in obstetrics and nursing, with a growing trend toward medicine and dentistry.

Latin American women have the right to vote, but few hold elective office. They take active, sometimes decisive, part in political campaigns, but their success in organizing pressure groups, labor unions and consumer associations has been slight. Their numbers in the labor market are the lowest in the world, with only 1 of 6 women in the labor force, as against 1 in 4 in Africa, 1 in 3 in Europe and the United States and 1 in 2 in the USSR.

Thus, the reality is that their primary, if not their only, role is in the home, a situation that is reflected throughout the entire educational process, in recruiting and promotion practices at work, and in their civic and political activities. Even the most highly trained women reflect this tendency, choosing so-called "feminine" professions and activities.

With the accessibility of education and, to a certain extent, of occupations, women's expectations have risen, but their real opportunities have remained limited. While unemployment in the region is an acute problem for both sexes, it is crucial for women, for they hold the lowest paying, least secure and least prestigious jobs. In 1970, 2/5 of the active female population worked as domestics, 1/3 as office workers, and the rest in farm, industrial and commercial jobs, with a minimal percentage in the professions and in technical fields. Yet the percentage of women in traditionally masculine professions such as law and medicine is higher in Latin America than in the developed countries; in Chile, for example, in 1970, 10 per cent of all lawyers and 28 per cent of all court officers were women, as against 3 per cent in the United States. At the same time, many hold jobs for which they are overqualified, without any hope of reaching the level to which they are entitled.

"Society must realize that women are a determining factor in the solution of the region's development problems, that they are a human resource that has been poorly used, and that their social and economic potential has been unrecognized, particularly in terms of improving the quality of life, which is the purpose of all development. National institutions and international programs should study those factors that have inhibited women's participation in the economic process; they should also assure their active participation in the preparation and execution of plans covering the entire range of human development," Mrs. Figueroa said.

WOMEN AT THE IDB

Mrs. Harretche said the situation of women in the IDB, while "far from ideal, shows promise." She said that of the 828 professional staff members, 79, or 5.5 per cent, are women. But of these, only 5 are engaged in the Bank's operations; the rest work in supporting departments such as social and economic studies and in legal, information and administrative services. No women serve as Executive Directors; one is an Alternate Executive Director, another is a division chief—the only woman with a Grade 1 classification—2 are in Grade 4, 11 in



Harretche, Callender (above); Figueroa, Hagen. The number of women participating in the Bank's work is increasing.

Grade 5, and 56 per cent in Grades 8 and 9, the lowest professional rungs. "This situation," Mrs. Harretche said, "reflects the conditions in Latin America that Mrs. Figueroa has just described."

Women's situation in the Bank, Mrs. Harretche added, is weaker than in the other international organizations. At the United Nations, she said, 19.4 per cent of the professional staff are women; at the Organization of American States, 17 per cent; and at the World Bank, 6.7 per cent.

Calling on the Bank to try to use more women for its operational functions, Mrs. Harretche suggested that it offer a year's junior professional training program for women only. Such a program, she said, would be a good way to begin to improve the role of women in the Bank in Latin America's development effort.

WOMEN'S POTENTIAL IN IDB PROJECTS

Miss Hagen, speaking of the potential of women in Bank projects, said that, as a start, the integration of women into the Bank's general evaluation procedures could be considered at the three principal stages of Bank operations—programming for future loans and technical cooperation; during project analysis; and when the project is being implemented.

Miss Hagen said the Bank, in programming loans, should consider the effect on women of the projects it has under consideration for financing. She suggested that the Bank develop criteria for the economic evaluation of projects that take into account the possible contribution of women to the execution of projects, their participation in them, and the benefits they would derive from them; that projects in the process of execution should be evaluated in terms of their impact on women; and that the economic criteria used to assess the impact of projects should be examined to determine whether or not they take into account the value of women's work and the contribution of women to the economy.

Mr. Ruiz Lara, answering his question—"Is Economic Analysis Discriminating Against Women?"—said that there are few statistics on women's economic contribution. Moreover, the contribution they make to the economy through their domestic work is not taken into account in the figures on the gross domestic product.

Even textbooks on economics, Mr. Ruiz Lara went on to say, which sometimes include chapters on economic discrimination for reasons of race, do not deal with economic discrimination against women or with their economic contribution.

Mr. Ruiz Lara said that women's participation in the labor market is inevitable, particularly as domestic chores become increasingly simplified and mechanized; resisting this trend, he said, would be not only painful, but futile. It is preferable to undertake programs to hasten the process, thus helping to speed up development. In future, he added, the choice will be between accelerating development or facing higher unemployment levels.

Bank Approves Loans for Projects in Eleven Countries

The Inter-American Bank in recent weeks authorized loans and technical cooperation for development projects in Bolivia, Brazil, the five Central American countries, Ecuador, Haiti, Mexico and Paraguay, and for a regional training project. The details are as follows:

BOLIVIA: The Inter-American Bank on November 6 announced the approval of a \$45 million loan to help finance the construction of part of the La Paz-San Borja highway. The loan will be used by the *Servicio Nacional de Caminos (SENAC)*, the agency charged with the construction and maintenance of Bolivia's highways, to rebuild a 27-mile section between La Paz and Cotapata. The project is part of the first stage of the construction of the La Paz-San Borja highway which is to connect the Department of Beni with the national highway system.

BRAZIL: On November 20 the Bank announced the approval of a \$35 million loan to help construct a 234-mile transmission line between the Paulo Afonso hydroelectric station on the São Francisco River and the Salvador area in the northeastern part of the country. The loan was extended to the *Companhia Hidro Elétrica do São Francisco (CHESF)*, a government corporation which is developing the power potential of the São Francisco River, the largest source of electric power in the region.

CHESF will use the resources of the Bank loan to construct a single circuit 500-kilovolt transmission line between the Paulo Afonso station and the Camaçari substation near the city of Salvador in order to meet the projected demand for electric power in that area.

CENTRAL AMERICA: The Bank on November 26 announced the approval of \$150,000 in grant technical cooperation for the development of a macroeconomic model for Central America and the Central American countries and for the establishment of a data bank. The technical cooperation was extended to the Per-

manent Secretariat of the General Treaty of Central American Economic Integration (SIECA), the Central American Common Market secretariat.

The purpose of the project is to prepare a macroeconomic model for the region as a whole and for the five area countries—Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador—in view of their interrelationship and interdependence, and to use it as an official planning instrument for the stimulation and projection of several regional socio-economic variables.

COSTA RICA: The Inter-American Bank on November 13 announced the approval of \$500,000 in technical cooperation to finance a study of the possible use of geothermal energy in Costa Rica. The technical cooperation was extended on a contingent recovery basis to the *Instituto Costarricense de Electricidad (ICE)*, the national power agency, and will be used to contract a consulting firm to prepare basic research studies for evaluating the possibilities of using geothermal energy at "Las Pailas" and "Las Hornillas", which are located on the slopes of Rincón de la Vieja and Miravalles volcanoes in the province of Guanacaste.

ECUADOR: On November 20 the Bank announced the approval of a loan for the equivalent of \$12.6 million to help finance the construction of a cement plant in Ecuador. The loan was extended from the Venezuelan Trust Fund, which the Bank administers, to the Republic of Ecuador and will be used by *Cementos Selva Alegre*, a government-controlled company created in 1974, to install a cement plant with an estimated annual production capacity of 340,000 metric tons in the Canton of Otavalo, Imbabura Province, about 60 miles from Quito, the capital.

EL SALVADOR: The Bank on November 21 announced the approval of \$310,000 in grant

technical cooperation to formulate a development plan for small industry. The technical cooperation will enable the *Consejo Nacional de Planificación y Coordinación Económica (CONAPLAN)* to contract consulting firms to prepare a development program for small industry throughout the country and to strengthen the institutional structure of the *Fondo de Financiamiento y Garantía para la Pequeña Empresa (FIGAPE)*.

GUATEMALA: On November 6 the Bank announced the approval of a \$7 million loan to help Guatemala build approximately 105 water supply systems for 165 rural communities. The loan, which was extended to the Republic of Guatemala, will be used for the Water Supply Program (UNEPAR) of the Ministry of Public Health to build water supply systems in rural communities having 200 to 2,000 inhabitants each located in 20 of the country's 22 departments.

HAITI: The Bank on November 13 announced the approval of a \$6.3 million loan to improve and expand rural health services in Haiti. The loan, which was extended to the *Banque Nationale de la République d'Haiti*, will be used by the Department of Public Health and Population (DSPP) to build and equip 36 dispensaries, 23 health centers and one new health and training center to benefit a rural population estimated at 1.9 million inhabitants.

MEXICO: On November 20 the Bank announced the approval of two loans totaling \$41 million to help expand a nationwide agricultural credit program covering an estimated 26,000 low-income producers in Mexico. The loans were extended to the *Nacional Financiera, S. A. (NAFINSA)*, one of the agencies charged with negotiating foreign loans for the Government of Mexico, and will be used by the *Banco de México S. A.*, to channel a greater flow of credit to Mexico's agricultural and livestock sector.

On the same date, the Bank also announced the approval of a \$30 million loan to assist in financing a program of agricultural and livestock credit in Mexico. The loan was extended to NAFINSA, to be used by the *Banco Nacional de Crédito Rural, S. A. (BANRURAL)*, in its capacity as trustee of the Trust Fund for the Development of Irrigation Districts and Units partially financed by the Inter-American Bank, to extend nationwide the agricultural credit and technical supervision which the BANRURAL carries out in the irrigation area named Lerma-Chapala-Santiago Basin.

PARAGUAY: On November 13 the Bank announced the approval of \$493,000 in grant technical cooperation to finance a study of a regional plan for development of the zone of influence of the Trans-Chaco Highway. The technical cooperation, which was extended to the *Oficina Nacional de Proyectos (ONP)*, a subordinate agency of Paraguay's Technical Planning Secretariat, will be used to contract consultants to carry out a study of a regional development program designed to point up the potential of the Chaco zone in Paraguay.

REGIONAL: On November 21 the Bank announced the approval of \$95,397 in grant technical cooperation to help finance a training course on industrial projects and another on agricultural projects which it will offer jointly with the World Bank. The technical cooperation, extended from the resources of the Social Progress Trust Fund, will be used by the sponsoring agencies to offer a course on the analysis of industrial projects, to be held in Lima, Peru, and another on the analysis of agricultural projects, to be held in Washington, D.C.

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: The *Instituto Colombiano Agropecuario (ICA)* has announced the opening of Public International Bid S-37-75-ICA-BID for laboratory equipment and supplies.

The Institute informs interested parties that it has opened Public International Bid No. S-37-75 for the supply of laboratory materials and equipment, including precision tools, electric equipment, miscellaneous tools, glass and plastic equipment for the National Drug Control Laboratory.

Opening date: December 10, 1975; sale of bidding documents: until January 23, 1976; closing date: February 11, 1976 at 4 p.m.

There is a nonrefundable fee of 2,000 Colombian pesos for the first set of bidding forms and 200 pesos for each additional set.

Financing: The acquisition of the equipment is part of a project financed by the Inter-American Development Bank (IDB). National manufacturers or suppliers or foreign firms duly represented in Colombia are eligible to participate in the bidding provided that the items to be supplied originate in the Bank's member countries.

The documents describing the bidding terms may be consulted, purchased and submitted at Calle 37, No. 8-43, Oficina 401, División Comercial, Sección Comercio Internacional. Telephone No.: 322520, Ext. 42.

Public International Bid S-42-75-ICA-IDB for the supply of tools and equipment for an automotive shop.

The Institute informs interested parties that it has opened Public International Bid No. S-42-75 for tools and equipment for an automotive shop including electric soldering equipment, oxioacetylenic soldering equipment, compressors, drills, lathes, painting equipment and miscellaneous tools.

Opening date: December 12, 1975; sale of bidding documents until January 23, 1976; closing date: February 12, 1976 at 4 p.m.

There is a nonrefundable fee of 2,000 Colombian pesos for the first set of bidding forms and of 200 Colombian pesos for each additional set.

Financing: procurement of the equipment involved in this bid is part of a project financed by the Inter-American Development Bank (IDB). National manufacturers or suppliers or foreign firms which are duly represented in Colombia may participate in the bidding provided that the items to be supplied originate in the Bank's member countries.

Documents describing the bidding terms may be consulted, bought and submitted at Calle 37, No. 8-43, Oficina 401, División Comercial, Sección de Comercio Internacional. Telephone No.: 322520, Ext. 42.

IDB Election: A Unanimous Vote of Confidence

(from page 1)

the Dominican Republic, and Chairman of the Board, opened the proceedings. Julio César Turbay Ayala, Governor for Colombia, moved that Mr. Ortiz Mena be elected by acclamation, a procedure he thought would more faithfully reflect the appreciation of the Latin American countries for the President's achievements during his term.

The other 23 Governors then expressed their support for Mr. Ortiz Mena and for the motion made by the Governor for Colombia as follows: Jorge Lamport Rodil, for Guatemala; Rafael M. Vázquez, for Argentina; Miguel Solano López, for Paraguay; Guillermo Sevilla Sacasa, for Nicaragua; Victor C. McIntyre, for Trinidad and Tobago; John A. Bushnell, for the United States; Randolph A. Gherson, for Canada; Maurice Tenn, for Jamaica; Roberto Lazarus, for Honduras; Manuel Antonio Robles, for El Salvador; Porfirio Morera Batres, for Costa Rica; Guillermo Keil Rojas, for Peru; Fernando Ortiz Sanz, for Bolivia; José Pérez Caldas, for

next. Therefore, if international credit institutions like the Inter-American Bank are to serve the member countries adequately, they must constantly review their approaches, observe constant vigilance, and work imaginatively and perceptively.

Mr. Ortiz Mena went on to say that these circumstances also make it necessary for the Bank to seek new ways to contribute to the development of Latin America, offering financing at interest rates that are compatible with their situation. "I believe the admittance of the

mended increase in the Bank's resources, to present jointly to the Department of State a note expressing their countries' interest in the maintenance of the continuity of IDB action.

Turning to the process of Latin American integration, the Bank President spoke of the links being established throughout the continent, with countries increasingly establishing geographical connections with each other. This physical integration, Mr. Ortiz Mena said, will inevitably lead to economic integration and, eventually, to political integration.

"I believe," he said, "that we have reached the stage of cataloguing our similarities and agreements . . . and of always presenting a united front vis à vis the countries with which we have to negotiate."



Special meeting of the Board of Governors to elect the Bank's President for the 1976-1981 term (clockwise): John Bushnell, Governor for the United States; Julio Turbay Ayala, Governor for Colombia and A. Randolph Gherson, Governor for Canada; Diógenes H. Fernández, Chairman of the meeting and Governor for the Dominican Republic, greets IDB President Antonio Ortiz Mena, who was unanimously reelected; and Guillermo Sevilla Sacasa, Governor for Nicaragua and José Juan de Ollóqui, Governor for Mexico. (Center) Mr. Ortiz Mena addresses the meeting, which was attended by representatives of the Bank's 24 member countries and Bank officials. Mr. Ortiz Mena's second term begins March 1.

Uruguay; P. M. Greaves, for Barbados; Sergio Undurruga Saavedra, for Chile; Nicolás González Revilla, for Panama; José C. Cárdenas, for Ecuador; Francisco Oswaldo Neves Dornelles, for Brazil; Emmanuel Bros, for Haiti; Juan O. Velázquez, for the Dominican Republic; and José Juan de Ollóqui, for Mexico.

In his acceptance address, Mr. Ortiz Mena thanked the Board for its confidence in him and for the honor conferred on him which, he said, honored his country as well as himself. Continuing, he said the world is undergoing profound changes. As an example he cited the capital markets, the terms and orientation of which he said change from one day to the

nonregional countries to Bank membership will give the region an opportunity to extend its relations outside the Western Hemisphere, not only in search of resources, but also—and perhaps this is more important—to elicit international competition for money, technology, and goods and services. This, unquestionably, would be advantageous for Latin America."

Mr. Ortiz Mena appealed for unity among the Latin American countries. He cited as "a truly encouraging example" of this unity, the recent decision of the Latin American and Caribbean ambassadors to Washington, in view of the Congressional delay in approving the recom-

Concluding, Mr. Ortiz Mena said there is one stage that will not wait—and that is service. In that respect, he said, the Bank will never disappoint its member countries; it will maintain the level of service required of it; action will be based on patriotism, on the concept of continental unity, on the conviction that Latin America is one of the most promising regions of the world, and on its need to unite on behalf of the interests of all its peoples. The Bank's goal, he added, is to help Latin Americans to be able to live fully and with dignity and to receive the benefits of progress and development.