

Cancún, May 17-19

IDB BOARD OF GOVERNORS TO CONSIDER KEY ISSUES AT ANNUAL MEETING IN MEXICO

About 1,500 people, including the Ministers of Finance, of Economy and Agriculture of the Latin American member countries, Canada and the United States, are expected to attend the Seventeenth Annual Meeting of the Inter-American Development Bank in Cancún, Mexico, May 17-19. Cancún is an island located off the tip of the Yucatán Peninsula, on the Gulf of Mexico, and is rapidly becoming one of the country's major tourist attractions.

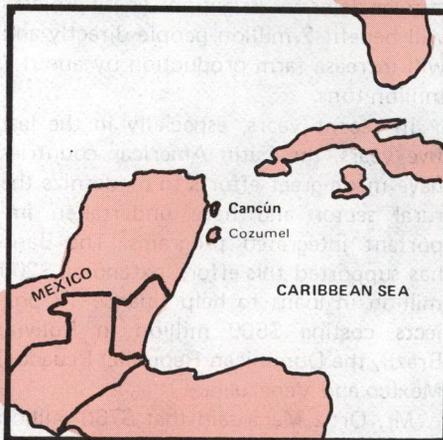
The Meetings of the Board of Governors, convened annually in one of the Bank's member countries, have come to be regarded as the area's most important financial forum.

Diógenes Fernández, Governor for the Dominican Republic, where last year's meeting was held, will preside over the opening session. It is expected that, following tradition, the Governor for the host country—in this case, Ramón Beteta, Minister of Finance and Economy of Mexico—will be elected Chairman of the Meeting.

The 24 Governors and their Alternates, who represent the Bank's member countries and are usually the Ministers of Finance or Presidents of the Central Banks of their respective countries, will participate in the deliberations. In addition to the official delegations, representatives of international organizations

and of the 12 nonregional countries which have signified their intention of joining the Bank, will attend as observers, as will bankers, businessmen and government officials.

The Bank's official delegation will be headed by President Antonio Ortiz Mena, who will report to the Governors on the



Bank's activities during the year and present the Annual Report for 1975, a year in which the institution set new records in fostering the social and economic development of Latin America, extending 70 loans totaling \$1.375 billion.

The Meeting serves as a forum for the Governors to discuss matters of vital importance to the region's economic and social development.

The Board Meeting will be preceded by

a meeting of the International Group for Agricultural Development in Latin America (IGAD/LA) May 14-16. IGAD/LA is designed to promote cooperation with IDB member nations and international agricultural agencies to increase food production, accelerate agricultural development and boost exports of foodstuffs in the region. Its meeting will be attended by the Ministers of Agriculture of the member countries, as well as by the government agencies and intergovernmental bodies concerned with the region's agricultural development. Besides looking at ways in which Latin America can increase food production, the group will discuss agricultural problems facing the region and how they can be overcome.

The Board Meeting, which will be opened by President Luis Echeverría of Mexico, will be held in Cancún's new "plastic bubble" convention center. The bubble, built on a concrete disk 40 meters in diameter, is supported by air and has a seating capacity for 1,800 people.

The new convention center and five small temporary buildings which will serve as offices for the Meeting, were built by the National Fund for Tourism Development (FONATUR), a government agency responsible for the development of Cancún.

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BANK SELLS BONDS IN LATIN AMERICAN MEMBER COUNTRIES

The Inter-American Bank announced on April 19 that it had sold at par, entirely outside the United States, \$33.7 million in two-year dollar bonds.

The bonds, known as "Short-Term Dollar Bonds, Eleventh Issue," were sold to central banks and other government agencies in 16 of the Bank's member countries.

They are Barbados, Bolivia, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela. In addition, Israel participated in the issue.

Issued for a two-year period, the bonds will mature April 15, 1978, and will bear an interest rate of 7 per cent per annum.

The proceeds of the issue were incorporated into the Bank's ordinary capital resources.

This is the eleventh short-term issue sold by the Bank mainly in the Latin American region. The first issue, for \$65 million, was placed in 1965.

Planning Held Essential for Efficient Water Use

Antonio Ortiz Mena, President of the Inter-American Development Bank, recently called for planning and programming to ensure more efficient use of Latin America's water resources.

Addressing the XIIth International Congress on Large Dams in Mexico City, Mr. Ortiz Mena said that population growth, as well as the requirements which technological development has brought to modern life, "render planning essential for a more efficient and rational use of water in supplying our countries' needs."

President Luis Echeverría of Mexico attended the meeting, which was held March 29 to April 2 with the participation of representatives from every country having large-scale water programs. Leandro Rovirosa Wade, Secretary of Hydraulic Resources, was elected presiding officer.

Speaking on March 29, Mr. Ortiz Mena began his address by citing President Echeverría, who said "Let us undertake a thorough search for water resources, for without water, no country can grow. Water is essential for life itself."

The IDB President said that the best practices should be sought for flood control, drainage and irrigation, for providing water for domestic and industrial use, and for fishing, tourism, navigation and electric power development. He added that planning is required to avoid the damage which poor practices can cause—erosion, salinization, floods and clogging of dams.

Mr. Ortiz Mena pointed out that, while Latin America is the most richly endowed of the continents in terms of water resources, water use is too often perceived in a limited way, to the detriment of the community. "That is a mistaken approach which should be corrected," he said. "That is why, at the Inter-American Development Bank, we are emphasizing multiple-purpose development programs for the great river basins."

"Executing isolated projects is not enough," Mr. Ortiz Mena continued. "The best results can be achieved only through integrated rural development programs which include, among other things, agricultural research; extension and credit; irrigation works and rural roads; rural electrification and communication facilities and, in addition to education and health care, agroindustry."

Mr. Ortiz Mena emphasized that the Bank, from the beginning, has given

preferential treatment to agricultural and hydroelectric projects. Such projects, he said, account for 45 per cent of the Bank's lending portfolio—\$3,800 million in loans. Half of those resources—\$1,900 million—have helped to finance 30 dams which have provided the region with a 16 million kilowatt electric power generating capacity. A similar amount has been assigned to financing agricultural development, with special emphasis on irrigation. With Bank support, member countries have brought 2,321,800 acres of land under irrigation and are executing works which will add another 1,506,700 irrigated acres to the land available for farming. To a great extent this has been made possible by 215 new regulating or storage dams for irrigation. These projects will benefit 2 million people directly and will increase farm production by about 7 million tons.

In recent years, especially in the last five years, the Latin American countries have made great efforts to modernize the rural sector and have undertaken important integrated programs. The Bank has supported this effort, extending \$200 million in loans to help finance 12 projects costing \$500 million in Bolivia, Brazil, the Dominican Republic, Ecuador, Mexico and Venezuela.

Mr. Ortiz Mena said that \$750 million of the \$1.2 billion in loans the Bank has extended to Mexico were for agricultural development, with a high proportion of these resources earmarked to finance hydraulic works.

The Bank's support to Mexico's development plans, which at first was modest in quantity and for relatively small projects, has become important, as the magnitude of the programs it has financed in recent years shows. For example, the Rural Development Investment Program (PIDER), in which other international agencies, besides the IDB, participate, represents large investments, is conceptually innovative and will open up new paths in the financing of Latin America's agricultural sector.

Another important aspect of Latin America's development is the trend toward increasingly large and complex projects. In Brazil, for example, the Jupia-Ilha Solteira power plant, with a 4.6 million kilowatt capacity, is stimulating the industrial development of the São Paulo area. The Rio San Francisco (Paulo Afonso) project in northeastern

Brazil is supplying power to that economically depressed region. In Colombia, the Chivor plant has a dam with a generating capacity of 1,000,000 kilowatts. Salto Grande, on the Uruguay River, with a capacity of 1,900,000 kilowatts, is important for the integration of the two countries—Argentina and Uruguay—which are jointly executing the project with Bank support.

In the smaller countries the trend is also to large-scale projects, Mr. Ortiz Mena said. He cited the Arenal Hydroelectric plant in Costa Rica, the Cerrón Grande plant in El Salvador and the Chixoy plant in Guatemala as examples of large-scale projects the Bank is helping to finance in smaller countries. Bank loans for these projects came to \$194 million, or 50 per cent of all its loans to those countries. If the studies now under way for the proposed La Fortuna plant in Panama and the El Cajón plant in Honduras are included, one can see that investments in this type of project in Central America are increasing sharply.

These projects, costing about \$1 billion, will have a multiple impact on the economic development of the countries involved; by doubling the countries' installed power capacity, they will make possible a drastic cut in oil imports for the generation of power and bring some 617,500 acres of farmland under irrigation.

"In short, integrated development, the multiple, coordinated development of water resources and large-scale projects—not only in the hydraulic field, but in other sectors of the economy—are changing the face of the region," Mr. Ortiz Mena said. "The Inter-American Bank is committed to support its member countries in this effort without reservations or limitations," he added.

EARTHQUAKE

Further details on the loss of life and property caused by the major earthquake which struck Guatemala in February were released in two recent reports—one prepared by the General Secretariat of Guatemala's National Economic Planning Council and another by a mission of the Economic Commission for Latin America.

According to the reports, 23,000 people were killed and one-sixth of the population was left homeless. Material losses are estimated at \$748 million. Of that total, 62.6 per cent are housing losses; 19.6 per cent are damages to basic services; 10 per cent to the production infrastructure and 7.8 per cent to the productive sectors.

To support Guatemala's reconstruction efforts, the IDB is reformulating certain so that funds can be used for reconstruction work and for financial assistance to farmers and rural workers in the stricken areas.

APPOINTMENTS

President Antonio Ortiz Mena announced the appointment of Joaquín González as Deputy Manager of Integration, effective May 1, 1976. He succeeds Nestor Vega Moreno.

Mr. González, an Ecuadorean, is a graduate of the *Universidad Central del Ecuador*, with a major in economics. He received an M.A. degree in economics from Yale University and has done other graduate work in that field at American University and at Harvard University. He has also taken special courses at the International Monetary Fund.

Before coming to the Bank, Mr. González served in various activities in the public sector of his country and as a professor of economics at the *Universidad Central del Ecuador*.

He came to the Bank in 1961 as an economist in the former Division of Economics, becoming Chief of its Trade and Balance of Payments Section. Since then he has served as Chief of the General Studies Section of the Economic and Social Development Division, as Deputy Director of the Economic and Social Development Division, and as Deputy Director of the Special Studies Division.

At the time of his new appointment Mr. González was serving as Deputy Program Advisor.

At the same time President Ortiz Mena announced the appointment of Luis Sánchez Masi as Deputy Program Advisor, effective May 1, succeeding Mr. González.

Mr. Sánchez Masi, a Paraguayan national, is a graduate of the *Escuela Nacional de Economía de la Universidad Nacional Autónoma de México*, with a degree in economics.

Most recently, he had been serving as Special Coordinator for the Guatemala Reconstruction Programs. Formerly, he was Advisor to the Executive Vice President of the Bank.

Mr. Vega Moreno was named Consultant for a natural resources development project in which the Central American countries are interested. He will be based in Guatemala during the one-year period of the appointment.

Mr. Vega Moreno was the Bank's Controller from 1968 to 1970, when he returned to his country as Minister of Finance. At that time he served as Governor for Ecuador on the Board of Governors and as Chairman of the Board's XIIIth Meeting, which was held in Quito, Ecuador in 1972. In 1973 he returned to the Bank as Deputy Manager of Integration.

BANK BORROWS \$16.7 MILLION IN JAPAN FOR PROJECTS IN LATIN AMERICA

The Inter-American Bank on April 9 announced that it had borrowed five billion convertible yen (equivalent to approximately \$16.7 million) in Japan which will be channeled to the development of its member countries in Latin America.

Under agreements signed that day between the Bank and the Export-Import Bank of Japan and between the Bank and a syndicate of Japanese commercial banks managed by the Bank of Tokyo, Ltd., the Inter-American Bank will borrow 3 billion yen from the Export-Import Bank and 2 billion yen from the banking syndicate.

The combined loans will carry an average interest rate of just below 8.5 per cent. The proceeds of the loans

will be incorporated into the Bank's ordinary capital resources and will be used in its ordinary lending operations.

The loan agreements were signed on behalf of the Inter-American Bank by Henry J. Costanzo, Financial Manager.

The borrowing from the Export-Import Bank is being extended with a maturity of 15 years and a grace period of 4 years. The loan will be repaid in 22 semiannual installments, beginning on September 30, 1980, and ending on March 20, 1991.

The borrowing from the syndicate of Japanese commercial banks is being extended with a maturity of 7 years. The loan is payable in full at maturity.

This borrowing increases the Bank's cumulative borrowings in Japan to \$173.6 million.

IDB CHANNELS RESOURCES FOR COUNTRIES LACKING ACCESS TO INTERNATIONAL FUNDS

The Executive Board of the Inter-American Bank on February 12 approved a resolution under which it will increase its financial support for the social development programs being executed by the Inter-American Foundation under a special agreement with the Bank. The Bank will increase its financing of the program by \$16 million a year during 1977, 1978 and 1979.

The Foundation—originally the Inter-American Development Institute—was established by the United States under the Foreign Assistance Act of 1969 to foster social development in Latin America.

The Foundation, based in Rosslyn, Virginia, began operations in 1971. Its objectives are to bring about an increase of income, a more equitable distribution of goods and benefits, greater participation by the people in decisions which affect their lives, and broader relations and communication among competitive groups in the process of change. Under the Foreign Assistance Act, up to \$50 million in funds were made available to the Foundation. It was also authorized to receive and use private contributions and resources entrusted to it by international lending agencies.

In December 1973 the Inter-American Bank entered into a three-year agreement with the Foundation to channel up to \$30 million of the resources of the Social Progress Trust Fund—established by the United States in 1961 and placed under

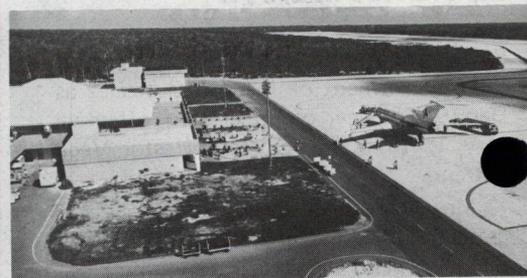
Bank administration—to projects selected by the Foundation.

As of December 31, 1975, the Foundation had committed \$17,168,340 of the Fund resources for 375 projects in 18 different countries costing \$37 million, a contribution that was more than matched by more than \$42 million in local and counterpart funds.

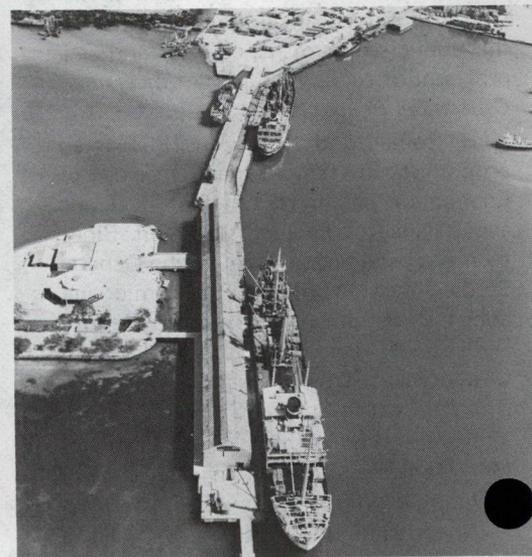
The Foundation's operational approach is to support small-scale locally designed projects. It does not operate projects or provide technical cooperation to recipients of its assistance. Rather, it attempts to foster social development by supporting projects proposed by local non-governmental groups and organizations, principally as grants ranging from \$300 to \$1,500 and averaging \$100,000.

Thus, the Foundation provides assistance to groups and activities which normally do not have access to traditional assistance agencies. Its main consideration in selecting projects is that each project help to improve the standard of living in the least developed areas of the hemisphere.

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The Darien Gap highway, which the Bank has helped to finance with its loans, will soon link the Americas, opening up overland routes from Alaska to Patagonia in Argentina. Among other transportation facilities the Bank has helped to finance are the Cancún airport in Mexico and the port at Port-au-Prince in Haiti—one of the 14 ports improved with the help of Bank loans.



Greater Investments Needed to Boost Region's Transportation Facilities

For centuries, Latin America was a prisoner of geography. Towering mountain ranges, unbridgeable rivers and impenetrable jungles were barriers to the movement of people and goods and, therefore, to economic development.

This, combined with traditional investment, trade and population patterns, caused transportation to develop mainly along the coastal fringes.

Essentially, Latin America has been a series of inadequately connected islands of economic activity geared to trading with countries overseas rather than with their neighbors. Transportation was designed mainly to facilitate the production of raw materials and to move them to the coast for shipment to Europe and, later, to the United States as well.

This export-oriented policy, which served a valuable function in terms of external trade, slowed down the development of cheap, dependable, fast regional transportation to make possible the expansion of intraregional trade and to meet the goals of regional economic integration—increasing real per capita income and achieving a more equitable

distribution of income on a regional basis.

If these objectives are to be met, the barriers to intraregional trade will have to be removed or reduced to permit an increased flow of goods across national boundaries and, as wider geographical dispersion of industrial activity takes place and new employment opportunities are created for the growing populations, of capital and labor.

An essential element in this quest for greater productivity and output is an efficient regional transport system linking viable economic units and permitting significant reductions in the cost of moving goods to regional outlets.

"Because transport is an essential ingredient in nearly every aspect of Latin America's search for development and for an economically unified continent, it is urgent to design a transportation system that will serve regional economic development without absorbing too large a share of national investment resources," says Joseph C. Perrone, Chief of the Transportation Section of the Bank's Project Analysis Department.

"The problem calls for concerted plan-

ning by Latin American governments and institutions to identify pressing short, medium and long-term priorities based on an analysis of the demands for additional transportation."

PROGRESS MADE

In more recent times major gains have been made in many of the Latin American countries toward creating the transportation facilities required to connect production centers with national and regional markets and towns, cities and countries with one another.

Thousands of miles of new roads have been built since the early 1960s and other transportation and communication facilities, such as ports and air terminals, have been improved.

Here are some examples of the changes wrought and of others on the way:

Less than twenty years ago the only overland route linking the five Central American republics was the Pan American Highway; now several new roads connect them.

On the continent itself, new roads have been built across national borders. For example, a three-mile bridge spanning

the Paraná River between Fray Bentos in Uruguay and Puerto Unzué in Argentina now links the two countries. And before the end of the decade, Buenos Aires, Montevideo and Rio de Janeiro will be connected by highways, bridges and tunnels, making it possible to go from one country to another by train or car in a few hours without using rafts or ferries—an impossible dream only a few years ago.

Once the 193-mile Darien Gap Highway, the last link of the Pan American Highway, is completed, the Americas will be united by a direct overland route between the northern and the southern halves of the Western Hemisphere, making possible highway traffic all the way from Alaska to Argentina's Patagonia, and fulfilling "one of the Hemisphere's brightest dreams," as IDB President Ortiz Mena has called it.

THE IDB's CONTRIBUTION

In the more than fifteen years since it began operations, the Inter-American Bank has extended \$1,592 million in loans to help finance transportation and communication projects costing \$3,716 million in virtually every Latin American country. It has assigned 18 per cent of its lending portfolio to such projects, making transportation third only to agriculture—23 per cent—and electric power—21 per cent.

Bank-supported projects include building or improving 28,962 miles of roads—9,021 miles of main highways and 19,941 miles of secondary or farm-to-market roads—constructing four major highway bridges and 508 lesser ones, and improving the installation of 14 ports in five countries.

Some noteworthy Bank-supported transportation projects are the Foz do Iguazú Paranaguá International Highway in Brazil, the Paraguachón-Santa-Marta-Riohacha route in Colombia, the Trans-Andean Highway linking Chile and Argentina, the Mesopotamian route between Argentina and Uruguay, the Paysandú-Tacuarembó Highway in Uruguay, and the regional road network in Central America.

Bank loans are helping to finance road maintenance programs, improve city streets, build a port petroleum terminal, and improve a ship canal. They are also helping to finance the installation of 1,623 miles of main gas lines and 318 miles of gas distribution lines. In the related field of communications, they are helping to build nine major telecommunications systems.

In addition, the Bank has provided technical cooperation to study airport

needs for handling supersonic and jumbo jet traffic. It financed a study for a new international airport in Brazil for supersonic and jumbo jet aircraft and a feasibility study for the Seawell International Airport in Barbados. At the request of seven Latin American airlines, it financed an economic feasibility study on ways to integrate air cargo in the region.

At the end of 1971 it issued a loan to Mexico—its first solely for developing tourist infrastructure facilities—to help finance the development of a tourist center at Cancún, a 14-mile strip of beach off the tip of the Yucatán Peninsula. The work to be done—most of which is now completed—included building a road network, constructing an international airport, building a bridge to join the island to the mainland, improving the Port of Juárez, establishing a hydrofoil passenger service, and installing a telephone exchange.

Many of the Bank's operations in other fields have benefited transportation. Loans for agricultural and colonization projects, for example, have included road-building programs. This was the case of a \$75 million loan to Venezuela for an integrated agricultural program of irrigation, colonization and farm credit, which also included construction of 1,250 kilometers of access roads and 445 kilometers of internal access roads for the farm settlements. A \$29 million loan to develop the northwestern part of the State of Minas Gerais, in Brazil, included the construction of 963 kilometers of penetration roads and 1,250 kilometers of rural access roads. And after the earthquake which struck Peru in May 1970, the Bank approved an emergency loan of \$35 million for infrastructure work, including rebuilding main roads and airports and the port of Chimbote.

In 1975 alone the Bank extended 12 loans amounting to \$303.5 million for transportation and communications projects, primarily to build highways, improve port facilities and increase telecommunication facilities.

Among them were loans amounting to \$182 million for six individual projects, including a \$45 million loan to Bolivia to build the key initial section of a highway which will eventually bring rapid communication between the northeastern Department of Beni and La Paz, the capital; \$45.8 million to Colombia to improve its basic road network; and a \$11.1 million loan to help Ecuador build a road section that will give the southern provinces of Loja and Zamora Chinchipe better communication with the rest of the country.

A \$25 million Bank loan will help Haiti complete its Southern Highway from Port-au-Prince to Les Cayes. This road will make accessible for the first time parts of the country that are now virtually isolated, and speed shipments of sugar and molasses from the Les Cayes refinery to the coast.

A \$30 million loan will enable Panama to improve its network of rural roads; and the loan to CABEL—for \$25 million—will help to finance seven priority highway projects in its five member countries.

The Bank also provided a \$35.5 million loan to increase and modernize the facilities of the Dominican Republic's port of Haina, 9 miles west of Santo Domingo, the capital, and a \$7.5 million loan for the second stage of a program to expand and improve the port facilities of Port-au-Prince in Haiti.

In addition, the Bank extended a \$35.5 million loan to enable Chile to complete the second stage of a plan to provide long-distance telephone service to an estimated 600,000 subscribers throughout the country; one for \$14.7 million to help Honduras improve its telephone system, particularly in Tegucigalpa and the San Pedro Sula areas; and another for \$28.4 million to help Uruguay improve its telephone network.

FUTURE NEEDS

The Latin American countries have made impressive advances in improving their transportation and communication facilities, but according to the Transportation Section of the Bank's Project Analysis Department, their efforts will have to be redoubled in the next decade.

The Latin American countries have 15 per cent of the world's land area and 7 per cent of its population, but only 1 per cent of its rail transport facilities, 3 per cent of its highways and 5 per cent of its commercial vehicles.

If Latin America is to continue the work of improving its transportation and communications network and to achieve a high degree of regional economic integration, the countries of the region will have to build some 600,000 miles of all types of roads—primary, secondary and access or farm-to-market roads—during this present decade.

They will require a greater volume of credits for improving their port installations and for developing air transport in the immediate future, not only in terms of equipment, but of building airports for jumbo jets and supersonic aircraft, as well as air terminals designed to handle the steadily increasing passenger and freight traffic.

Training Programs for Foot-and-Mouth Disease Control

Foot-and-mouth disease knows no frontiers. This dread animal disease causes serious economic loss wherever it strikes and threatens "healthy" neighboring areas in South, Central and North America.

The disease causes Latin America an estimated \$500 million loss in cattle each year. The virus, which also affects swine, sheep and goats, is a particular menace to cattle, causing death, higher rates of sterility and lower milk and meat production. It holds back national development programs and causes serious economic damage, closing lucrative fresh meat and live animal export markets—such as the United States and Japan—to countries afflicted with it. It forces countries, the infected as well as the disease-free, to incur in heavy expenditures—the former for control and eradication programs, and the latter for preventive measures and to fight any outbreaks that may occur.

Foot-and-mouth disease has been eliminated in Canada, the United States and Mexico at great cost, including the expenditure of hundreds of millions of dollars and the slaughter of thousands of head of cattle. In Great Britain, 400,000 head of livestock, including sheep, cattle and swine, had to be slaughtered to control a sudden outbreak of the disease. In Latin America, anti-foot-and-mouth disease programs have received high priority, for its persistence is a latent threat to areas of the hemisphere still free of it.

The Inter-American Bank has financed continent-wide programs in support of its Latin American member countries in their struggle to control and eventually wipe out the disease. It has extended individual loans for FM control and eradication and for preventive campaigns throughout South America and for training personnel for the programs it supports. To date the Bank has approved \$2.9 million for 15 technical cooperation operations to support animal health programs. Six of the new operations, for \$1,890,000, were granted to the countries of South America; four, for \$135,000 went to the five Central American countries and Panama; and five for \$906,000, were for regional operations with the collaboration of the Pan American Health Organization (PAHO).

The Bank has approved more than \$85 million for financing animal health programs having a cost of more than \$320 million. More than 50 per cent of that sum has been used for financing campaigns to wipe out foot-and-mouth disease in South America. These operations have made it possible to establish uniform campaign techniques in the member countries and has eased operations in the frontier areas. Governments and cattlemen in those countries are making large additional contributions to finance anti-FM campaigns.

The Bank is especially interested in training technical and supervisory personnel to ensure the success of the campaigns financed with the help of its loans, for the disease is extremely difficult to control.

South America has more than 200 million head of cattle, as well as millions of sheep, swine and goats, each requiring three vaccinations a year just to maintain adequate protection levels. That means laboratories must be in command of highly sophisticated techniques and equipped to turn out vaccine with immunogenic capacity in the quantities and of the quality needed for national control programs, and that additional trained personnel for increasing campaign needs must be available.

The specialized agency offering the training required in the region is the Pan American Foot-and-Mouth Disease Center, a dependency of the Pan American Health Organization (PAHO). In 1973 the Bank signed a three-year agreement with PAHO to implement a vaccine production and control training program for laboratory personnel at the Center.

The agreement called for a \$300,000 IDB grant to cover

student living and travel expenses, as well as equipment teaching material costs. The PAHO in turn provided a \$452,000 contribution in teaching personnel from the Center staff and in equipment and administrative costs. In conjunction with the agreement, the PAHO also signed an agreement with the Government of Brazil under which the latter provided \$248,000 for the construction of a pilot plant at the Center to provide additional specialized facilities for the training program. Concomitantly, the IDB authorized a number of loans to the countries to help finance the training of more students than those specified in the IDB-PAHO agreement.

The pilot plant was completed in July 1973. At that time a three-year series of nine courses at three different specialization levels was offered. The first series—Type A—a nine-month course, provided practical training and theoretical orientation to government officials who would supervise and operate national vaccine production and control laboratories. The second series—Type B—was a three-month course of instruction in the specialized fields related to FM vaccine production and quality control. The third series—Type C—was a series of one-month courses on intensive practical training in laboratory vaccine production techniques and procedures.

So far, participants from 11 countries have completed training in the three course series and 250 man/months have been spent in these activities. Training programs in each course emphasize work in commercial vaccine production and in official quality control. They also include theoretical classes and practical work in cell culture and virology, immunology, diagnosis, vaccine production control and the care and handling of laboratory animals.

The practical work is done at the pilot plant, where conditions in commercial vaccine laboratories are reproduced and the modern and sophisticated techniques are used in the preparation of the antigens used in FM vaccines. Students—most of them doctors and veterinarians—supervised by Center staff, prepare vaccines and test them on experimental animals available at the Center. They also conduct field tests of the vaccine they have prepared. In this way they participate actively in each stage of the vaccine preparation and use, gaining first-hand understanding of the need for strict laboratory production and control procedures.

Training staff at the Center also carry out follow-up activities after students have returned to their own countries. In this way they constantly monitor the appropriateness of the training given at the Center and maintain contact with the young professionals who are part of the continent-wide FMD information network.

To date the training program has taken a major first step in the training of personnel for work in vaccine production laboratories and in government vaccine quality control facilities.

Its aim has been to build a core of qualified laboratory personnel in order to begin the long-term task of providing a full range of trained professionals to support national FM control programs and having the capacity to transfer at the national level the technical advances being made in that field, thus saving the region millions of dollars. These objectives are now being met.



The author of this article, Gregorio Beltrán, is with the Bank's Training Division. An agricultural engineer, he is a graduate of the *Universidad Nacional de Colombia* and has an M.A. in agricultural economics from the University of Wisconsin. In Colombia, his native country, he was a professor at the *Facultad Nacional de Agronomía de Medellín*. He was Advisor in Venezuela's *Ministerio de Agricultura y Cría*. Before joining the Bank in 1967, he was a member of the staff of the Inter-American Committee for Agricultural Development in Washington.

Ecuador Receives \$30 Million IDB Loan for Industrial Development

The Inter-American Development Bank granted a \$30 million loan to Ecuador last month to expand its industrial sector. Divided into two operations, the first part of the loan—equivalent to \$12.6 million—is for the construction of a cement factory; the second part—equivalent to \$17 million—is for the implementation of an industrial credit program.

The documents were ratified by IDB President Antonio Ortiz Mena; José C. Cárdenas, Ambassador from Ecuador; and Colonel Oswaldo Vaca, President of the Board of Directors of the *Compañía de Economía Mixta Cementos Selva Alegre*.

The ratification ceremony was attended by Pedro Aguayo Cubillo, Alternative Executive Director for Ecuador and Brazil; Guillermo Moreano and Iván Romero, Manager and Financial Analyst, respectively, of *Cementos Selva Alegre*; and high-level Bank officials.

Founded a year and a half ago, *Cementos Selva Alegre* plays an important role in Ecuador's economy by contributing to the cement industry's production, which is vital to implementing large-scale infrastructure projects in the country.

Cementos Selva Alegre will build at Otavalo—a province about 60 miles from Quito—a cement plant with a capacity of 340,000 metric tons per year, which will cost about \$56 million.

The IDB loan will cover 22.5 per cent of this amount. The remainder will be funded by local sources—\$16.4 million—and \$28 million from the Canadian Export Development Corporation and Canadian commercial banks.

The loans will allow *Cementos Selva Alegre* to convoke two bids: one for the construction of the cement factory and the other for the acquisition of basic equipment. As such, *Cementos Selva Alegre* during the next 60 days will contract specialized cement machine companies to supply it with the necessary equipment.

The project entails the construction of a cement factory, including structures, raw materials and end-product storage facilities; preparation of the plant construction site; conditioning of a limestone quarry, including the removal of land, the construction of tunnels for the extraction of raw material and the installation of the necessary equipment for the cement fabrication; the acquisition of an electric generator for the quarry and the principal plant; and the purchase of trucks for transporting the raw material from the quarry to the plant.

The project also includes the provision of technical assistance relating to administration and accounting, and the training of technical and professional personnel during the project's implementation period.

Colonel Vaca announced that the firm "has planned an intensive work program which will permit it, by 1980, to produce 20,000 bags of cement daily in order to help meet Ecuador's growing demand for this product."

The operation earmarked to provide credit to the manufacturing sector consists of a \$17 million loan from the Venezuelan Trust Fund, which is administered by the Bank for that country.

The National Stock Commission and National Finance Corporation will use the loan to promote the establishment, expansion and modernization of companies in the manufacturing and agro-industrial sector, with a view to stimulating decentralization of these activities from the urban zones of Quito and Guayaquil. To this end, 40 per cent of the credits granted will benefit industries situated outside these areas; 30 per cent agro-industrial manufacturing



Oswaldo Vaca of *Cementos Selva Alegre*: "By 1980 we'll be turning out 20,000 bags of cement a day."

projects; and 15 per cent new industrial enterprises.

The program's objectives dovetail with the Integral Plan of National Development and Transformation, to which the Government has assigned top priority.

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. Details of some of these, as published in local newspapers, are given below:

COLOMBIA: The *Servicio de Salud de Bogotá* has announced the opening of Public International Bid SSB-02-76 for the acquisition of equipment for the *General de Norte* and the *Clínica Materno Infantil No. 2*, which includes the following sections: first, X-ray and accessories; second, sterilization; third, equipment for surgery and recovery rooms; fourth, diagnostic and treatment equipment; fifth, consulting and ophthalmology equipment; sixth, equipment for physical and rehabilitation medicine; seventh, equipment for clinical laboratory and pathological anatomy; eighth, laboratory glassware; ninth, surgery instruments; tenth, dental instruments and accessories; eleventh, basic equipment for medical consultations; twelfth, maintenance tools.

Opening date: March 22, 1976; closing date: 2 p.m. May 20, 1976.

Cost of documents: There is a nonrefundable fee of 2,000 Colombian pesos for the first set of bidding forms and 1,000 pesos for each additional set.

Guarantee of good faith: The bidder must present a guarantee of good faith equal to 5 per cent of the tender's value, which will be valid for 12 days after the closing of the bidding.

Term of contract: Delivery of equipment must be made 180 days after the bid is awarded.

Financing: Inter-American Development Bank Fund for Special Operations Loan 344/SF-CO.

Participants: National manufacturers or suppliers of 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: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Trinidad and Tobago, United States, Uruguay and Venezuela. Canada is excepted.

Documents describing the bidding terms may be consulted, bought and obtained at Programación del Servicio de Salud de Bogotá, Avenida Caracas No. 53-80, Oficina 302, Telephone No.: 554194.

• The *Instituto Colombiano Agropecuario* has announced the opening of Public International Bid No. S-15-76 for the acquisition of equipment and electric laboratory elements for the division of agronomy, vegetable health, veterinary sciences, animal sciences, agricultural engineering, laboratory and diagnostic centers of input control.

Opening date: March 29, 1976. Closing

date: 4:00 p.m. May 26, 1976.

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: Inter-American Development Bank Fund for Special Operations Loan 303/SF-CO.

National manufacturers or suppliers of 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, with the exception of Canada.

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

• The *Instituto Colombiano Agropecuario (ICA)* has announced the opening of Public International Bid S-14-75 for the acquisition of boats and outboard motors for the Animal Health Campaign for combating foot-and-mouth disease and brucellosis in various parts of the country.

Opening date: March 29, 1976. Closing date: 4:00 p.m. May 14, 1976.

Cost of documents: There is a nonrefundable fee of 1,500 Colombian pesos for the first set of bidding forms and 200 pesos for each additional set.

Financing: Inter-American Development Bank Fund for Special Operations Loan 303/SF-CO.

Participants: National manufacturers of foreign suppliers 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, with the exception of Canada. Documents describing the bidding terms may be consulted, bought and obtained at Calle 37 8-43, Oficina 401, División Comercial, Sección de Comercio Internacional. Telephone No.: 322520, Ext. 42.

• The *Instituto Colombiano Agropecuario* has announced the opening of Public International Bid S-25-76 for the acquisition, installation and startup of two automatic telephone plants for the *Laboratorio Nacional de Control de Drogas de Mosquera*, and the *Estación Cuarentenaria* of Barranquilla.

Opening date: March 29, 1976. Closing date: 4:00 p.m. May 17, 1976.

Cost of documents: There is a nonrefundable fee of 1,000 Colombian pesos for the first set of bidding forms and 200 pesos for each additional set.

Financing: Inter-American Development Bank Fund for Special Operations Loan 303/SF-CO.

National manufacturers or foreign suppliers 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, with the exception of Canada. Documents describing the bidding terms may be consulted, bought and obtained at Calle 37 No. 8-43, Oficina 401, División Comercial, Sección de Comercio Internacional. Telephone No.: 322520, Ext. 42.

GROUP STUDIES BANK PREINVESTMENT LOAN POLICIES

Representatives of preinvestment funds and organizations from 15 Latin American countries and two regional institutions met on March 8 and 9 at the Inter-American Development Bank to study the Bank's operational policies and procedures on preinvestment global loans. The debate was based on a document prepared by Bank experts.

Reuben Sternfeld, Executive Vice President, outlined the Bank's new policy at the opening session, highlighting the importance of certain aspects such as the possibility of using non-reimbursable or contingency recovery resources in global preinvestment operations and the greater flexibility which has been established in extending global loans. He emphasized the Administrations's interest in receiving specific recommendations which participants might wish to present for modifying or improving its operating practices.

Three aspects were covered at the meeting: Bank clarification of the substantive matters contained in the document; recording of proposals; and information and comments on the Bank-sponsored programs and courses on project preinvestment and preparation.

Guillermo Moore, Manager of the Project Analysis Department, presided over the working sessions.

A panel of Bank officials answered participants' technical questions. The Bank's basic policy on the flexibility of the percentages applied to funds to be financed and on loans for preinvestment operations independent of global funds were among the points examined in detail. Also examined was the policy leading to fixing terms and disbursements of all global loans and the policy tending to assure recovery of preinvestment funds as quickly as possible so as to provide for the continuity of resources.

FIELD REPRESENTATIVES

The Bank's representatives in Central America held a meeting in San Salvador, El Salvador, on February 21 and 22 to discuss IDB activities in the region. Jorge D. Ferraris, Deputy Manager of Region I, Operations Department, presided over the meeting. Emil Weinberg, Chief, Division 2, Rodrigo Moscoso, Chief, Division 3, and Oscar Rodríguez Rozic, Consultant, also represented the Operations Department. Paul E. Oeschli attended on behalf of the Office of the Program Advisor.

The representatives attending the meeting were:

Danilo Poklepovic, Representative in Costa Rica; Norberto Max Neef, Representative in El Salvador; Alberto Castillo, Representative in Guatemala; César Chaparro, Representative in Nicaragua and Emilio Ortiz de Zeballos, Representative in Panama.

In 1975 the Inter-American Bank extended 19 loans totaling \$292.6 million to the five Central American countries and Panama for development projects.



Preinvestment: Reuben Sternfeld, IDB Vice President, opens the meeting.

Representatives of preinvestment funds and organizations presented a number of suggestions for modifying the procedures and policies defined in the document. Participants' statements revealed their interest in the theoretical and practical contents of the Bank-supported programs, and courses on preinvestment and project preparation and evaluation.

Financial activities and preinvestment studies have been of interest to the IDB since its establishment. In 1965 this matter became a specific field of loan activity in connection with financing through intermediary agencies. The Bank, however, carried out its preinvestment activities independently of the preinvestment studies executed through its technical cooperation programs.

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:

Conference on Electronic Computers and Public Finances. Bogotá, Colombia, March 11-13.

The conference was sponsored jointly by the Ministry of Public Credit of Colombia, the German Foundation for International Development, and the *Centro Interamericano de Administradores Tributarios (CIAT)*. It was attended by the undersecretaries of finance in charge of public revenues of all the countries of the Western Hemisphere, public financing and fiscal policy specialists and guests.

The Inter-American Development Bank was invited to participate in the conference by presenting a document containing specifics on statistics and projects of fiscal income with a view to using electronic computers in the development of fiscal policies. Alfredo Gutiérrez Kirchner and Germán Cárdenas attended on behalf of the Bank and presented a study on the subject.

Dr. Rodrigo Botero Montoya, Minister of Finance and Public Credit of Colombia, opened the conference and gave the keynote address.

The conference was highly constructive and useful to the undersecretaries of finance present who, besides having an opportunity to exchange views, received important inputs not only from the United States and Canadian experience in the field, but also from the German experience.

In fact, the German Foundation for International Development engaged in highly aggressive promotion, bringing to the meeting a large

In 1968 the Bank established a working group to evaluate some of the preinvestment programs financed with its resources. Becoming increasingly interested in this field, it has completed several studies and held three meetings on the subject in recent years.

At the Pan American Meeting of Preinvestment Institutions held in 1974 in Rio de Janeiro under Bank auspices, problems were identified and solutions were proposed in terms of the general policies required. At the Latin American and Caribbean Meeting on Consulting Services held in Mexico in August 1975, which was attended by representatives of the Latin American countries, new orientations emerged which the IDB took into account in preparing its policies and procedures.

number of technicians and officials, including Berlin's Secretary of Finance.

The German, as well as the Canadian and United States presentations, showed the possibilities offered by the use of computers in the field of fiscal administration in the context of highly developed societies, where human and physical infrastructure tends to be more soundly based than in the developing countries.

The introduction of computers for administrative purposes is more logical in highly developed societies than in those where the flow of information must undergo many difficulties before attaining the speed and homogeneity required.

Although progress has been made in the Latin American countries in this respect, in general a certain amount of frustration has been experienced in connection with the expectations awakened by the introduction of electronic computer systems and the modest advances it has been possible to make.

Nevertheless, the value of electronic computers as a factor in the modernization of tax administration is acknowledged and, therefore, it is felt that there is justification for engaging in intellectual exercises on general administrative improvement as an essential means of attaining the best results from computerization.

Finally, it should be noted that, as a result of the conference, there was a consensus among the undersecretaries present that a specialized agency should be established as an adjunct of the *Centro Interamericano de Administradores Tributarios* as soon as possible. The agency would lend support to national efforts on the use of electronic computers for tax administration in terms of research, training and technical cooperation.

It appears that the financing of this new scheme for servicing national tax administration has been largely solved, in principle, through the support which the German Foundation for International Development plans to offer in terms of human and financial resources.