

INTENSE ACTIVITY AT THE BANK

LATIN AMERICA AND THE OECD COUNTRIES

Antonio Ortiz Mena, President of the Inter-American Development Bank, outlined to the Organization for Economic Cooperation and Development (OECD) in Paris the external financing needs of Latin America and the steps being taken by the Bank to meet them.

Mr. Ortiz Mena stressed the need for an increase in the flow of investment and financing to Latin America, as well as the importance of greater access to the capital markets of the OECD countries by the Latin American countries. At the same time, he pointed out that it is the Bank's function to foster a greater transfer of real financial resources to the region.

Mr. Ortiz Mena addressed a special one-day session of the OECD's Development Assistance Committee October 17 in Paris. The meeting was presided over by Ambassador Maurice Williams, DAC President, and was attended by the leading

officials of the economic development agencies of DAC member countries who gathered in Paris specifically for the event.

Mr. Ortiz Mena's address was followed by a wide-ranging discussion of the new conditions resulting from Latin America's recent economic growth, as well as the new economic framework which is developing between the OECD member countries and Latin America.

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MOVEMENT TO REPLENISH BANK'S RESOURCES

Two working groups of the Committee of the Board of Governors of the Inter-American Development Bank recently met at the Bank's headquarters in Washington.

They were the Working Group on Bank Functions and Policies which held its second meeting on September 28, and the Working Group on the Fifth Replenishment of Resources which held its third meeting on September 29.

At the first of the two meetings, the Chairman, Gustavo Romero Kolbeck, the Governor for Mexico, submitted to the 12-member Working Group for consideration a list of topics to be studied in evaluating the functions and policies of the Bank.

After exchanging views, the Group agreed to recommend that the Board of Executive Directors draw up in detail, as promptly as possible, a list of topics defining the scope of each item establishing an order of priorities. The Working Group

intends to meet again during the second half of February.

At the meeting of the 22-member Working Group of the Fifth Replenishment of Resources, committee members expressed their position regarding the replenishment. This was followed by an exchange of views.

As a result, the Working Group authorized the Chairman, Héctor Hurtado, the Governor for Venezuela, to hold informal consultations with selected governors regarding the proposed replenishment. The full Working Group met again on October 26 to review the results of these consultations.

Héctor Hurtado, the Governor of Venezuela, on the Board of Governors of the Inter-American Development Bank presides over the meetings. Shown left to right, are Arturo Calventi, Deputy Secretary of the Bank; Jerome Levinson, General Counsel of the Bank; Antonio Ortiz Mena, President of the Bank; Mr. Hurtado, and Jorge Hazera, the Bank's Secretary. Left, delegates at the meeting.



... AND MEETINGS WITH DEVELOPMENT BANKS

On the occasion of the Annual Meetings of the Boards of Governors of the International Monetary Fund and the World Bank, representatives of the most important regional development banks met September 24 at the Bank's headquarters in Washington. The meeting was also attended by the presidents or representatives of six other international institutions: the Arab Fund for Economic and Social Development, the European Economic Community, the European Investment Bank, the International Fund for Agricultural Development, the Islamic

Development Bank, and the OPEC Special Fund. Antonio Ortiz Mena, President of the Bank, presided over the meeting.

Officials attending the meeting included: Dr. Kwame D. Fordwor, President of the African Development Bank; Taroichi Yoshida, President of the Asian Development Bank; Ernest Stern, Vice President for Operations of the World Bank; Saeb Jaroudi, President of the Arab Fund for Economic and Social Development; Michel Hauswirth, Deputy Director General for

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Development of the European Economic Community; Ives Le Portz, Chairman of the Board of Directors of the European Investment Bank; Abdelmushin M. Al-Sudeary, President of the International Fund for Agricultural Development; Ahmad Mohamed Ali, President of the Islamic Development Bank; Ibrahim F. I. Shihata, Director General of the OPEC Special Fund.



During the meetings, which lasted the whole day, representatives exchanged views on various financial and economic problems which face the developing countries, as well as on the coordination of financial and technical assistance provided by the said institutions to countries in their respective regions.

Delegations of the Asian Development Bank headed by President Tarochi Yoshida, and of the African Development Bank headed by President Kwame D. Fordwor, at the Bank's headquarters in Washington.



URBAN DEVELOPMENT

THE IDB FINANCES WORKS, TECHNICAL TRAINING, INSTITUTIONAL STRENGTHENING AND RESEARCH

A high rate of population growth and a steady exodus of people from rural areas due to better living standards and employment opportunities in the city has spurred rapid urban development in Latin America over the last few decades.

The Inter-American Development Bank has contributed directly and indirectly to improving the region's pressing urban situation by providing financing for housing projects carried out by national agencies and by giving support for housing financing mechanisms.

The Bank's efforts in support of direct housing have resulted in the construction of more than 400,000 housing units.

The Bank has also provided technical cooperation to financial and planning institutions in the housing field. This cooperation has ranged from training specialized personnel in administration to the planning, formulation and execution of projects.

In recent years, the Bank has broadened its action in this field, to include financing of basic urbanization works—paving streets, building sewage systems, and providing potable water and street lights—which have resulted in housing projects having all necessary infrastructure services, such as day-care centers, schools, health centers and markets. The Bank has thus fostered the adoption of integral approaches to urban development, the basic forces acting upon the cities—economic, physical and social—are jointly taken into account.

In an effort to help meet such basic human needs as housing, the Bank in the late 1960s complemented its housing programs and financing of infrastructure projects, including asphalt roads, sanitation services and the provision of potable water and electrification. These projects also embraced the necessary complementary services, which ranged from schools to markets, to day-care centers and health clinics.

At the end of the 1960's, in an effort to facilitate the establishment of housing clusters which would improve fulfill-

ment of human basic needs, the Bank complemented its housing programs by including the financing of such urbanization works as paving, sanitation facilities, potable water and electricity, and supplementary services such as schools, markets, day-care centers and health centers.

Over recent years, the Bank sought far-reaching solutions to the region's human settlement problems by financing integrated urban development programs. Among these, IDB helped programs in Quito, Ecuador, and Bogotá and Buenaventura, Colombia.

For the future, the Bank envisages a clearer differentiation between the formulation of plans through technical cooperation for the improvement of human settlements in the region by stimulating global, multisectoral and interinstitutional efforts for development planning, and the sectoral implementation of such plans based on identified priorities.

With this plan of action, the Bank is intensifying its efforts to finance urbanization projects (housing and industry) through programs of urban upgrading, sites and services, and industrial parks.

Projects for the improvement of marginal areas are designed to make better use of the capital invested and the efforts made by the community to satisfy their basic housing needs. The sites and services projects seek to provide low income sectors with the progressive improvement of their housing, based on self-motivation, self-help and personal credit.

The industrial park projects are geared to generate permanent employment opportunities through the provision of physical infrastructure so as to stimulate the establishment of appropriate industries and services which, as far as possible, would make intensive use of the local work force, thus contributing to the solution of unemployment and under-employment problems in the region.

NEW CONSTRUCTION METHODS FOR LOW-COST HOUSING

"The Indians who used mud to build their homes were not as 'backward' as generally believed. Mud, in fact, has a higher insulating quality than most known building materials."

This is the view of René Brenzilcofer, a professor of physics at Campinas State University in São Paulo, Brazil. Prof. Brenzilcofer is one of a growing number of Brazilian scientists currently engaged in research designed to improve the living standards of low-income sectors in Brazil.

At another Brazilian research center, the *Centro de Pesquisas e Desenvolvimento (CEPED)*, located in Salvador, Bahia State, studies are being carried out to reduce the cost of building low-income homes.

Both the Physics Institute of the Campinas University and CEPED are making their technological knowledge available to the low-income sectors of the country. In their efforts to

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IDB LOANS AND TECHNICAL COOPERATION

INTER-AMERICAN DEVELOPMENT BANK



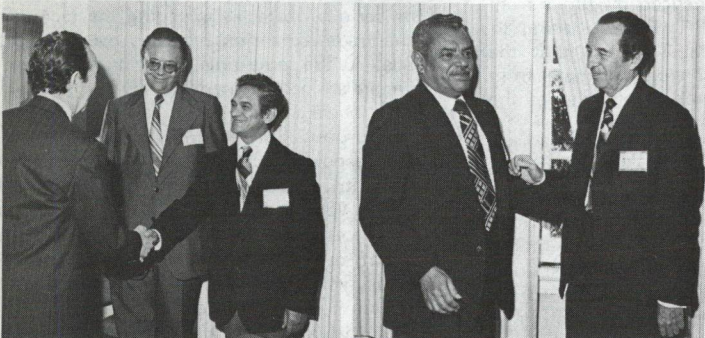
Loans for \$105 million extended to Argentina for a petrochemical complex. Signing the contracts are (center) Argentine Minister of Economy, José Alfredo Martínez de Hoz, and IDB President, Antonio Ortiz Mena.



Brazil obtains \$95.5 million for petrochemical plant. Mario Henrique Meneses, Brazil's Minister of Finance, and IDB President Ortiz Mena shake hands.



Costa Rica receives \$60 million for hydroelectricity. Signing are Costa Rican Finance Minister, Hernán Sáenz Jiménez and the President of the Bank.



Spurring cattle development in Bolivia. Following the signing of a contract, Mr. Ortiz Mena greets Jorge Tamayo, Bolivia's Minister of Finance. Shown in the middle is Carlos Schroeder, IDB Executive Director for Bolivia, Paraguay and Uruguay. Right, \$12 million extended to improve grain commercialization in Central America. Shown are Alberto Galeano Madrid, President of the Central American Bank for Economic Integration, and Mr. Ortiz Mena.

The Bank signed 10 loans amounting to \$303.5 million during the 33rd Annual Meeting of the International Monetary Fund (IMF) and the World Bank held September 25-29 in Washington, D.C. Previously approved by the Bank's Board of Executive Directors, the loans were signed during the course of the meeting by Antonio Ortiz Mena, President of the Bank, and representatives of the borrowing countries. The loans were made to Argentina, Bolivia, Brazil, Costa Rica and Ecuador and to the Central American Bank for Economic Integration. The latter benefitted Honduras and Costa Rica.

The loans will help execute economic and social development projects whose total cost exceeds \$1.4 billion.

The contracts signed during the meeting included:

REGIONAL: A \$12.5 million loan to the Central American Bank for Economic Integration (CABEI) to help finance a basic grain marketing program through the construction of storage facilities in Honduras and Costa Rica. The new facilities are expected to benefit small-scale farmers by saving storage losses.

ARGENTINA: Two loans totaling \$105 million to the *Banco Nacional de Desarrollo* to expand the capacity of an ethylene plant—*Petroquímica Bahía Blanca, S.A.I.C.*—and to build three additional plants for the production of ethylene derivatives for use in Argentina's industrial market.

BOLIVIA: Two loans totaling \$5.9 million to the *Banco Central de Bolivia* to help finance the second stage of a livestock credit program which will benefit small- and medium-scale producers on approximately 500 ranches in four regions in the Department of Santa Cruz and in the eastern parts of the Departments of Chuquisaca and Tarija.

• Two loans totaling \$15 million to the *Banco Industrial, S.A.* to grant medium- and long-term credits to establish, expand or improve private industrial and tourism enterprises with special emphasis on labor-intensive industries and on the construction and improvement of hotels in the country's developing areas.

BRAZIL: A \$95.5 million loan to the *Companhia Petroquímica do Sul (COPEL)* to help finance the installation of a raw materials center in the State of Rio Grande do Sul. The center is expected to save Brazil more than \$1.9 billion in foreign exchange during its economic life.

COSTA RICA: Two loans totaling \$60 million to the *Instituto Costarricense de Electricidad (ICE)*, the nation's electric power agency, to help finance the construction of the Corobicí hydroelectric power plant and to prepare the final designs for the future Boruca hydroelectric plant. The Corobicí plant which will have a capacity of 174,000 kilowatts; and the Boruca plant, with a 760,000-kilowatt capacity, will supply power to an aluminum processing plant which could start operations in 1986.

ECUADOR: A \$9.6 million loan to the *Instituto Ecuatoriano de Telecomunicaciones (IETEL)* to further the economic and social integration of the country by providing some 382 rural communities with telephone communications to principal cities and towns.

LOANS UNDER STUDY

Following is a list of projects which the Bank is considering financing. The projects are generally at an early stage of consideration and there is no assurance that an Inter-American Development Bank loan will result. Once the Board of Executive Directors approves a loan, a pertinent announcement will be made.

The projects for which financing is being sought and the possible amounts are listed below:

Argentina: \$50 million for the execution of a project of rural primary schools.

Bolivia: \$33.2 million for water and sewage systems in La Paz, Cochabamba and other cities.

Colombia: \$69.5 million and \$30 million in a complementary line of credit for the construction of the Jaguas hydroelectric project.

Dominican Republic: \$3.5 million for the second stage of a preinvestment program.

Ecuador: \$15 million and \$15 million in a complementary line of credit for a global industrial credit program to be carried out by the *Corporación Financiera Nacional*.

El Salvador: \$15.3 million for a livestock development project, involving materials, equipment and vehicles for the construction of regional livestock centers and laboratories.

Guyana: \$5 million for the execution of a forestry project in the Upper Demorara region of Guyana.

Haiti: \$32 million for a storm drainage and sewer system for the city of Port-au-Prince.

Mexico: \$62.2 million for a Federal roads program.

IDB AT INTERNATIONAL MEETINGS

As invited guests, observers or participants, officials of the Inter-American Development Bank frequently attend international meetings at which development problems are discussed and policies formulated. Recent meetings have included:

XXVII MEETING OF LATIN AMERICAN CENTRAL BANK GOVERNORS. The placement of short-term bonds by the IDB has proved that it is possible to mobilize a portion of the reserves of the Bank's Latin American member countries for development projects in the region without adversely affecting the composition and liquidity of such reserves. This is the view expressed by Miguel Rojas, Associate Treasurer of the Bank, who represented the Bank at the meeting. Held September 15 in Acapulco, Mexico, it was attended by representatives of Latin American countries, Spain, the Philippines, the International

Monetary Fund, the Federal Reserve Board of the United States, and the Economic Commission for Latin America (ECLA).

Mr. Rojas pointed out that the amount of the Bank's short-term bond issues reached \$576.2 million as of last April, and that IDB bonds have gained broad acceptance in the international capital markets.

Participants at the meeting expressed concern over the proportional reduction of resources of the multilateral international financing institutions. This reduction indicates that Latin America is contracting burdensome short-term debts from the private banking sector whose costs are higher than those of the international lending agencies and whose terms do not generally satisfy its financial needs for development.

It was noted that the increase in the monetary reserves of the countries of the region was the result, in the majority of cases,

of the large external debts contracted on shorter terms and at interest rates substantially higher than those obtained from public international lending organizations.

The meeting underlined the need for the International Monetary Fund to make new allocations of the Special Drawing Right (SDR) since the total amount of the SDRs represents less than 4 per cent of international liquidity.

The meeting's participants also expressed concern over Latin America's "imported inflation" which, by escalating costs, adversely affects development projects.

MEETING OF THE ASSEMBLY OF THE CENTER OF LATIN AMERICAN MONETARY STUDIES (CEMLA). At the CEMLA meeting, its Secretary pointed out that the Council of Governors had approved a 20 per cent increase in membership quotas. He added that for collaborators' quotas—among them the IDB—CEMLA would obtain increases in these contributions through separate negotiations with each institution.

At the meeting, Jorge González del Valle was unanimously re-elected as CEMLA's Director for the 1978-83 period, and Ecuador and Guatemala were elected as new members of the Council of Governors.

Miguel Rojas, Associate Treasurer, represented the Bank at the meeting. Held September 17 in Acapulco, the meeting took place following the Latin American Central Bank Governors conference.

15TH MEETING OF LATIN AMERICAN AND PHILIPPINE GOVERNORS BEFORE THE INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT.

This meeting served as a framework for the incorporation of Spain into the group, which is composed of Latin American countries and the Philippines. Among the measures adopted at the meeting was the selection of Benito Raúl Lozada, the Governor for Venezuela, as the group's speaker at the Annual Meeting of the Board of Governors of the IMF. In addition, Valentín Arismendi, the Governor for Uruguay, was chosen to represent the group at the World Bank's Annual Meeting.

The meeting's participants elected David Ibarra Muñoz, Secretary of Finance and Public Credit of Mexico, as the group's president. In his speech, Mr. Ibarra Muñoz underlined the extent and the character of the crisis affecting international trade, and noted that "there exists serious obstacles impeding the recovery of the trade expansion recorded over the last decade. At the same time, inflation and unemployment are accentuated."

Mr. Ibarra Muñoz spoke favorably regarding the proposal of the IMF's Managing Director for a new allocation of between \$12 and \$18 billion in Special Drawing Rights. He said that this volume would represent one and a half per cent of total liquidity of the system and that, as a consequence, it was not necessary to invoke the "specter of inflation whose causes are not due to international trade."

Mr. Ibarra Muñoz also stressed the relevance of the recent World Bank report on world development. He termed the importance given in the report to the low-income areas of Asia and Africa correct, but lamented the lesser attention given in the study to Latin

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BIDDING INFORMATION

Several Bank member countries recently 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 one of these, as published in a local newspaper, is as follows:

GUYANA: 1. The Mahaica-Mahaicony-Abary Agricultural Development Authority (MMA-ADA), the executing agency for the Abary River Water Control project proposes to invite tenders at the end of December, 1978 from its register of pre-qualified Contractors whose firms belong to regional or non-regional member countries of the Inter-American Development Bank for the construction of works which are programmed to start in June, 1979.

Funding of the project is provided under Loan Agreement 536-SF-GY between the Inter-American Development Bank and the Government of Guyana.

2. The project which is the first of two phases to bring the Mahaicony-Abary Region into full agricultural production, contemplates the construction of flood control, irrigation and drainage works to benefit approximately 115,000 acres (46,600 hectares) in and around the Abary Basin.

3. Work has already commenced on the construction by force account (direct labour) of a conservancy dam approximately 10 feet high and 35 miles long, and the foundation work for 1 spillweir of 9,000 feet. The Abary River Control Sluice is being constructed on a fixed cost contract basis.

4. The other major works to be executed are to be let by two separate contracts and include:

a) Construction of main canal of approximately 29 miles in length.

b) Construction of approximately 19 distributary systems, one head regulator and 4 intermediate regulators.

c) Construction of a drainage and irrigation system covering about 81,800 acres of land.

d) The construction of 3 drainage pumping stations and sluices.

e) The construction of about 30 miles of access roads.

5. Prospective tenderers wishing to be placed on the register of prequalified con-

tractors are hereby invited to request a pre-qualification application and questionnaire, which must be completed and duly returned to the General Manager of the MMA-ADA not later than November 30th, 1978.

The prequalification application and questionnaire may be obtained from either: The General Manager, Mahaica-Mahaicony-Abary Agricultural Development Authority, 247 New Garden Street, Bourda, Georgetown, GUYANA, or Sir William Halcrow & Partners, Princes House, Princes Street, SWINDON, SNI 2HB, WILTSHIRE, UNITED KINGDOM.

PARAGUAY: The *Administración Nacional de Electricidad (ANDE)*—National Electricity Administration—has issued an invitation (ANDE-IDB No. 185/78) to bid on insulated low-voltage conductors. Its terms are as follows:

ANDE, the *Administración Nacional de Electricidad*, Calle Padre Cardozo No. 360, Asunción, Paraguay, announces the opening on October 3, 1978 of public bidding on: Item 1: 1,000 public light fixtures, closed type, for mercury vapor lamps of 250 W, with incorporated reactor, receptacle for photoelectric control and elevated power factor; Item 2: 2,500 public light fixtures, open type, for mercury vapor lamps of 250 W, without reactor, and without receptacle for photoelectric control.

The goods will be financed by funds from IDB loan No. 419/SF-PR. Firms wishing to take part in bidding must ensure that the supply of goods and services originate from one of the regional member countries of the Inter-American Development Bank.

Bidding documents may be obtained from the Procurement Division of ANDE's Bidding Department, Calle Padre Cardozo No. 355 (Asunción, Paraguay) from Monday to Friday between the hours of 7:15-11:45 a.m. The cost for two complete sets is 3,780 guaraníes, or \$30. Additional sets may be obtained for 2,520 guaraníes or \$20 upon presentation of the receipt for payment of the initial sets.

Tenders will be received at the office and address indicated above up to 10 a.m. December 4, 1978. The awarding of the contract will be made by the ANDE Board of Directors, subject to approval by the Inter-American Development Bank.

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America and its problems.

On other matters, Mr. Ibarra Muñoz pointed out that it was a mistake to consider the private banking system as a valid alternative in the field of financing development projects and exhorted the Assembly to propose viable solutions to this problem.

Held September 18-19 in Acapulco, the meeting was attended by representatives of all the Latin American nations, as well as by the Philippines, Spain, the Federal Reserve Board of the United States, the IMF, the World

Bank, CEMLA, and ECLA. Mr. Miguel Rojas, Associate Treasurer, represented the Bank.

ANNUAL MEETING OF THE ALLIED SOCIAL SCIENCES ASSOCIATIONS. "To try only through domestic monetary policies to regulate the international flow of dollars appears rather hopeless," Nicholas Bruck, economist of the Financial Studies Section of the Bank said in a presentation at the meeting. "The lack of international regulation is a major flaw in the present system. If the

Special Drawing Rights made up today more than half of the international means of payments, the need to regulate this supply would probably be much more recognized."

The Allied Social Sciences Associations is composed of 28 social-science associations from the United States. Held August 29-31 in Chicago, Illinois, the meeting was attended by 3,000 participants. Coupled with an exhibition of publications in the social sciences by 77 publishers, 265 working sessions were conducted at the meeting, mainly on topics related to economic theory and policy.

SEC-INTAL: NEW SERVICE TO SPEED COOPERATION AMONG LATIN AMERICAN FIRMS

As the culmination of initiatives proposed at various recent international conferences, the Latin American Management Cooperation Service (SEC-INTAL) has recently been established in Buenos Aires, Argentina.

Formed by the Institute for Latin American Integration (an entity of the IDB), SEC-INTAL gathers and stores information covering markets, companies and economic legislation on Latin American countries, and makes this information available to private firms and development or promotion organizations in the region. The main objective of SEC-INTAL is to facilitate operations linking firms from two or more countries in Latin America.

The service includes the provision of technical publications on legal and economic matters as well as the undertaking of specific research assignments. Firms requesting such assistance must pay a quota of \$500. Such undertakings can vary from the sending of legal texts and lists of companies with their addresses and products to general economic information, the commercial status of firms and the interpretation of legislation.

In addition to two monthly bulletins, SEC-INTAL's publications include two collections of legal texts and administrative procedures: One covering foreign investment and the other the transfer of technology. One of the monthly publica-

tions focuses on economic subjects and provides comments on foreign investment, the transfer of technology and joint enterprises in Latin America; the other covers the economic legislation of the countries of the region.

For companies seeking to broaden their activities or develop overseas contacts, SEC-INTAL has prepared an analysis of cooperation possibilities which include: characterization of the international situation in terms of leading enterprises, principal markets, innovations, a preliminary outline of the markets of countries in the region, the legal framework for cooperation in these countries, and the directories of firms and sectoral associations. This analysis can be a valuable tool for companies, depending on whether they are seeking or providing cooperation.

Another SEC-INTAL service is that of circulating the requests or provision of international management cooperation. As such, companies can submit to SEC-INTAL their requests of cooperation services, and these will be circulated by SEC-INTAL through the appropriate media in the various countries of the region.

SEC-INTAL has undertaken two studies which should be of interest to the region. The first, requested by a Mexican firm, was a study on cooperation possibilities in the consumer elec-

tronic market in the Andean Group countries. The second was an evaluation of an important multinational Latin American project to manufacture pesticides in Bolivia.

SEC-INTAL is based in Buenos Aires, and has a network of associated consultants in the principal capital cities of the region. In addition, it receives support from INTAL's Legal Information Service, which maintains up-to-date archives on economic legislation in Latin America.

Companies interested in obtaining further information on SEC-INTAL's activities can write to Casilla de Correo 39, Sucursal 1 - 1401 - Buenos Aires, Argentina. Tel.: 35-2970.

SEC-INTAL's Operations Cover:

- a) Direct investment in Latin American countries.
- b) Joint ventures in Latin America.
- c) Agreements between companies of different countries of the region with the objective of:
 - Transfer or interchange of technology.
 - Reciprocal distribution of products.
 - Joint commercialization in third countries.
 - Joint research and development plans, and conformity of designs and trademarks.
 - Industrial complementation, joint investment planning, etc.



A delegation of Finnish parliamentarians recently visited the Bank and expressed interest in several Latin American development projects being financed by the Bank. The delegation, which was headed by Ingvar S. Melin, included Pentti Sillantaus, Väinö Turunen, Kauko Tamminen and Esko Koppanen. They were accompanied by Pertti Ripatti, commercial attaché of the Finnish Embassy in Washington. The visitors were received by Günther Schulz, the Bank's Executive Director for Germany, Belgium, Denmark, Finland, Italy, the Netherlands, the United Kingdom and Sweden, and by other Bank officials. The parliamentarians, who belong to the parliamentary Industry Subcommittee of the Finance Committee, noted that Finland is interested in collaborating in the execution of IDB projects such as the Olancho forestry program in Honduras, the cellulose plants of Alto Paraná and Puerto Piray in Argentina, and the Cerro Colorado copper project in Panama, among others. Finland became a member of the Bank June 30, 1977, with a capital subscription equivalent to \$10.1 million.

The National Academy of Sciences and National Research Council of the United States have recently been sponsoring research on new crops and plants. One reason for this is that very little work has been done to expand the list of scarce food plants which for thousands of years have served as sustenance for mankind.

In an article published September 17, 1978, in the Washington Post, Joanne Omang wrote: "The earth in its great bounty gives life to 500,000 different species of plants. Humankind in its wisdom has chosen to make 95 per cent of its diet out of only 30 of these and millions of persons have starved to death as a result.

"Researchers now tell us that there is no excuse for such myopia. We are on the verge, they say, of expanding the farm to include a dozen odd-sounding food plants as good or better for us as anything we now have: the winged bean, the buffalo gourd, the amaranth, the tamarugo.

"Similarly, we have depended on the fossils of long-dead plants for our petroleum; we have slaughtered a great sperm whale every 39 minutes to lubri-



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IN LATIN AMERICA**

cate our heavy industry; we have denuded much of the earth in cutting down trees for firewood that take 20 years to grow again.

"There is no excuse for these offenses either, we are told, now that we have rediscovered the leucaena tree that grows 20 feet high in two years, the jojoba desert bush that makes a perfect lubricating oil, the guayule natural rubber shrub and the scrawny *Euphorbia lathyris* weed that oozes what will pass for petroleum.

"The Green Revolution that exploited rice and other grain productivity by genetic tinkering had nothing to do with new plants but instead increased the world's reliance on the old familiar favorites. Fully three-fourths of all human food energy and protein comes from eight grains: wheat, rice, corn, barley, oats, sorghum, millet and rye, according to Noel D. Vietmeyer (a chemist with the NAS Advisory Commission on Technology Innovation), the

acknowledged expert in the new crops field. Three of these grains—wheat, rice and corn—now make up three-fourths of all the cereals eaten worldwide.

"The Agriculture Department of the United States was authorized to spend \$25 million this year on new crops research, particularly jojoba and guayule. Overall agricultural research, which concentrates only on improving familiar crops, is budgeted at around \$700 million.

"Some of these plants could have careers as meteoric as the soybean," Vietmeyer said. "In other cases, plants brought from Japan are being used to control erosion."

According to the Washington Post article, California Governor Jerry Brown was keynote speaker at the Third Annual Jojoba Conference held September 11-15 in Riverside, California.

The article also noted that Israel has invested \$10 million in jojoba plantations in the Negev Desert; the buffalo gourd is being grown in Mexican wastelands and the sands of Leganon, producing protein-rich seeds, fountains of polyunsaturated oil and mammoth roots that are 50 per cent starch.

IDB PLANS INCREASED COOPERATION WITH LATIN AMERICAN WORKERS' BANKS

Delegations from ten Latin American Workers' Banks met in Washington October 10-12 with representatives of public and private financial institutions interested in the region to exchange views on future financial cooperation.

The objectives of the meeting were:

- To bring about a better understanding on the part of potential international funding sources of the structure, purposes and activities of the Workers' Banks.
- To broaden the knowledge of the Workers' Banks themselves, of possible sources of international financing and of the workings of external financial institutions.
- To provide information to participating commercial and investment banks of viable investment opportunities.

Organized by the American Institute for Free Labor Development (AIFLD), the meeting took place at the headquarters of the Inter-American Development Bank. At the inaugural session, Bank President Antonio Ortiz Mena outlined the Bank's cooperation with those

sectors of society which had previously not benefitted from traditional sources of financing. He also pledged the Bank's willingness to step up its technical cooperation with the Workers' Banks to improve their internal programs in administrative, accounting and financial aspects and personnel training, either directly or through an exchange of technical cooperation with other institutions.

While relatively new (the oldest was



Workers' Banks at the IDB: Financial assistance fosters social objectives.

established in 1962), Workers' Banks in Latin America have been very successful. By 1977 they had assets estimated at \$700 million. The Banks provide services to economic groups which have had limited access to credit.

The Workers' Banks in Argentina, Colombia, the Dominican Republic, Guatemala, Honduras, Jamaica, Mexico, Paraguay and Venezuela have shown unprecedented growth in a relatively short time, despite the fact that they must operate within the framework of normal private banking regulations. Similarly, in contrast to other private banks, Workers' Banks focus their attention on social objectives and on providing financial assistance to the most needy sectors of their countries.

The meeting was also attended by representatives of the diplomatic corps in Washington; members of private banks in the United States, Europe and Japan; and United States government officials. Labor union leaders of Latin America attended the meeting as invited guests.

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improve living conditions, the two institutions have received the support of the Inter-American Development Bank. In 1973 the Bank extended two loans totaling \$32 million to support scientific research and technology in Brazil. Of this amount the Campinas Physics Institute received \$1.4 million.

As a member of the Energy Group of the Physics Institute of Campinas State University, Prof. Brenzilcofer is in charge of a novel program called "Solar Architecture," which is seeking architectural answers to maintain even temperatures in low-cost housing units.

Under the program, three experimental low-cost housing units have been built on the university campus. The most striking unit is rectangular shaped with a high, sharply sloping roof. The roof, Prof. Brenzilcofer explains, acts as a solar collector which draws off warm air at ceiling level while fresh air enters the house at floor level through wall grids.

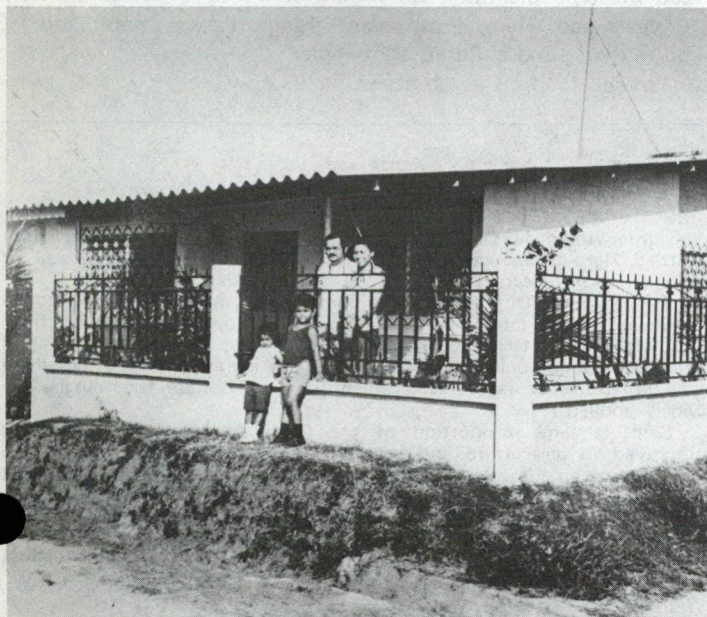
The second unit appears encrusted in a mound of earth. Three of the four walls are buried to a depth of two meters. Only the front is completely exposed. In this structure, the earth provides insulation, thus retaining heat and protecting the structure against extreme temperature fluctuations.

The third housing unit was built with 50-centimeter clay bricks which provide insulation and keep the inside comfortably cool during hot spells.

The three units provide natural ventilation without the use of air-conditioning systems which are beyond the means of low-income families. No complicated materials or electrical connections were used in the construction of the units. Instead, sunlight, air and earth are replacing electricity.

To weigh the possible advantages of the natural cooling systems of the three units, a fourth house, built conventionally, is being used.

The development of systems which will help cool homes without electricity is of prime importance to Brazil, which has an estimated 113 million inhabitants spread over more than 3.2 million square miles—half the land mass of South America. Since 1960, rural migration to the city has created a largely urban society in Brazil. City dwellers account for more than 50 per cent of the total population. By 1980 more than 60 per



cent of the population is expected to live in cities of 20,000 or more, with much of the urban growth taking place in the already congested metropolitan areas of Rio de Janeiro and São Paulo.

Brazil's search for decent and comfortable housing for low-income rural families is part of an overall effort to slow down the rapid flow of rural families to the urban centers.

Celia Maria Neves, who is the acting coordinator of the program of the *Centro de Pesquisas e Desenvolvimento (CEPED)*, notes that a local soil is being used to make cement. The ready availability of the soil and the fact that the cement can be made without mortar accounts for its low price, she said.

In addition, CEPED researchers have simplified construction techniques so that non-skilled workers can use the building material, thus eliminating the need for carpenters and masons. To facilitate do-it-yourself construction, the Center has drawn up simple manuals which use drawings to explain all the steps in the construction of low-cost housing.

CEPED has employed the same techniques for using unskilled labor to build low-cost units on its own grounds. Eight such workers can build the walls of a house in eight days; four workers can complete the roof in another eight days. Construction of the complete house, including all final touches, requires only 28 days.

Because labor costs represent 50 per cent of total construction costs in the region and the material developed by CEPED is 30 per cent cheaper than conventional cement, a considerable saving is involved.

"In all," says Celia Maria Neves, "we estimate the cost per
(continued on next page)

Shown are two of the many integral urban development projects being executed in Latin America with IDB resources and contributions from local government agencies. Left, in San Pedro Sula, Honduras, one of the 600 new housing units constructed by the *Instituto de la Vivienda (INVVA)*, which includes a living and dining room, kitchen and three bedrooms. The newspaper, *La Prensa*, notes that thanks to INVVA's efforts more than 2,000 families in the country's northern coast have been able to purchase their own home at reasonable prices, and that INVVA intends to build more housing units in rural areas. Right, urbanization works in the Chilean town of Lagunillas, Concepción, which is part of an IDB-sponsored program being carried out by Chile's Ministry of Housing and Urbanization. The Chilean system of construction and awarding of houses fosters local savings and gives preferential treatment to low-income families.



(from preceding page)

square meter of construction at 500 cruzeiros (\$28). For the largest of the prototypes developed—40 square meters—the price of a finished home is 20,000 cruzeiros (\$1,120).

The construction of a two-room, 40 square-meter house for a little more than \$1,000 represents an important step forward for Brazil's underdeveloped Northeast region, where per capita

income in 1976 was \$357, or only 50 per cent of the national average and 25 per cent of that of São Paulo State.

Beset by prolonged droughts and inadequate living conditions, the Northeast is one of the principal sources of rural migration in Brazil. These new and inexpensive housing units could become an essential ingredient in efforts to improve living conditions in the Brazilian countryside.

BARBADOS: SANITATION WORKS SPARKS HOUSING TRANSFORMATION

Mrs. Silvia Blackman, the mother of four children, once lived in a crowded, two-room shack in Emmerton Lane, a slum area in Bridgetown, the capital of Barbados. The dwelling had no electricity, potable water or indoor sanitary facilities. Moreover, the area in which the home was located constantly flooded due to the lack of a drainage system.

Today Mrs. Blackman lives in a four-room house with electricity, potable water, and indoor sanitary facilities. Her home, surrounded by plants and flowers, is located in a newly developed suburban area perched on a hill.

What brought about this change? According to A. Archer, Manager of the Bridgetown Sewage Project, a \$9.7 million loan extended by the Inter-American Bank in 1975 to the Barbadian Ministry of Health and Welfare helped bring about the change by financing the construction of a sewage system in downtown Bridgetown. The project included the construction of a treatment plant, pumping station and ocean outfall, as well as the installation of 13 miles of sewers.

Expected to be completed in 1979, the project has already benefited 84 families in the Emmerton Lane slum. These families, many of whom included seven or eight people living

in one-room dwellings, were relocated to the outskirts of the city because the Emmerton Lane slum is being cleared for the site of the new treatment plant. As Mr. Archer puts it: "The IDB project has served two social functions. It is providing Bridgetown with a sewage system, and it is eliminating one of the city's worst slums."

The new sanitary sewage system will benefit an estimated 37,700 persons in an area where waste and sewage problems have reached critical proportions and have seriously polluted the environment. By eliminating this source of pollution, the IDB project will benefit all of the island's 242,000 residents as well as the thousands of tourists which visit the country each year.

Specifically, the project includes the construction of a collection system serving a port, commercial and residential area of some 494 acres. It includes 3,000 house connections; a secondary treatment plant with an initial capacity of 2.4 million gallons per day; and an underwater outfall 300 meters from the shoreline.

In resettling the families, the government transported their homes to the new site and provided them with materials to improve and expand their dwellings. Says Mr. Archer: "Self-help efforts were involved in the resettlement program. And because of this and the fact that the people were able to move out of the slum, they have been happier than ever before."

Testimony to this is Mrs. Blackman, who says, "I am much better off here. The old area used to flood a lot, and we had no paved roads or electricity. Also, conditions here aren't as crowded as in the Emmerton Lane area, and we have no fear of molestation like we did there. Our kids are happier, too, and we don't have to worry that they'll get run over by a car."

David Burrows, a former resident of Emmerton Lane, noted that his standard of living has improved substantially as a result of the resettlement. "I like this area much better," he said. "In fact, most people think we should have moved out of the slum 10 years ago. Here, I can plant things. I have more land . . . and my wife and children are happier.

"In short, life is much easier for us now."



Before and after: Houses of the Emmerton Lane slum in Bridgetown, Barbados, during flooding, and the new residential development where the area's residents were relocated. This Bank-financed sewage project will benefit 37,700 persons.

IDB RELEASES NEW STUDY ON AGRO-MECHANICAL TECHNOLOGY

The Inter-American Development Bank recently released a new study entitled *Agro-Mechanical Technologies in Latin America: A Survey of Application in Selected Countries*.

The study reflects the Bank's concern for the use of technologies which are appropriate to conditions in its developing member countries. Agro-mechanical technologies are of particular interest to the IDB because they not only play a positive role in increasing output but there is a potential for labor displacement if inappropriate technologies are widely applied.

Since a large proportion of the Latin American labor force is employed in agriculture and productive employment opportunities in urban areas are limited, the study carefully considers the technological alternatives. In addition, it focuses on the extent to which improvements in mechanical technologies are designed to meet the needs of small-scale farmers and are available to them.

The study may be obtained by writing the Office of External Relations, Inter-American Development Bank, 808 17th Street, N.W., Washington, D.C. 20577.