



IDB President Antonio Ortiz Mena, accompanied by the General Secretary of the OAS, Alejandro Orfila, signs the act of the ceremony in which nine nonregional countries joined the Bank. Right: a view of the Assembly Room of the Americas as the Bank's President delivers a speech. The ceremony was a transcendent, solemn event.



NINE COUNTRIES ENTER IDB; ANOTHER FOUR WILL JOIN SHORTLY

Culminating five years of negotiations by the IDB to strengthen its multinational character and its role as Latin America's first financial institution—nine nations from outside the Western Hemisphere joined the Bank and four others indicated they would do so as soon as they have completed the necessary measures.

The 13 countries will provide the Bank with nearly \$870 million over a three-year period to devote to the development of the Bank's regional developing member countries. The 13 countries themselves will not be borrowing members.

In a solemn ceremony celebrated July 9 in Washington at the Organization of American States' Panamerican Union Building, IDB President Antonio Ortiz Mena declared that the following non-regional countries were members: Belgium, Denmark, Germany, Israel, Japan, Spain, Switzerland, the United Kingdom and Yugoslavia. Previously, the representatives of these nine nations had

signed the Agreement Establishing the Bank, which is deposited at the OAS.

Two other nations—Austria and the Netherlands—signed the Agreement *ad referendum*, and Italy made a declaration indicating it would take steps to join the Bank as promptly as possible. France, in a message directed to Mr. Ortiz Mena, confirmed its intention of joining the Bank and noted it subscribes wholeheartedly to the principles contained in the Declaration of Madrid.

The Declaration of Madrid was signed December 19, 1974, by the 12 nations mentioned above, thus enabling their entry into the Bank. On June 1, 1976, action was completed to amend the Agreement Establishing the Bank to facilitate their admission.

The Bank's decision to attract capital contributing countries from outside the region into membership stemmed from the need to expand the Bank's resources so it might provide additional support for the development of its Latin American member countries. At the Bank's Eleventh Annual Meeting in Punta del Este, Uruguay, in 1970, the Board of Governors established a special committee charged with examining various alternatives designed to assure an increased flow of resources to the Bank from countries which were not then members.

In 1972, the special committee adopted a set of principles for the admission of nonregional members to the Bank

which were subsequently refined at the Bank's annual meeting in Kingston, Jamaica, in 1973. On the basis of these principles, Mr. Ortiz Mena carried out negotiations with the non-member countries which culminated in their decision to join the Bank, as signified in the Declaration of Madrid.

The representatives of the nine non-regional countries which signed the Agreement and deposited Instruments of Ratification were:

Belgium, Alfred Cahen, Chargé d'Affaires a.i. of Belgium; *Denmark*, Otto R. Borch, Ambassador; *Germany*, Berndt von Staden, Ambassador, and Udo Kolatz, State Secretary of the Ministry for Economic Cooperation; *Israel*, Hanan Bar-On, Minister, Embassy of Israel; *Japan*, Josaku Hasegawa, Financial Minister, Embassy of Japan who deposited his country's Instrument of Ratification. (Earlier Japanese Ambassador Fumhiiko Togo, who was unable to be present at the ceremony, had signed the Agreement.) *Spain*, Carlos Luis de Pedrosa y Frost, Permanent Ambassador Observer of Spain to the Organization of American States; *Switzerland*, Raymond Probst, Ambassador; *United Kingdom*, William S. Ryrie, Economic Minister of the United Kingdom; *Yugoslavia*, Bozidar Radunovic, Deputy-Secretary of Finance, Federal Secretariat for Finance.

The participants from the four other
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future member countries were: *Austria*, Arno Halusa, Ambassador; *France*, Jacques Kosciusko-Morizet, Ambassador; *Italy*, Roberto Gaja, Ambassador; and *The Netherlands*, Emile Tydeman, Chargé d'Affaires a.i. of the Netherlands.

Mr. Ortiz Mena hailed the admission to the Bank of the industrial countries from outside the hemisphere as an action which strengthens "the multilateral nature of the Bank without detracting from its structure as a regional development agency in which Latin America maintains a majority participation." He added: "Thus a process of consolidation and adaptation has been completed that places the Bank in an exceptional position for performing the tasks it must undertake as regional development agency in the coming years."

"We live in an era in which the interdependence of the economies of nations—be they industrial or developing—is the outstanding characteristic of international cooperation." Mr. Ortiz Mena continued. "It is now recognized that sustained and dynamic development of nations—even the strongest and richest—must be based on a more equitable distribution of the benefits of progress. This understanding is particularly important for the Latin American countries, since their position in the vanguard of the developing world has led them to establish closer relations among themselves and with the industrial centers."

Within the framework of these considerations, he added, the future action of the Bank should place special emphasis on three areas: technical cooperation, mobilization of funds from other external sources to supplement official financing and a more rational development of the most valuable natural resources of the region.

MORE TECHNOLOGY AND RESOURCES

"The entry of the European nations, Israel and Japan into the Bank will enable us to expand our contacts with the centers which produce technology more in accord with our countries' needs," Ortiz Mena observed. "Experience has taught us that the indiscriminate importation of technology often leads to a waste of resources with grave consequences for the local economy. Latin America has made a broad effort to adapt imported technology to conditions prevailing in countries of an intermediate level of development. This has made possible a growing exchange of technical cooperation within the region that has been highly beneficial, particularly to the smaller nations. This experience can also be valuable for other developing regions, eliminating their need for expensive experimentation. The IDB has played an important role in this process, cooperating with the member countries in helping to promote contacts, prepare programs, select experts and finance and supervise the implementation of the resulting operations. With the support of the countries now entering the Bank we will be able to expand and make more flexible the technical cooperation provided to the member countries."

Mr. Ortiz Mena also noted that "in its current stage of development the Latin American economy requires a substantial flow of external resources. Although public financing still plays a critically important role, in the past 10 years private capital has accounted for an essential share of the regional development financing. Most of our countries have been obliged to resort to commercial banks to finance an increasing percentage of their development programs. This frequently results in an excessive accumula-



Japan

tion of commitments with short-term maturities. For that reason we in the Bank have made every effort to devise new mechanisms to facilitate the participation of private credit in projects partly financed by the IDB with its own resources. This experience has attracted the interest of major financial centers. First results are promising, for it has been possible to mobilize funds on comparatively favorable conditions without the guarantee of our Bank. In addition, we are exploring similar forms of cooperation with the private sources which supply funds at longer terms, such as insurance companies and pension funds. I am confident that we will soon reach agreements which will enable us to mobilize additional resources on conditions which are better adapted to the requirements of regional development. With the support of the countries now joining the Bank, we will be better able to carry out this task which constitutes the basic purpose for which our Institution was founded."

CAPITAL CONTRIBUTION

The entry of the nine nonregional countries will increase the Bank's membership from 24 to 33 countries immediately and this figure will rise steadily in the near future as the other nonregional countries complete action and such regional coun-

Country	Inter-Regional Capital Stock			Fund for Special Operations	Grand Total
	Paid-in	Callable	Total		
Austria	\$ 832,377	\$ 4,222,201	\$ 5,054,578	\$ 5,054,578	\$ 10,109,156
Belgium	2,062,847	10,434,869	12,497,716	12,497,716	24,995,432
Denmark	892,694	4,499,660	5,392,354	5,392,354	10,784,708
France	10,157,410	51,438,476	61,595,886	61,595,886	123,191,772
Germany	10,410,742	52,681,009	63,091,751	63,091,751	126,183,502
Israel	820,313	4,173,948	4,994,261	4,994,261	9,988,522
Italy	10,157,410	51,438,476	61,595,886	61,595,886	123,191,772
Japan	11,339,627	57,385,748	68,725,375	68,725,375	137,450,750
Netherlands	1,544,120	7,817,104	9,361,224	9,361,224	18,722,448
Spain	10,157,410	51,438,476	61,595,886	61,595,886	123,191,772
Switzerland	2,267,925	11,484,388	13,752,313	13,752,313	27,504,626
United Kingdom	10,157,410	51,438,476	61,595,886	61,595,886	123,191,772
Yugoslavia	832,377	4,222,201	5,054,578	5,054,578	10,109,156
TOTAL	\$71,632,662	\$362,675,032	\$434,307,694	\$434,307,694	\$868,615,388



Germany



Belgium



Spain



Denmark



Israel



Ortiz Mena



Orfila



Austria

Facets of the ceremony celebrated at the Panamerican Union, in which the representatives of the nine nonregional countries were incorporated into the IDB. At the occasion, Austria and the Netherlands signed the Agreement ad referendum and Italy announced it would take steps to join the Bank as soon as possible. Mr. Ortiz Mena read a message from France, confirming her intention to join the Bank in accord with the Declaration of Madrid.



Switzerland



United Kingdom



Yugoslavia

tries as Bahamas and Guyana join the Bank.

The 13 nonregional countries which are joining the Bank are expected to contribute a total of \$868 million to the Bank over an initial three-year period through the subscription of shares in the new inter-regional capital stock and through contributions to the Bank's concessional resources, the Fund for Special Operations. Of the \$868 million to be contributed, a total of \$434 million would be subscribed to the inter-regional capital stock of which \$72 million would be paid in capital and \$362 million would be callable capital, and \$434 million would be contributed to the Fund for Special Operations.

The subscriptions of the nonregional countries to the inter-regional capital stock and the Fund for Special Operations are listed on page 2.

The inter-regional capital stock is to be held, obligated and otherwise disposed of entirely separate from the Bank's ordi-

nary capital resources and the Fund for Special Operations. Its callable shares will serve as a guarantee for borrowings by the Bank over and above the amount that it can presently borrow with the backing of the callable capital in its ordinary capital resources.

The entry of the nonregional countries into the Bank as contributing members will not affect the regional nature of the Bank. The 24 current member countries of the Bank—which include the United States, Canada and 22 Latin American nations—will retain a total of not less than 92 per cent of the voting power. Of this, not less than 53.5 per cent will be retained by the Latin American member countries, not less than 34.5 per cent by the United States and not less than 4 per cent by Canada. This will leave a maximum of 8 per cent for the nonregional members as a group.

Each one of the nonregional members will designate a Governor and Alternate Governor. In addition, the group of coun-



The Netherlands



Italy

tries will have the right to elect two Executive Governors that represent it, thus expanding the Board of Executive Directors from nine to 11.

In fulfillment of the Agreement Establishing the Bank, the new nonregional members designated Günther G. Schulz of Germany, elected by Belgium, Denmark, Germany and the United Kingdom, and Torao Aoki of Japan, elected by Israel, Japan, Spain, Switzerland and Yugoslavia.

Profile of Mr. Aoki

Mr. Aoki comes to the Bank after serving from 1973 to 1976 in the Minister's (Continued on page 8)

Favorable Conditions to Return To Latin America's Economies

Latin American economic growth is expected to take a substantial upswing from current levels in 1977, according to the Inter-American Bank's recently released Annual Survey, Economic and Social Progress in Latin America. The report notes that Latin America's economy grew only 3 per cent in 1975 compared with 7.2 per cent in 1974.

The 450-page 1975 report contains a detailed review of economic and social developments in Latin America. The report notes that the economies of the industrialized countries suffered the worst recession since World War II in 1974 and early 1975; but by the second quarter of 1975 several countries were sharp economic upturn.

The report said that "because of the known lagged effect on Latin America of the economic cycle in the industrialized nations, the resurgence of growth in the Northern Hemisphere which began in 1975 will be working favorably for Latin America in 1976, although the economic expansion should not be expected to show a much higher rate than in 1975. A full resumption of higher growth rates in Latin America will probably not take place until 1977."

The survey, another in the annual series published by the Bank since 1961, covers economic trends in Latin America since 1970. Special emphasis is given to conditions in 1974 and 1975. The report first contains a description of general and sectoral trends for the region as a whole; this is followed by a country-by-country analysis.

INTERNATIONAL TRADE

The report notes that the volume of world trade declined sharply in the first half of 1975, after recording a growth of 5 per cent in 1974, 13 per cent in 1973 and 8.5 per cent during the 1960s. The industrial countries as a group registered a 7.5 per cent increase in export volume in 1974, compared to the previous year's 13.5 per cent. Most of this increase was accounted for by exports to other areas, mainly to developing countries, as their reciprocal trade grew in volume by only about 1 per cent in 1974.

Foreign trade prices have shown a sustained growth in recent years, rising from an annual average rate of more than 5 per cent in 1971 to about 40 per cent

in 1974. This upward trend has been the result of high rates of inflation in the industrial countries in 1973 and 1974, and a substantial rise in primary commodity prices, including sharp oil price increases. These price movements have caused drastic changes in the terms of trade for different groups of countries.

After a slight decline in 1973, the terms of trade of the industrial countries as a whole fell considerably in 1974. The nonoil developing countries experienced a deterioration of the terms of trade in 1974 that cancelled most of the gains obtained in 1973, due to the downward trend of prices for primary commodity exports and the continuing price increase for imports from industrial countries. On the other hand, the major oil exporters registered considerable gains in their terms of trade from 1973 to 1974.

BALANCE OF PAYMENTS

The report noted that the balances of payments of the industrial countries were strongly influenced in 1974 by floating exchange rates of major currencies, weakening economic activity and oil-price increases. From a surplus of \$7.7 billion in 1973, the trade balance of the industrial countries as a whole registered a deficit of \$27 billion in 1974. Of the seven major industrial countries, only Germany, Canada and Japan had trade surpluses in 1974, with Germany accounting for most of the total.

The combined deficit of the other four countries (the United States, France, Italy and the United Kingdom) widened considerably from 1973 to 1974. Preliminary information for 1975 indicates a remarkable turnaround in the trade balance of the industrial countries, moving from the large deficit in 1974 to a moderate surplus in 1975, as a result mainly of the improved position of the United States, France, Japan, Italy and the United Kingdom.

For Latin America as a whole, in spite of the economic recession in the industrial countries and a weakening of prices for primary commodity exports beginning in the second quarter of 1974, the balance-of-payments performance was favorable in 1974. The net inflow of foreign capital exceeded \$10 billion, more than compensating for the current account deficit, which reached \$6.3 bil-



Agriculture: Production fared better in 1974 but increases were still the result more of area expansion than of yield improvement. A concerted effort to improve farming techniques must be undertaken immediately.

lion.

However, if the four net oil exporting countries (Bolivia, Ecuador, Trinidad and Tobago and Venezuela) are excluded, the current account balances of the other countries as a group show a deficit of \$12.6 billion in 1974. The large deficit in current account was financed to a great extent by foreign capital flows.

INCREASE IN RESERVES

In 1974, the nominal value of official international reserves of Latin America increased by 27 per cent over that of 1973, reaching \$18,104 million at the end of the year. The increase, however, was mostly due to the exceptional increment in the reserves of the oil exporting countries, which in 1974 accounted for 41 per cent of all the international reserves of Latin America. Over the period 1970-73, that share averaged 22 per cent per annum. Bolivia increased its international reserves by 169 per cent, Ecuador by 45 per cent, and Venezuela by 170 per cent. Trinidad and Tobago, whose international reserves were valued at \$47 million in 1973, reached the figure of \$390 million in 1974.

The nonoil exporting countries, however, experienced a decline of 7 per cent in their international reserves in 1974 in comparison to 1973. In 1973, they had an increase of 49 per cent, and in 1972 an increase of 67 per cent. In 1974, the largest declines occurred in Chile (43 per cent), Brazil (18 per cent), Colombia (16 per cent), Costa Rica (12 per cent), Nicaragua (10 per cent), and Panama (9 per cent).

Within the overall international reserves of the region, it is noted that

foreign exchange increased its relative share, from 66.1 per cent in 1970 to 83.9 per cent in 1974.

The share of the reserve position in the International Monetary Fund, which had declined from 10 per cent in 1970 to 3.8 per cent in 1973, increased to 4.9 per cent in 1974, owing primarily to the fact that Venezuela gained a reserve position of \$491 million in comparison to \$134 million in 1973, principally as a result of the credits made available to the IMF Oil Facility.

The proportion of gold holdings has dropped gradually. From 19.1 per cent in 1970, it declined to 6.7 per cent in 1974 and is expected to decline still further in the future, owing to the amendment of the Articles of Agreement of the International Monetary Fund aimed at reducing the role of gold in the international monetary system.

Reflecting domestic inflationary pressures as well as the effect of worldwide inflation, domestic price rises (measured by comparing annual averages) became steeper and more widespread among the Latin American countries during the 1970s, especially from 1973 on. In 1974 all of the Latin American countries recorded consumer prices of more than 8 per cent as compared to 1973, being particularly high in Uruguay (77 per cent) and Chile (504 per cent). Inflation in Brazil and Mexico climbed from about 12 per cent in 1973 to 27 and 22 per cent,

respectively, in 1974.

In 1975, nine countries (Barbados, Bolivia, Ecuador, Honduras, Jamaica, Mexico, Panama, Paraguay and Trinidad and Tobago) significantly curtailed their domestic inflation, while inflation in five other countries (Brazil, El Salvador, Guatemala, Haiti and Peru) rose more rapidly than in the preceeding year. Argentina, Chile and Uruguay registered price rises at rates of 184, 375 and 88 per cent, respectively.

INDUSTRIAL PRODUCTION

Latin American industrial production expanded at a rate of 7.9 per cent in 1974, slightly down from 8.7 per cent in 1973 but still faster than any of the other developing regions or the most advanced industrial nations. The manufacturing component increased 8.4 per cent, electricity, gas and water services 9.7 per cent and mining, which suffered from reduced demand abroad, rose only 2.7 per cent, less than half of the rate of 1973 but somewhat higher than that for the period 1970-74. Petroleum and natural gas production declined in 1974, as Venezuelan cutbacks and decreases in output in Ecuador and Colombia more than offset new production in Mexico, Trinidad and Tobago, Peru and Brazil. The rate of growth of Latin American petroleum and natural gas has lagged behind that of both the developed economies and other devel-

oping regions during 1970-74.

The total value added of Latin American manufacturing output increased by 6.8 per cent in 1974, down from 8.7 per cent in 1973. According to preliminary data, production actually dropped in absolute terms in the early months of 1975. However, there appeared to be a strong recovery underway during the second and third quarters, so that the outlook should be optimistic for 1976, except for the difficulties that some countries are encountering in financing the required levels of imports for current production inputs and capacity expansion.

THE AGRICULTURAL SECTOR

The relative share of agriculture and livestock in the economy of Latin America has experienced a steady decline through the years. Thus, the value added provided by that sector to gross domestic product declined over a period of 10 years from 17.6 per cent for the period 1960-64 to 13.9 per cent for 1970-74. This is largely explained by the slow growth of the sector in comparison to the economy as a whole.

Agricultural production fared better in 1974 than in 1973, but increases in output were still the result more of area expansion than yield improvements. A concerted effort to improve farming techniques, particularly among medium and small producers, must be considered unpostponable, for while the rural population in Latin America has ceased to expand rapidly, the explosive growth of urban areas continues unabated. Between 1960 and 1975, while the estimated rural population increased by only 14.2 per cent, from 101.1 million to 115.5 million (and actually declined in absolute terms in Argentina, Barbados, Colombia, Chile, Jamaica, Trinidad and Tobago and Venezuela) the urban population jumped 89.4 per cent, from 98.7 million to 186.9 million. Therefore, strains on the system of production, processing and marketing of food and fiber continue to be felt and represent a major challenge for public policies.

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

BONDS: \$100 MILLION PLACED IN THE U. S.

The Inter-American Development Bank has made a public offering of \$100 million of its 8 3/4 per cent 25-year bonds in the United States capital market at 99.125 per cent plus accrued interest from July 15, 1976. The bonds are due July 15, 2001.

The offering was made by an underwriting group managed jointly by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Lehman Brothers Incorporated, Lazard Frères & Co. and Goldman, Sachs & Co. The Bank's securities are rated Triple A.

The net proceeds from the sale of the bonds were included in the ordinary capital resources of the Bank and would be used in its ordinary operations to make loans for economic development projects in its Latin American member countries.

The bonds are not redeemable prior to January 15, 1989. On and after that date the bonds will be redeemable at the option of the Bank at prices beginning at 103.15 per cent and declining annually to par after July 15, 1996, plus accrued interest in each case.

The Bank is to redeem, as a mandatory sinking fund, \$6.4 million of the bonds on or within 90 days before July 15, in each of the years 1989 through 1994, and \$8.8 million on or within 90 days before July 15, in each of the years 1995 through 2000. The sinking fund is calculated to retire 91 per cent of the issue prior to maturity. The

Bank has the noncumulative option to increase any sinking fund retirement by an amount not exceeding the mandatory sinking fund obligation.

With the addition of nine developed nations from outside the Hemisphere, the Inter-American Bank's membership currently consists of 33 countries. An additional four nonregional countries and two regional countries are also in the process of joining.

Established in 1960 to contribute to the development of its developing member countries in the Western Hemisphere, the Bank through December 31, 1975, had extended loans totaling \$8,685 million. Of that amount, \$3,924 million was extended from the ordinary capital resources, \$4,076 million from the Fund for Special Operations and \$685 million from resources which the Bank administers for various countries.

In an effort to meet the needs of its member countries for development capital, the Bank has engaged in a stepped-up program of borrowing in the world's capital markets in recent months. Last year it borrowed \$310 million in such markets, as well as \$225 million in the U.S. market. Including this recent issue, the Bank has borrowed a total of \$365 million so far this year, of which \$250 million was raised in the United States.

IDB Loans and Technical Cooperation For Bolivia, Costa Rica and Ecuador

The Inter-American Bank in recent weeks authorized loans and technical cooperation for development projects in Bolivia, Costa Rica, Ecuador, and for a regional agricultural cooperation program. The details are as follows:

BOLIVIA: The Bank announced June 18 the approval of a \$24.5 million loan to help finance the expansion and interconnection of two electric power systems in Bolivia. The funds will be used by the *Empresa Nacional de Electricidad (ENDE)*, Bolivia's national power agency, to interconnect the central and southern electric power systems in Bolivia to meet a rising demand for electric power created by the growth of industry and mining in the regions. The total cost of the project is estimated at \$30.8 million, of which the Bank will cover 79.5 per cent and *ENDE* the remaining 20.5 per cent.

Electric power service in Bolivia is provided by five isolated systems, each supplying energy in a particular geographic area. Two of these systems are operated by private companies and three—the central, southern and eastern—are operated by *ENDE*. The demand for electric energy in the three systems operated by *ENDE* is projected to increase at an average 15 per cent over the next 10 years due to the anticipated growth of mining and industry in the regions served.

Bolivia's 1976-80 national development plan calls for the integration of the central and southern systems in a first stage and of the other systems in a second stage to begin in 1980. Completion of the first stage of the program, which includes two projects to be financed by

distinct Inter-American Bank loans at a total estimated cost of \$63.9 million, is expected to increase by approximately 60 per cent—from 114,500 kilowatts to 182,300 kilowatts—the total generating capacity of *ENDE* by 1982, thereby adequately covering the demand for power and energy up to 1982 in the central and southern systems and up to 1983 in the eastern system.

• The Bank announced June 24 the approval of \$332,000 in grant technical cooperation to finance the preparation of final designs for water supply and sewage systems and an institutional support program in two departmental capitals in Bolivia. The technical cooperation will be used by the Ministry of Urban Development and Housing, through the *Administración Regional de Obras Sanitarias de Tarija (AROS-Tarija)* and the *Administración Regional de Obras Sanitarias de Beni (AROS-Beni)*, to contract consulting firms to prepare the final designs for the potable water supply and sewage systems of the cities of Tarija and Trinidad and to provide institutional support in order to strengthen the two agencies in their administrative, operational, technical and financial aspects. The total cost of the project is estimated at \$432,000, of which the Bolivian Government will contribute \$100,000.

COSTA RICA: The Bank announced June 10 the approval of \$216,000 in grant technical cooperation to help carry out a training program in the preparation and evaluation of investment projects in Costa Rica. The technical cooperation will be used by the *Oficina de Planificación Nacional y Política Económica*

(OFIPLAN) to carry out a training program for 24 months in San José, the capital city.

The program will consist of three sub-programs. One subprogram will be divided into two cycles, on preparation and evaluation of projects, respectively. The second will include a series of seminars and symposia on planning, development and investment projects. The third will consist of the preparation of teaching materials, including technical guides and manuals on selected themes for use in the first two subprograms. Each of the cycles planned for the first subprogram is intended for 25 to 30 officials who are currently performing, or will be contracted to perform, functions directly relating to investment projects in any of their stages—from the determination of priorities up to their actual execution. Participants will come from the Projects and Investments Divisions of OFIPLAN, from the units comprising the National Planning System and the National Investment Subsystem, including the ministries, centralized or noncentralized autonomous entities and other government agencies and from the sector units and inter-sector committees.

ECUADOR: The IDB also announced June 10 the approval of 190,000 Canadian dollars in grant technical cooperation to prepare a technical, economic, financial and institutional study of the integral agricultural development possibilities of the Upano River Valley and a specific area in the eastern region of the Morona-Santiago Province in Ecuador. The technical cooperation was extended from the Canadian Fund for the Preparation of Development Projects to the *Centro de Reversión Económica de las Provincias de Azuay, Cañar y Morona-Santiago (CREA)*, a government agency charged with the economic and social development of the provinces under its jurisdiction.

In 1965 the Bank extended a \$3 million loan to *CREA* to help finance a colonization project in the Upano River Valley in Morona-Santiago Province which increased from 1,400 to 5,000 the number of settler families in the area and made it possible in only four years to achieve increases of from 300 to 400 per cent in the average output per family and of from 450 to 600 per cent in total farm production. The technical cooperation will enable *CREA* to carry out the studies needed to obtain financing for the second stage of the development and farmer settlement program in the valley.

REGIONAL: The Bank announced July 1 the approval of \$782,500 in grant technical cooperation to finance a joint cooperative program with the United Nations Food and Agriculture Organization (FAO) during 1976 which will include the formulation of investment projects in Chile, Ecuador, Jamaica and other regional countries. The technical cooperation will be used by the FAO to contract consultants to help draw up investment programs for cooperative fisheries in Chile and Ecuador, programs of farm research and marketing in Jamaica, and a regional program for the development of agriculture. The total cost of the FAO/IDB Cooperative Program for 1976 is estimated at \$1,193,500, of which the Bank will contribute \$782,500 in technical cooperation and \$87,500 to be charged to the Bank's administrative budget, and FAO will contribute the remaining \$323,500.

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BANK GRANTS \$5 MILLION TO AGRICULTURAL CENTERS

The Inter-American Bank announced July 6 the approval of \$5 million in grant technical cooperation to help finance the basic and capital programs of three international agricultural research centers in Latin America: the International Center for the Improvement of Maize and Wheat (CIMMYT) in Mexico, the International Center for Tropical Agriculture (CIAT) in Colombia, and the International Potato Center (CIP) in Peru.

The technical cooperation will be distributed as follows: up to the equivalent of \$2.3 million in Mexican pesos to CIMMYT, up to the equivalent of \$2.1 million in Colombian pesos to CIAT, and up to the equivalent of \$600,000 in Peruvian soles to CIP.

This technical cooperation covers the Bank's contribution to the support of the three centers for the year 1976 and will be used for the following purposes: 1) To support the basic research programs on those crops or products for which each center is responsible; 2) to contribute to the economic analysis carried out by those centers; 3) to support the basic programs for outreach from the international centers to national institutions in the member countries; 4) to conduct training activities to accelerate the process of transfer of knowledge whenever new seeds or improved practices of cultivation or livestock management are developed.

The cost of the programs in the three centers will total \$21,995,000 in 1976. In addition to the Bank's contribution of \$5 million, \$16.2 million are being contributed by donor governments, institutions and foundations which, together with the bank,

help make up the Consultative Group on International Agricultural Research (CGIAR). The CGIAR is presided over by the World Bank and is cosponsored by the United Nations Food and Agriculture Organization (FAO) and the United Development Programme (UNDP). The three institutes receive their funds from the consultative group. In support of these same programs, the Inter-American Bank in 1974 and 1975 made available to the three centers resources amounting to \$6 million.

CIMMYT, CIAT and CIP are dedicated to solving the problems of malnutrition and insufficient agricultural production in Latin America and elsewhere in the world through a series of research programs designed to increase substantially the production of basic cereal grains, legumes, tubers and livestock products. Each of these centers specializes in the development of more productive and nutritious varieties of certain food crops that are also disease and drought resistant, as well as in the improvement of livestock herds. In addition, research is conducted to develop better agronomic methods for achieving increased production.

The CIMMYT, whose headquarters are in Mexico, seeks mainly to promote the increase of corn and wheat production, in order to improve the basic diet of the population in the areas that can produce those crops more efficiently. The CIAT, based in Cali, Colombia, carries out research aimed at increasing the yield of basic food stuffs, including agricultural and livestock products, in low tropical areas. The CIP, whose headquarters are in Lima, is developing new ways to increase and improve potato production around the world.

NEW EXECUTIVE DIRECTORS ELECTED

General Edmundo Valencia-Ibáñez of Bolivia was elected July 1 Executive Director of the Inter-American Development Bank by Bolivia, Paraguay and Uruguay. General Valencia Ibáñez, who has served as Alternate Executive Director since July, 1974, replaces Dr. Julio Gutiérrez of Paraguay who resigned.

General Valencia-Ibáñez attended Bolivia's School of High Military Studies. Subsequently he served in several important military posts, including that of Commandant of the Seventh Division in Cochabamba and as Military Attaché in the Bolivian Embassy in France.

In 1969-70 he served as Minister of Economy and Minister of Industry and Commerce and, in 1971-74, as President of several public agencies, Ambassador to the United States and to Canada, and Ambassador for Bolivia at the Organization of American States (OAS).

Dr. Julio Gutiérrez, who has served on the Bank's Board of Executive Directors four times, was elected to his first term as Director in 1962. He also served as Subcontroller of Operations and as the Bank's Representative in Peru.

From 1946 to 1956 he was Paraguay's Superintendent of Finance; from 1956 to 1957 he was Financial Advisor of the Ministry of Finance, and from 1957 to 1962 he was Financial Controller of Paraguay. From 1960 to 1962, when he came to Washington, Dr. Gutiérrez was Professor of Finance, and Credit at the University of Asunción. He has also been attached to the Embassy of Paraguay in Washington, formerly as Minister Counselor and presently as Minister of Economic and Financial Affairs.

Dr. Gutiérrez has represented his country in a number of international meetings, including the First Meeting of the Board of Governors of the Inter-American Bank in El Salvador, in 1960, and the Meeting of the Economic and Social Council of the OAS in Punta del Este, Uruguay in 1961.

Under an agreement entered into in 1963, Bolivia, Paraguay and Uruguay make up within the Bank a permanent regional bloc of countries entitled URUPABOL. The post of Executive Director is rotated among the three countries.

ALTERNATE EXECUTIVE DIRECTOR

In accordance with procedures outlined in the Agreement Establishing the Bank, General Valencia-Ibáñez has named Carlos Schroeder of Uruguay as Alternate

Executive Director for the URUPABOL countries.

Mr. Schroeder studied at the Faculty of Economic Sciences and Management in Montevideo. In 1948, when the *Banco de la República* was established, he became one of the first employees of the central bank. He served initially in the Economic Research and Exchange Departments and later was named central bank representative in the United States and financial advisor of the Uruguayan Embassy in Washington.

In addition, he has served as Alternate Governor of the Inter-American Bank for Uruguay, in which capacity he attended meetings of the Bank's Committee of Governors and the Board of Governors.

DIRECTOR FOR CANADA

Canada's Executive Director, David B. Laughton, has announced the designation of William A. Kilfoyle as Alternate Executive Director of the Bank for Canada. He assumed his post July 10, replacing Charles T. Greenwood who resigned.

Mr. Kilfoyle comes to the Bank from the Department of Industry, Trade and Commerce of Canada, where he has been serving as Deputy Director in the Bureau of Coordination with responsibility for developing senior management information systems. Previously he was a senior analyst in the Trade and Industrial Policy Sector of the Bureau.

In 1967-74 Mr. Kilfoyle was a planning officer in the Latin American Division of the Canadian International Development Agency. In 1964 he began his career with the Canadian Government when he joined the External Aid Agency as a desk officer responsible for liaison with international groups such as the United Nations Development Fund, the United Nations Industrial Development Organization, the Food and Agriculture Organization and the World Food Program.

He received a Bachelor of Commerce degree from the University of Toronto and has done graduate work in economics at McGill University.

COMPOSITION OF BOARD OF DIRECTORS

With the new directors recently designated by the European countries (see page 8) and with the changes indicated above the Bank's Board of Directors has been composed in the following way:

Hernán Aldabe (Argentina), Executive

Director, elected by Argentina and Chile. Alternate: Benjamín Mira (Chile).

José Carlos da Fonseca (Brazil), by Brazil and Ecuador. Alternate: Pedro Aguayo Cubillo (Ecuador).

Edmundo Valencia-Ibáñez (Bolivia), by Bolivia, Uruguay and Paraguay. Alternate: Carlos Schroeder (Uruguay).

David B. Laughton (Canada), by Canada. Alternate: William A. Kilfoyle (Canada).

Rodolfo Martínez Ferraté (Guatemala), by Costa Rica, El Salvador, Guatemala, Haiti, Honduras and Nicaragua. Alternate: Mario Rietti Matheu (Honduras).

Juan Pablo Pérez Castillo (Venezuela), by Barbados, Trinidad and Tobago and Venezuela. Alternate: Charles A. T. Skeete (Barbados).

John M. Porges (United States), named by the United States. Alternate: Ian Michael Ross (United States).

Armando Prugue (Peru), elected by Peru and Colombia. Alternate: Augusto Ramírez Ocampo (Colombia).

Jesús Rodríguez y Rodríguez (Mexico), by Jamaica, Mexico, Panama and the Dominican Republic. Alternate: Dorel M. Callender (Jamaica).

Torao Aoki (Japan), by Spain, Israel, Japan, Switzerland and Yugoslavia. (Alternate Executive Director not designated.)

Günther Schulz (Germany), by Germany, Belgium, Denmark, and the United Kingdom. (Alternate Executive Director not designated.)

GERMAN BOND PLACEMENT

The Inter-American Bank announced that on July 14 it had made a private placement of 50 million Deutsche marks of its 8½ per cent 7-year bonds in Germany. The bonds were priced at 99 per cent.

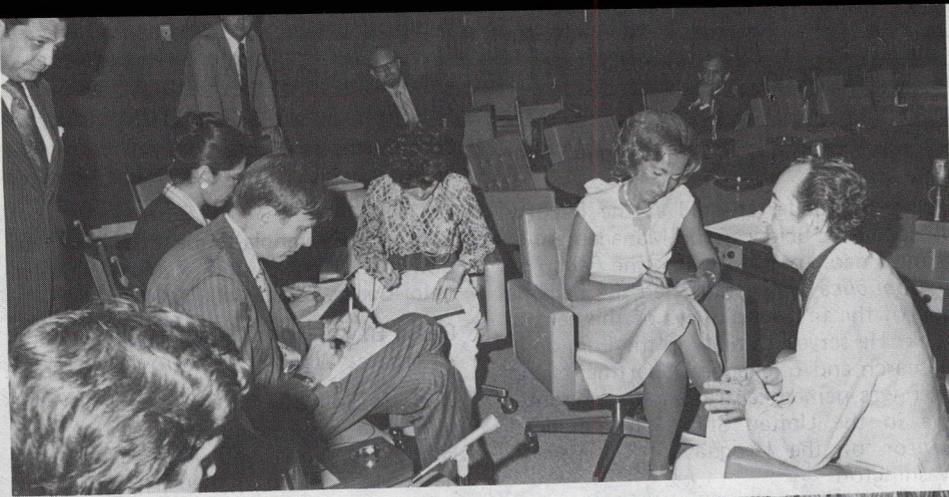
The issue, equivalent to approximately \$19.4 million, was the eighth bond issue sold by the Bank in Germany and represented a further step in the Bank's efforts to mobilize capital for Latin America's development from outside the region. Germany was one of nine nonregional countries which became a member of the Bank on July 9, 1976.

The issue was placed by the Bayerische Vereinsbank and the Commerzbank in cooperation with the Vereins-und Westbank, the Berliner Handels-und Frankfurter Bank and the Deutsche Girozentrale-Deutsche Kommunalbank.

The issue is known as the "8½ Per Cent Deutsche Mark Bonds of 1976, due July 1, 1983." The bonds will mature and be redeemed at par in 1983.

The Bank is not entitled to call the issue for advance repayment but may, at any time, purchase bonds in the open market or otherwise. The proceeds of the bond issue will be used in the Bank's ordinary capital lending operations.

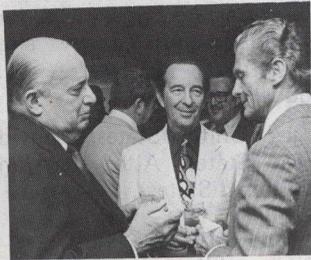
The issue increases to \$345 million the Bank's total borrowings in Germany.



Representatives of the United States press and news agencies interviewed Mr. Ortiz Mena at the close of the ceremony. It was attended by high-level diplomats and officials from the North American Government as well as bankers and businessmen.

Goals," published in Rotterdam in 19

Mr. Aoki was born in Tokyo in 1926. He graduated from the Law Faculty of Tokyo University in 1950 and from 1952 to 1954 he was a Fulbright scholar at the Graduate School of the University of Southern California where he studied economics. Mr. Aoki is married and has a son and a daughter.



Profile of Mr. Schulz

Prior to assuming his present post, Mr. Schulz was Chief of the Division for Multilateral Finance Institutions in the Ministry of Economic Cooperation of the Federal Republic of Germany. In this position he was in charge of his country's relations with the World Bank Group, the Asian Development Bank and the African Development Fund, as well as the negotiations for the admission of nonregional countries to the Inter-American Bank.

Previously, from 1969 to 1973, he was Counselor for Economic and Development Matters of the Embassy of the Federal Republic of Germany in New Delhi, India, with responsibility for economic assistance relations with that country.

Mr. Schulz joined the Ministry of Economic Cooperation in 1963. From 1963 to 1969 he worked in the field of multilateral aid institutions. In that capacity he participated in various conferences and meetings of such organizations as the Board of Governors of the World Bank, the Development Assistance Committee of the Organization for Economic Cooperation and Development, the United Nations Industrial Development Organization, the World Food Program, the United Nations Conference on Trade and Development and the Regional Committees of the United Nations.

Mr. Schulz studied law, economics and political science at the universities of Heidelberg and Goettingen and at Linfield College, Oregon. He holds a Doctor of Jurisprudence degree from the University of Goettingen and a Master of Laws degree from Harvard Law School. He was research assistant at the University of Goettingen and has published articles in the field of international law. He is President of the German-American Lawyers Association in Bonn. A native of Hannover, Germany, Mr. Schulz was born in 1932. He is married and has two daughters and one son.

New Non-Regional Members Will Contribute Nearly \$900 Million

(from page 3)

Secretariat of the Ministry of Finance of Japan where he helped formulate fiscal and monetary policies of Japan. From 1971 to 1973, he was a member of the United Nations group of experts on tax treaties between developed and developing countries, meeting in Geneva. From 1969 to 1971, as Director of International Tax Affairs of the Tax Bureau of the Ministry of Finance, he headed the Japanese delegation at negotiations of a double taxation treaty with several countries.

Subsequently, he represented the Government at the Committee on Fiscal Affairs of the Organization for Economic Cooperation and Development (OECD), to which he was later elected Vice-Chairman. Mr. Aoki served with the International Monetary Fund in Washington from 1965 to 1971, holding the position of Assistant Chief of the South Asia Division.

Previously he served in a number of posts in the Minister's Secretariat, the Banking Bureau, the International Finance Bureau and the National Tax Administration Agency of the Ministry of Finance.

Mr. Aoki is a founding member and present Secretary of the Japanese branch of the International Fiscal Association, based in the Netherlands. He is the author of a number of articles, mostly in Japanese. In English he has written

"Double Taxation Conventions of Japan, Parts I and II," published in the bulletin for International Fiscal Documentation of Amsterdam in 1970 and 1971, respectively, and "Tax Incentives as an Instrument for Achievements of Governmental

SWISS COMMENTS ON IDB ENTRY

Klaus Jacobi, Ambassador for Switzerland and Governor of the Bank, recently expressed "pride and satisfaction" to be a member of the IDB.

In a cable to IDB President Antonio Ortiz Mena, he said: "I deeply regret that my duties prevent me from being in Washington on July 9, 1976, the day of the signature of my country of the Agreement Establishing the IDB and of the ceremony marking the admission of non-regional countries to your Bank.

"On this occasion, I would like to express, in the name of the Swiss Government as well as my own, our satisfaction and pride to participate as a full member of the IDB in the work for the benefit and the development of Latin America to which the Bank has steadily devoted itself with an outstanding success.

"With the enlargement of its membership, new avenues will be opened for the activities of the IDB and from now on the non-regional countries will contribute to share the development of Latin America."