

## IDB SPURS PRIVATE BANKS TO TAKE PART IN THE REGION'S ECONOMIC DEVELOPMENT

Inter-American Bank President Antonio Ortiz Mena says that in order for Latin American countries to receive maximum support in regaining their economic impetus, they must better define both private and public external cooperation.

Ortiz Mena emphasized that Latin America's trade relations with the industrial countries are of prime importance, adding that there exists a close relationship between Latin America's growth rate and her trade with the industrial centers.

"It is a matter of mutual interest," he said, "to establish forms of cooperation that will tend to strengthen the external sector of the Latin American economy and make it less vulnerable to economic activity in the industrialized countries. Emphasis should be laid on two closely linked objectives: development and diversification of exports and expansion of the productive system so as to be able to profit more fully from the region's comparative advantages in the international market."

Ortiz Mena spoke at a recent conference of the "Inter-Bank Meeting on Foreign Trade (Florida-Latin America)." The conference was attended by Latin American and United States bankers and economists who exchanged ideas on hemispheric banking mechanisms, investment and foreign-trade structures in the region.

The July 28-31 meeting in Miami, Florida, was organized by the Bankers' Advisory Board of the Latin American Chamber of Commerce of the United States, the Latin American Federation of Banks, the United States Federal Reserve Bank and the Organization of American States (OAS). Other speakers included Mario Rietti Matheu, Vice President of the Latin American Federation of Banks and Alternate Executive Director of the Bank; Félix Peña, Director of the Institute of Latin American Integration, and Rafael L. Ariza, Director of Economic Affairs of the Latin American Association of Free Trade.

### Resource Complementation

Mr. Ortiz Mena observed that the experience of the past few years has shown the advisability of setting up mechanisms to facilitate complementary use of public and private foreign resources in the financing of development projects. He noted that the Bank has already achieved positive results in "parallel financing"—principally in the form of suppliers' credit and the acquisition by private banks of participations in IDB loans. The Bank also has had success in "complementary financing," a mechanism instituted last year under which the Bank negotiates the terms and conditions of a loan with private banks. The loan is then extended to help finance a specific project with the

understanding that as soon as the operation is completed the interested banks will absorb all the financing without the Inter-American Bank's guarantee.

Normally, Mr. Ortiz Mena explained, this operation complements another loan that the Bank makes from its own resources. In this way, the commercial banks benefit from the fact that the Bank does the studies to check the merits of the project and, as sole lender, takes the responsibility for disbursements and collections and supervises the execution of the project. Moreover, since the two loans are granted by the Bank, they both enjoy the guarantee of the borrowing country, which adds an element of assurance of great importance to commercial banks.

"Two operations of this kind have been successfully carried out, which leads us to believe that we have opened up a new field of financial cooperation," he said. "This will make possible the systematic participation of the international private banking community in the financing of development projects submitted to the Bank."

Ortiz Mena added, "that the Bank is also carrying out studies and negotiations aimed at the establishment of similar mechanisms to stimulate the participation of consortiums of insurance companies and pension funds in the financing of

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In a speech at Miami's Inter-Bank meeting, IDB President Antonio Ortiz Mena announces the Bank is undertaking studies and negotiations to establish a mechanism to encourage insurance-company and pension-fund consortiums to help finance development projects.

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development projects. I am confident that the negotiations we have initiated will be brought to successful completion, in which case we can count on the cooperation of the principal sources of private funds for long-term financing and this would complete the spectrum of external private resources required for the region's development."

### Export Development

Referring to the development and diversification of exports, he said "this requires credit and credit-insurance mechanisms capable of assuring timely financing commensurate with the growing demand. Whereas traditional exports to industrial centers generally can count on well-organized channels of finance, the same does not hold true for nontraditional exports or for intraregional trade in general. It is here that concerted action of the local banking community and external financial cooperation is necessary."

As to the Bank's contributions in this area, Ortiz Mena noted that in 1963 the Bank established a system for the financing of intraregional exports of capital goods. Twenty-eight lines of credit for \$132 million have been authorized which have financed exports with a combined invoice value of \$190 million. It recently became possible to enlarge these operations with resources of the Venezuelan Trust Fund so as to include the financing of exports of all kinds of goods as well as trade in such goods to countries outside the region. It is also worth noting that through this program the Bank has collaborated with member countries in the organization of national export-financing institutions and systems.

Moreover, he observed that the Latin

American Free Trade Association (LAFTA) has sponsored an initiative for opening a bankers' acceptance market in New York where credit documents generated in intraregional trade can be refinanced. Mr. Ortiz Mena said that "the Bank has cooperated closely with LAFTA in the studies and negotiations to put this valuable initiative into practice, and I am able to tell you that the ceremony launching this new and happy promising financial scheme will be held in September of this year under the joint auspices of the Bank and LAFTA."

Finally, Mr. Ortiz Mena "noted that the Government of Panama has been carrying out a number of studies and negotiations to establish an export refinancing mechanism in Panama City. Its aim is to take advantage of the presence in that capital of a large group of agencies and branches of major banks operating in the international market, to create an instrument of financial cooperation between them and the Latin American central banks so that resources in amounts several times larger than the contributions of our countries may be mobilized. The Bank is cooperating actively in this project as well as has in fact approved technical cooperation to help complete the study of the project in time for it to be considered by the presidents of the region's central banks at their meeting in San Francisco late in September of this year."

### Planning of Foreign Debt

Strengthening the industrial base to make possible an expansion and diversification of exports of manufactures, Ortiz Mena

**Luis Sabines, President of the Latin American Chamber of Commerce of the United States, and Joseph Grassie, Miami's Mayor, welcome IDB President Ortiz Mena and hand him the key to the city.**



said, is perhaps the main challenge Latin American countries are called upon to face in the coming decade. "As you are all well aware," he continued, "a task of this size and complexity requires the cooperation of all elements concerned: the public and private sectors of the host countries, which have the major responsibility; the foreign private investor who provides capital, technological know-how and managerial ability and external cooperation of private banks and international organizations.

"This is not the occasion for an exhaustive discussion of a subject as broad as this. My remarks are limited to discussing two aspects I consider important: joint participation of public and external private credit in the financing of development projects, and mobilization of external assistance in exploiting and processing natural resources, primarily for export."

Midway in the past decade, he added, the net flow of external resources to Latin America began to increase significantly and its structure to change radically as a result of a higher relative growth of private financing, principally in the form of bank credit and foreign capital contributions.

Official financing increased more moderately, with multilateral cooperation assuming a preponderant share. Nonetheless, this type of financing continues to be of critical importance, mainly because the funds it provides can be used on more flexible terms that increase the country's ability to absorb private credit for development financing.

"These considerations," Ortiz Mena said, "point up the importance of overall planning of foreign indebtedness so that each country will be able to achieve the best mix of short-, medium- and long-term commitments, depending on the nature of the projects to be financed. Initiatives have recently been put forth that would tend to concentrate increasing proportions of international public financing in the least developed areas of the world. This would leave out the majority of the Latin American countries. We have pointed out the seriousness of these developments, and while we recognize the necessity of giving timely and adequate support to the neediest countries, we have stated the reasons why we consider this a wrong approach that would harm the interests of the very nations it is meant to help."

Despite the setback Latin America received from the recent recession, Ortiz Mena noted that the region has achieved considerable progress in its economic and

## THE REGION'S BANKING SYSTEM: EXPANSION, DIVERSIFICATION AND CHALLENGES AHEAD

Addressing the Inter-Bank Meeting on Foreign Trade (Florida-Latin America) Conference, Mario Rietti Matheu, Alternate Executive Director of the IDB and First Vice-President of the Latin American Federation of Banks (LAFB), stressed that the Bank is making an important contribution to regional development financial institutions by granting them both loans and technical assistance.

The conference was sponsored by the Bankers' Advisory Board of the Latin American Chamber of Commerce of the United States, the United States Federal Reserve Bank, the Organization of American States (OAS) and LAFB. In his speech, Rietti noted that the Bank's loans to Latin America's financial sector amounted to \$1.6 billion as of December 31, 1975, and were made to 79 public and private financial institutions.

Representing five Central American nations and Haiti on the IDB's Board of Directors, Rietti is a Honduran citizen who has been an Alternate Executive Director since October 1975. In his talk entitled "Development of Latin America's Banking System Over the Last 15 Years," Rietti analyzed the structure of Latin America's financial system, dividing it into two sections: the monetary sector, composed of the central bank and commercial banks; and the non-monetary sector, composed of development banks, insurance and finance companies, savings banks, savings and loan associations, and other institutions.

Rietti pointed out that during the extraordinary growth shown by the financial sector over the last 15 years, both the LAFB (created 11 years ago)

and the Latin American Association of Development Banking Institutions (created eight years ago) have played an important role.

"Commercial banking," Rietti said, "has diversified in order to cater to the needs of the market with services which earlier were considered inconceivable by the banking system. Credit cards and such activities as 'factoring' and 'leasing' are examples of these new banking developments. At the same time, automation has played an important role in the evolution and development of banking activities."



Mario Rietti Matheu

Rietti added that Latin American banking has not remained outside of the changes experienced in commercial banking overseas and has responded satisfactorily to the needs of the market.

"The evolution of Latin America's commercial banking," he said, "was a historic response to the fundamental changes of the economy and to the impact of new and diverse financial needs in our countries. During the last 15 years, the changes were substantial in the development of banking in quantitative and qualitative terms. The transformation of commercial banks to supermarkets providing financial services and to multiple banking (that is, banks which offer a full range of

services) has demonstrated that the perspectives of the development of Latin American banking are gratifying."

Looking ahead, Rietti pointed to the future of Latin America's commercial banking and noted that its growth brings about greater needs in the technification and specialization of its services. "In no economic activity is the use of personnel as important as in banking. In contrast to industrial enterprises characterized by the use of capital goods, banking depends fundamentally on the quality of its personnel.

"It is thus necessary that, in order for the outlook of Latin America's banking development to remain bright, banks must continue to give special emphasis to the training and development of their staff. Latin America's training programs in banking should be short, medium and long term. In this respect, the work of the Latin American Federation of Banks, which recently culminated the creation of the Latin American Committee of Banking Training, is highly important. This technical committee," Rietti concluded, "is designed to coordinate all the activities relating to the training of Latin America's banking personnel."

As to the adoption of financial policies, Rietti noted that it is possible for Latin America's monetary and fiscal authorities to make a more rational and systematic use of the financial markets in order to promote their growth. "It is frequently observed," he added, "that a substantial part of private savings remains immobilized because of the deficiencies of the financial, legislative system which is inadequate in the present situation, and an interest-rate structure that, in many cases, interferes with the supply and demand of the financial market."

social development process. Significant strides have been made in the institutional area, particularly in economic planning, rationalization of fiscal policies, investment programming and development of financial intermediaries. As a result, the organization and procedures for preparing and implementing projects have been improved, thus increasing the region's ability to absorb local and external resources and making the investment process more efficient.

"Thus, Latin America increased the pace of its economic growth so that an annual rate of about 7 per cent was attained at the end of the past decade and

was sustained until 1974," Ortiz Mena said. "Yet the favorable evolution of Latin America's economy was interrupted in 1975 when our area began to feel the impact of the economic recession which had begun two years before in the industrial countries."

The world economic upheaval left behind a heavy burden of problems that will make economic recovery more difficult in many Latin American countries, Ortiz Mena concluded. "In addition to the insufficient growth in 1975 and 1976," he said, "the external indebtedness of the 21 Latin American oil-importing countries rose from \$25 billion

to about \$55 billion during 1972-1975. This situation created problems which are difficult to solve not only because of the disproportionate increase in total indebtedness but because of an excessive concentration of short- and medium-term obligations. The Latin American countries will therefore have to continue applying stringent policies to contain inflation so that they can take better advantage of the opportunity to increase exports spurred by the demand among industrialized countries. Similarly, to regain their economic impetus they must aim at better defining both private and public external cooperation."

# Bonds and Loans: IDB Borrows More Than \$437 Million in Seven Months

In a ceremony July 22 in Port-of-Spain, the Bank sold at par a \$15 million long-term bond issue in Trinidad and Tobago. The issue, known as the "8¼ per cent ten-year United States dollar bonds of 1976," is the second long-term issue by the Bank in Trinidad and Tobago. The first consisted of about \$9.2 million (5 million in United States dollars and the remainder in dollars of Trinidad and Tobago) sold in 1974.

This marked the eleventh borrowing made by the IDB in capital markets during the year, and it reflected Trinidad and Tobago's policy of allocating part of its oil revenues to assist other developing countries in the hemisphere. These 11 borrowings permitted the Bank to increase its ordinary capital resources by \$437.1 million, all of which will be used to finance socioeconomic projects in Latin America.

This year's issues included:

- 2 million in sterling pounds (equiva-

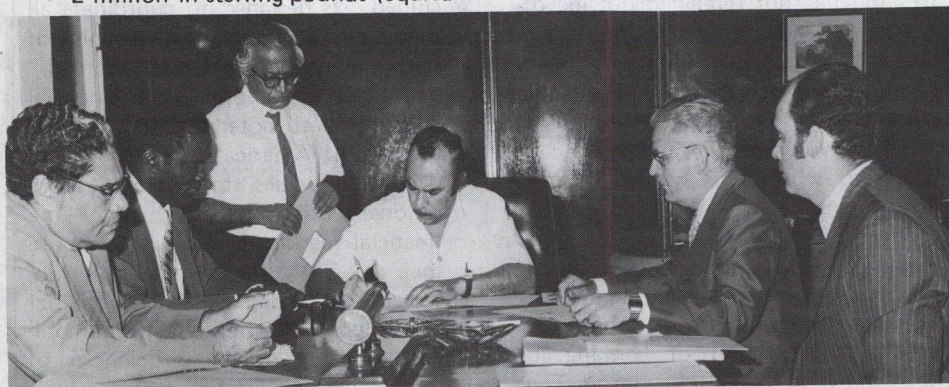
lent to about 3.6 million dollars) in a loan January 12 guaranteed by the Export Credit Guaranties Department (ECGD). This raised the total amount of loans obtained by the Bank in the United Kingdom to \$24.8 million.

- 75 million Swiss francs (equivalent to \$30.6 million) in a private-bond placement January 20 with a group of Swiss bankers.

- \$150 million in a public offering placed February 1 in the United States capital market, which included \$75 million in notes and \$75 million in bonds.

- 50 million Deutsche marks (equivalent to \$19.6 million) in bonds placed

In a ceremony at Port-of-Spain, Trinidad and Tobago, Víctor Bruce, Governor of the Central Bank, Frank Barsotti, Permanent Secretary of the Ministry of Finance and Henry Costanzo, Finance Manager of the IDB, sign the documents required to formalize a \$15 million bond issue. Antonio Rodríguez Mansfield, the Bank's local representative, assisted in the ceremony, which marked the IDB's second bond placement in Trinidad and Tobago.



## DIRECTORS AND REPRESENTATIVE APPOINTED

IDB President Antonio Ortiz Mena announced July 30 that Mr. Guillermo Villaveces M. has been assigned to the office of the Bank's Special Representative in Europe, as Representative in London.

Mr. Villaveces, a national of Colombia, obtained his Doctorate in Economics at the *Universidad Nacional* in Bogotá, Colombia, and later attended Harvard University where he received a Master's degree in Public Administration. He also attended the Universities of Colorado and Carnegie-Mellon in Pittsburgh, Pennsylvania, where he took courses in economics and finance. He participated in a training program sponsored by the International Monetary Fund.

He began his professional career as a professor in his country in economics and finance. Subsequently, he joined the *Banco de la República* in Bogotá, Colombia, where he successively held the positions of Director of Foreign Exchange Office and Director of the Department of Credit and Develop-

ment. Later he joined the First National City Bank where he held the position of Resident Vice-President. Mr. Villaveces joined the Bank in May of 1974 as a Senior Specialist, Financial Marketing, a position that he held until his new appointment.

### New Alternate Directors

Günther Schulz, the Bank's new European Executive Director, has appointed Robert Puttemans of Belgium, as Alternate Executive Director for Belgium, Denmark, Germany and the United Kingdom effective August 1, 1976.

Toraō Aoki, the Executive Director for Japan, Spain, Israel, Switzerland and Yugoslavia, has designated Mamoru Ozaki, Financial Counselor of the Embassy of Japan in the United States, to be Temporary Alternate Executive Director during his absence from the Bank's headquarters and until an Alternate Executive is appointed.

February 17 in Germany.

- 5 billion convertible yen (equivalent to \$16.7 million) obtained through two loans April 12: one for 3 million yen from the Export-Import Bank of Japan and the other for 2 million yen from a consortium of private Japanese banks. These loans increased the Bank's cumulative borrowing in Japan to \$173.6 million.

- 33.7 million in two-year dollar bonds placed April 19 in 16 member nations. This was the eleventh short-term issue sold by the Bank predominantly in the Latin American region.

- 100 million Swiss francs (equivalent to \$40.8 million) in a public offering underwritten May 14 by a group of Swiss banks. This operation raises the total loans received from Swiss banks to \$277.7 million.

- \$7.5 million borrowing in Italy in the form of a note sold June 24 to the *Ufficio Italiano dei Cambi*, the official Italian foreign exchange office. The borrowing represents the sixth made by the Bank in Italy and increases the Bank's total gross borrowing in that country to \$110.3 million.

- 50 million Deutsche marks (equivalent to \$19.6 million) in a private placement July 11, marking the eighth bond issue the Bank has sold in Germany and increasing to \$345.1 million its total borrowings in that country.

- \$100 million in a public bond offering July 15 in the United States capital market, augmenting to almost \$1 billion the Bank's total borrowings in that country.

According to Henry J. Costanzo, the IDB's Financial Manager, the Bank—in an effort to meet the needs of its member countries for development capital—has engaged in a stepped-up program of borrowing in the world's capital markets. During 1975, the Bank has borrowed \$366.4 million, of which \$310.8 was medium- and long-term issues. This tripled last year's placements. "In the first six months of 1976," Costanzo said, "we have surpassed last year's placements, a fact that not only illustrates the Bank's drive to raise additional resources but shows the confidence and prestige it has gained in the principal capital markets of the world in little over a decade and a half of activities."

## ALIDE RECEIVES ARAB SUPPORT TO TRANSFER MONEY TO REGION

The *Asociación Latinoamericana de Instituciones Financieras de Desarrollo (ALIDE)*, Latin America's association of development-finance institutions, received the support of financial organizations from oil-exporting Arab countries to facilitate the transfer of monetary resources from Arab nations to Latin America.

This was one of the fruits of ALIDE's Sixth Ordinary Meeting of the General Assembly, held recently in Lima, Peru. The meeting—supported by the Peruvian Government, the Organization of American States' (OAS) Capital Market Development Program and the Industrial Bank of Peru (IBP)—was attended by 394 persons who represented 138 institutions (including 13 international organizations) from 34 countries of North and South America, Europe, Asia and Africa.

At the meeting, Luis Guiulfo Zender, President of IBP, was elected ALIDE's President; and José F. Noriega, General Manager of *Financiera Peruana*, Vice-President. A number of presentations were made during the meeting's four plenary sessions, including those of Cecilio Morales, Manager of the IDB's Socio-Economic Development Department, and Rolf Luders, Vice President of the *Banco Hipotecario de Chile*, on "Latin America's Development and Additional Financial Needs," Pedro Galicia, General Manager of *Operaciones Internacionales de Nacional Financiera, S.A.*, of Mexico, Willi F. Engel, Director of *Kreditanstalt fur Wiederaufbau*, of the Federal Republic of Germany and Abel Machado D'Oliveira, Director of the *Banco de Fomento Nacional* of Portugal, on "Financial Resources for Development Banking," Angelo Calmon de Sá, President of the *Banco do Brasil S.A.*, and Hernán Cortés Douglas, of OAS's Capital Market Development Program, on "Financial Institutions and Capital Markets."

There were also papers presented by Félix Peña, Director of the *Instituto para la Integración de América Latina*; Antonio Casas González, Director of the *Programa de Altos Estudios de Integración*, of Venezuela; Alberto Cerrolaza, President of the *Instituto de Crédito Oficial*, of Spain; and Abdulla Saudi, President of the Arab-Spanish Bank and the Libyan Arab Foreign Bank on "Integration of Development Banking." Other presentations included Felipe Tami's on "Investment Banking in Argentina," and Anthony Hope's and Patricia Counts' on Overseas Private Investment Corporation.

ALIDE elected a new Board of Directors, composed of: President, Ernesto Rohrmoser, General Manager of the *Corporación Costarricense de Financiamiento Industrial*; Vice President, Alfredo Coronil, Director of the *Banco Nacional de Descuento*, Venezuela; Vice President, Angelo Calmon de Sá; Director, Alberto Quevedo Toro, General Manager of the *Comisión de Valores-Corporación Financiera Nacional*, Ecuador; and Director, Gustavo Romero Kolbeck, General Manager of *Nacional Financiera S.A.*, Mexico.

The General Assembly's meeting, which was closed by Luis Barúa Castañeda, Peru's Minister of Economy and Finance, approved ALIDE's work program for 1976-1977. Similarly, the "First Meeting of ALIDE's National Coordinators" was held, as well as the "Technical Committee of the Association Relating to National Legislation on Development Banking" met.

During the conference, the Peruvian Government promulgated Decree-Law No. 21535 which ratified the agreement signed with ALIDE vis-a-vis its permanent headquarters site in Lima. In a special ceremony, ALIDE's officials placed the first rock on land acquired in the Limeñan suburb of San Isidro for future construction of its headquarters building.



Harry W. Shlaudeman, Assistant Secretary of State for Inter-American Affairs, together with IDB President Antonio Ortiz Mena and invited guests, cuts the inaugural ribbon of the Bank's arts and crafts display, photographic exhibition and sight-and-sound show. The exhibition is in celebration to the United States Bicentennial. Right: Reuben Sternfeld, Executive Vice President of the Bank, Shlaudeman and Yan Ross, Alternate Executive Director for the United States. Ortiz Mena inaugurates the exhibition and pays homage to America's Bicentennial.



## INTAL ANNOUNCES SECOND ANNUAL CONTEST ON MULTINATIONAL PROJECTS IN REGION

The Institute for Latin American Integration (INTAL) announced its second annual contest, entitled "Integration Prize for Latin America 1976," aimed at encouraging original papers on Latin American integration. The objective of INTAL's contest will be to help strengthen regional integration and at the same time invite interested Latin Americans to participate in it.

Persons interested in entering the contest should follow these guidelines:

- The contest's theme, "Promotion and development of multinational projects in Latin America," relates to integration and cooperation projects among two or more Latin American countries in industry, agriculture, services or physical infrastructure.

- Papers should not be more than 200 double-spaced, typed pages (8½" by 11") signed by a pseudonym. They should contain a separate sealed envelope with the pseudonym, the author's (or authors') name, nationality (he must reside in a

Latin American country) and address.

- Papers may be presented in Spanish, Portuguese, English or French.

- Papers must be submitted in two copies before February 28, 1977 to INTAL, Casilla de Correo 39, Sucursal 1, Buenos Aires, Argentina.

- The panel of judges will include Félix A. Peña (Director of INTAL), Rómulo Almeida (Brazil), David Ibarra (Mexico), Rodrigo Llorente (Colombia), José Antonio Mayobre (Venezuela) and Natalio R. Botana, the panel's secretary.

- INTAL will grant \$3,000 for first place and \$1,500 for second. The panel reserves the right to declare the contest void in the event none of the papers contain substantive material. The authors of the prize-winning papers, which will be published by INTAL, receive no copyrights.

- The prizes will be awarded June 15, 1977, at INTAL's headquarters in Buenos Aires. INTAL will defray the winners' travel and accommodation costs.

## CEMLA Announces Winner of "Rodrigo Gómez Prize"

The *Centro de Estudios Monetarios Latinoamericanos (CEMLA)* announced that Mr. Mario I. Blejer, of Argentina, won the "Rodrigo Gómez Prize" for 1976. The contest, established by the Governors of Latin America's Central Banks and the Bank of Spain, honors the memory of the late Director General of the Bank of Mexico.

Twenty-five papers were presented, of which Dr. Blejer's work entitled "Money Prices and the Balance of Payments: The Mexican Case" won first place. CEMLA will publish shortly Dr. Blejer's paper, as well as those of several other contest participants. As to the "Rodrigo Gómez Prize" for 1975, CEMLA's Governing Board noted it had been declared void.

## 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:

**ARGENTINA-URUGUAY:** The *Comisión Técnica Mixta de Salto Grande* has announced the opening of Public International Bid SG-07 A and B for the acquisition of cables for phase conductors and reinforcement cables with accessories for lines of 500 Kv, and insulators for lines of 500 Kv.

Documents describing the bidding terms may be consulted, bought and obtained at Avenida Leandro N. Alem 413, 2 piso, Buenos Aires, Argentina, or at Avenida 18 de Julio 1730, 10 piso, Montevideo, Uruguay.

Cost of documents: There is a nonrefundable fee of 12,000 Argentine pesos or 200 Uruguayan pesos for a complete set of bidding forms.

Guarantee of good faith: The bidder must present a guarantee of good faith of \$3,100,000.

Financing: The Inter-American Development Bank will finance foreign goods and services for eligible member countries.

Opening date: September 2, 1976, 3 p.m.

The *Comisión Técnica Mixta de Salto Grande* has announced the opening of Public International Bid SG-07B for the acquisition of insulators for lines of 500 Kv. for Salto Grande's transmission system.

Documents describing the bidding terms may be consulted, bought and obtained at Avenida Leandro N. Alem 413, 2 piso, Buenos Aires, Argentina, or at Avenida 18 de Julio 1730, 10 piso, Montevideo, Uruguay.

Cost of documents: There is a nonrefundable fee of 12,000 Argentine pesos or 200 Uruguayan pesos for a complete set of bidding forms.

Guarantee of good faith: The bidder must present a guarantee of good faith of \$460,000.

Financing: The Inter-American Bank will finance foreign goods and services for eligible member nations.

Opening date: September 3, 1976, 3 p.m.

For the above-mentioned bids, proposals should be presented to the *Comisión Técnica Mixta*, Avenida Leandro N. Alem 413, Buenos Aires, Argentina. Tenders will be opened in the presence of the authorities of the *Comisión Técnica Mixta de Salto Grande* and the bidders concerned.

**ECUADOR:** The *Ministerio de Recursos Naturales y Energéticos*, through the *Instituto Ecuatoriano de Electrificación (INECEL)*, has announced the opening of bids PA/2/3, PA/4,

PA/5, PA/6 and PA/7 for Stage 1 of the Paute hydroelectric project.

The text of the bid is as follows:

The *Comité de Licitaciones del Instituto Ecuatoriano de Electrificación (INECEL)*, based in Quito, Ecuador, invites firms or prequalified consortiums which have been appropriately notified to present tenders for the following bids or contracts: Bid PA/2/3: Construction of the following works: 1. The cofferdams, the up-river portal and a span of tunnel derivation 30 meters long and 12 meters in diameter. 2. Construction of the Amalza dam. This is a concrete-arch dam 170 meters high and 400 meters long. The volume of concrete is about 1,200,000 cubic meters. 3. Installation of main in-take pipe. 4. Installation of sluice gates, valves, grating and crane bridge in the sector of the dam and derivation tunnel.

Bid PA/3: Design, manufacture, supply and supervision of the installation of: Contract PA/3/A/1: Pressure tubing, inspection trolley, winch and multiple distributor. In-take tubing, filling valve and air tubing. Contract PA/3/A/2: Sluice gates and winches. Contract PA/3/A/3: Valves and bottom drainage tubing. Contract PA/3/A/5: Crane bridges.

Bid PA/4: Design, manufacture, supply and supervision of the installation of: Contract PA/4/A/1: Hydroelectric turbines, velocity regulators, spheric valves and emergency generator. Contract PA/4/A/2: Generators and capsulized bars.

Bid PA/5: Design, manufacture, supply and supervision of the installation of: Contract PA/5/A/1: Power transformers, fire-protection system and insulated transformers. Contract PA/5/A/2: Integrated distribution centers. Bid PA/6: Design, manufacture, supply and supervision of the installation of: Contract PA/6/A/1: Cables of 138 Kv. and terminals. Bid PA/7: Design, manufacture and supply of: Contract PA/7/A/1: SF6 high-tension system and terminal equipment, including installation supervision. Contract PA/7/A/2: Control panels for the operation patio and machine room.

The bidders can present tenders for all or any of the 12 contracts mentioned above. The bids for each contract must include firm offers of financing and the respective credit institutions; bids will not be accepted which do not comply with this prerequisite. The financing must cover at least 100 per cent of the foreign exchange for the construction of the dam and 85 per cent of the FOB value of the goods and services for the electro-mechanical equipment. The difference will be covered by *INECEL* with resources extended from the National Fund of Electrification.

Documents describing the bidding terms may be consulted, bought and obtained at the *Instituto Ecuatoriano de Electrificación, Secretaría General*, 2 piso, Avenida 6 de Diciembre 2275 y Orellana, Quito, Ecuador.

Opening date: Bid PA/2/3, July 8; Bid PA/3, July 12; Bid PA/4, July 14; Bids PA/5, 6 and 7, July 19.

For the above-mentioned bids, proposals should be presented to the *Comité de Licitaciones de INECEL* up to 4 p.m., November 4, 1976. Proposals will not be accepted by mail.

## THE IDB AT INTERNATIONAL MEETINGS

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

**SEMINAR ON ACCOUNTING AND ECONOMIC DEVELOPMENT.** University of North Carolina, Chapel Hill, North Carolina, April 25-27.

The Seminar, sponsored by the International Society for Development and the University of North Carolina, was attended by 45 persons, including officials of development banking institutions, university professors and professional accountants. The Bank was represented by Roberto Domínguez, Auditor, Project Analysis Department; Charles Brannan, Chief, Budget and Management Accounting Division; and Frank Orlando, Chief, Quantitative Analysis Unit. They jointly made a presentation on the "Assessment of Problems and Conditions of Enterprise Accounting Developing Countries."

The Seminar's purpose was to explore ways of making more effective the role of accounting in the private and public sectors of developing countries. Topics dealt with included the accounting profession, educational institutions, governmental agencies, intermediate institutions, commercial and industrial enterprises and international organizations.

Among conclusions adopted was the suggestion that developing nations harmonize their accounting methods by supporting the functions and objectives of the International Accounting Standards Committee, based in London, England. The Seminar also looked at the prevailing situation of developing nations vis-à-vis their developmental stage of accounting practices, factors affecting it, problems they are confronted with, and how they can introduce better accounting disciplines.

Mexican trade and public-sector expenditures have shown encouraging results during the initial months of 1976, according to the Inter-American Export Promotion Center's CIPE News.

CIPE, citing information from Ernesto Fernández Hurtado, General Director of the Bank of Mexico, noted that Mexican exports rose 16.9 per cent while imports declined 8.7 per cent during the first four months of 1976 in comparison with the same period for the previous year.

These statistics confirm governmental projections of a billion dollar reduction in the balance of payments deficit. The deficit could fall to 2.6 billion, representing a 1.1 billion dollar improvement. In percentages, Mr. Fernández Hurtado depicted a 29.3 per cent balance of payments improvement for the year compared with 1975.

# Loans and Technical Cooperation Granted by IDB to Four Countries

The Inter-American Bank in recent weeks authorized \$53 million in loans and \$83,000 in technical cooperation in four member countries. The details are as follows:

**CHILE:** On July 29 the Bank announced the approval of a \$38 million loan to help finance an irrigation and agricultural development project in the Digua and Maule Norte areas in central Chile.

The loan will be used by the *Comisión Nacional de Riego (CNR)*, the country's national irrigation agency, to complete the construction of the complementary irrigation works in the Digua and Maule Norte regions to develop some 175,000 acres of land for farming. The program which includes credit to the farmers will benefit about 2,500 low-income farm families and cooperatives in the region.

CNR will be assisted by the Ministry of Public Works Irrigation Bureau, for infrastructure works; the Central Bank, for an agricultural-credit program; and the Ministry of Agriculture, for land tenure adjustments and supervision of technical assistance to farmers.

The total cost of the program is estimated at \$62.5 million, of which the Bank loan will cover 60.8 per cent. The project will consist of the following works:

- Completion of studies relating to waterworks, infrastructure and the settlement system under Chile's Agrarian law.
- Construction of waterworks and related infrastructure, including the lining of the Perquilauquen-Cato Canal, improvement of the secondary and tertiary canals, construction of feeder line and distribution canals to the Pencahue area, construction of the drainage networks and improvement of a network of feeder roads about 155 miles long.
- Construction of irrigation facilities for land parcels up to 124 acres.
- Acquisition of equipment for technical inspection.
- Agricultural and livestock credit to finance the acquisition of pastures, dairy and beef cattle, agricultural implements and recurring farm expenses.
- Technical cooperation for a program of institutional-strengthening of the CNR.

After completion of the project in 1980, it is estimated that the gross value of agricultural output per year in the project area would be about \$36.2 million, an increase of \$22.8 million over its present level of \$13.4 million. The increase in agricultural and livestock production would result from the expansion of the cultivated area under irrigation; increased yields due to improved technology, technical assistance and agricultural and livestock credit; and the incorporation of dairy and beef cattle operations to make use of artificial pastures.

**EL SALVADOR:** On August 5 the Bank announced the approval of a \$10 million loan to help finance the construction of 130 miles of rural roads in El Salvador.

The loan will be used by the *Dirección General de Caminos (DGC)*, the road agency of the Ministry of Public Works, to construct a network of all-weather roads which will connect various agricultural regions in the country.

The total cost of the project is estimated at \$15,250,000.

The project consists of the construction of one-lane rural roads with turnouts at intervals of no more than 300 meters to enable vehicles to pass. DGC has made final designs and economic feasibility studies for a representative sample of seven roads that will interconnect the following locations: Cuisnahuat-Coast; Nueva Concepción-Guarneca; Guazapa-Quezaltepeque; San Alejo-Cantón La Paz; Kilometer 6 (Suchitoto-Aguilares)-Consolación-Colima; San Juan Opico-San Pablo Tacahico-San Isidro; and San Isidro-Nueva Concepción.

This project will help meet the government's 1973-77 Five-Year Economic and Social Development Plan, which calls for the design of a road network to promote national integration and for the establishment of road transportation services suited to the country's economic and social needs.

The project includes a technical cooperation, extended from the resources of the loan, to provide guidance and training to the professional staff of DGC in the analysis and economic evaluation of rural road construction projects. The DGC would also grant scholarships to its professional staff for overseas training.

**HAITI:** On August 5 the Bank announced the approval of a \$5 million loan to help finance the rehabilitation of an irrigation system and agricultural development program in the Artibonite Valley in central Haiti.

The loan was extended to the *Banque Nationale de la République d'Haiti (BNRH)*, the Central Bank of Haiti. It will be used by the Organization for the Development of the Valley of the Artibonite (ODVA) for the first stage of a project to develop the Artibonite Valley by rehabilitating an existing irrigation system, introducing modern cultivation methods, providing credit and technical assistance to farmers and supplying institutional strengthening to ODVA. The total cost of the project is esti-

**Carlos García Bedoya, Peru's Ambassador, IDB President Ortiz Mena and Roberto Keil Rojas, Director of Ministry of Economy and Finance, formalize two loans to Peru for \$47.3 million in a ceremony at the Bank's headquarters.**



mated at \$5.9 million, of which the Bank loan will cover 84.7 per cent.

The Bank will also grant \$808,000 in nonreimbursable technical cooperation, extended from the Fund for Special Operations, to assist ODVA to strengthen its units in the fields of administration and finance; improve its technical procedures; and prepare a plan to cover the next stages of Artibonite Valley's development.

**PANAMA:** On July 22 the Bank approved \$158,000 in nonreimbursable technical cooperation to strengthen the *Corporación Financiera Nacional (COFINA)* of Panama. COFINA is a new development finance agency.

The cooperation will be used to contract a consulting firm to advise COFINA during the initial stage of its operations on an appropriate institutional framework for its short-, medium- and long-term activities. Special emphasis will be placed on basic organization; decision-making procedures; estimates of volume of operations and capital requirements; financial administration; operational norms and procedures, and training for its professional staff. The total cost of the technical cooperation is estimated at \$238,000, of which the Bank's contribution will cover 66.4 per cent.

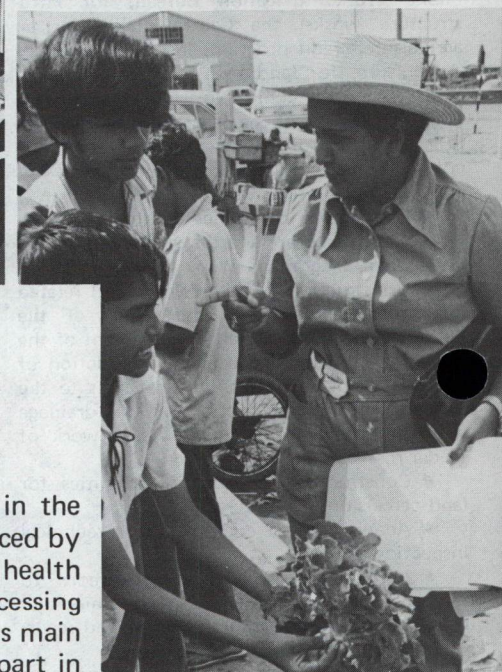
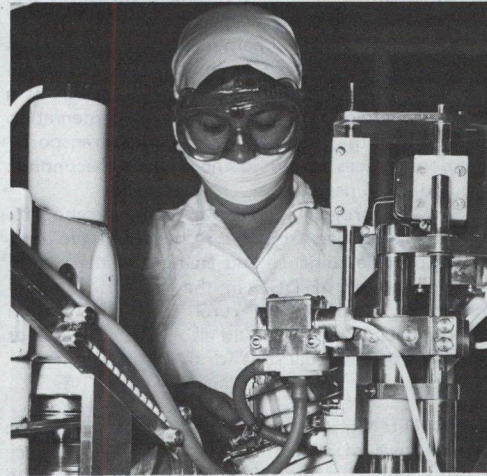
• On July 22 the Bank announced the approval of another nonreimbursable technical cooperation for \$125,000 to carry out a regional study aimed at providing alternatives for the creation of a multinational mechanism to facilitate financing Latin American exports.

The technical cooperation will be used by the *Ministerio de Planificación y Política Económica (MPPE)* and the *Comisión Bancaria Nacional (CBN)*, Panama's Ministry of Planning and Political Economy and National Banking Commission, to contract consultants to undertake the studies. The total of the technical cooperation is estimated at \$160,000, of which the Bank's contribution will cover 78 per cent and the Government of Panama the remaining 22 per cent.

The consultants' work will consist of the preparation of a detailed report containing an analysis of the present situation and existing mechanism for financing Latin American exports; and the objectives and economic foundations for a new financial export mechanism as well as the benefits and costs to be incurred by the Bank's member countries in creating such a mechanism.

From 1970 to 1974, the share of Latin American exports in world trade decreased from 6.1 to 5.2 per cent. During this period, exports as a share of regional gross national product declined from 12.5 to 11.8 per cent. To reverse this trend, Latin America needs to increase its exports and improve its ability to compete in international markets—an aim which can be achieved if more financial resources are made available for exports.

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## **LATIN AMERICAN WOMEN PARTICIPATE IN REGION'S ECONOMIC DEVELOPMENT**

The growing participation of Latin American women in the region's development is illustrated in these projects financed by the IDB. In the services sector, women are employed in health education; in industry they work in textile and food-processing plants; in commerce and tourism they are the work force's main component. Female labor has also become an integral part in the chemical, electrical and mechanical industries, and they are similarly entering the professional and technical ranks, thus testifying to the evolution unfolding in the occupational structure of Latin American women.

