



### Board of Governors Meets in Panama

The Fifth Meeting of the Board of Governors of the Inter-American Development Bank was held in Panama City from April 13 to 17. Panamanian President Roberto Chiari inaugurated the meeting and Finance Minister Julio E. Linares, Panama's Governor, was elected chairman. José C. Cardenas, Minister of Development and Governor for Ecuador, spoke on behalf of all the visiting delegations at the opening session.

At the second plenary session, Felipe Herrera, President of the Bank, outlined the Bank's activities during 1963 and their probable course in the immediate future and Secretary of the Treasury C. Douglas Dillon, Governor for the United States, urged that the Bank's Fund for Special Operations be increased by the equivalent of \$900 million.

In addition to the Governors, Carlos Sanz de Santamaría, President of the Inter-American Committee for the Alliance for Progress, and José A. Mora, Secretary General of the OAS, addressed the meeting. At the closing session, Economics Minister Tomás Calix Moncada, Governor for Honduras, spoke on behalf of all the delegations and Mr. Herrera summarized the meeting's deliberations.

#### *Measures Adopted*

During its Fifth Meeting, the Board of Governors adopted the following resolutions:

- Approved the 1963 financial statements pertaining to the Bank's ordinary capital resources and to its Fund for Special Operations.

- Instructed the Bank to "carefully observe the work being carried out by international agencies toward a solution of the short- and long-term problems of international trade in basic commodities and, when it deems appropriate, foster the collaboration of the Bank therein." The Bank had previously prepared, at the recommendation of the Fourth Meeting of the Board held in Caracas in 1963, a report on the financing of Latin American exports of basic products.

Under the resolution adopted in Panama, the Bank was instructed to "study means for achieving an improvement in the mechanisms presently employed for the financing of intra-

Latin American trade, and of promoting closer cooperation among the banks and other institutions which now engage in such financing."

- Recommended that the member countries take such action as may be necessary and appropriate to increase the resources of the Fund for Special Operations by the equivalent of \$900 million.

The U.S. contribution to the increase would amount to \$750 million and that of the other member countries to the equivalent of the remaining \$150 million. Under the terms of the resolution, the additional contributions would be made in the currency of each member country in three equal installments payable respectively by the end of 1964, 1965 and 1966, or by such later dates as the Board of Executive Directors may determine.

None of the additional contributions would become payable unless at least 14 member countries whose increased contributions totaled not less than the equivalent of \$860 million each had deposited with the Bank on or before December 31, 1964, or such later date as the Board of Executive Directors might determine, an appropriate instrument agreeing to their contribution to the increase. The resolution also provides that in the future, the Bank shall include in the operations of the Fund financing for social development purposes, including those heretofore financed through the Social Progress Trust Fund.

- Asked the Board of Executive Directors to "study the adoption of the measures necessary to make possible and facilitate the participation of countries which presently are not members in the provision of additional resources to the Bank, with the objective of stimulating the association of external and national capital with the development of the Latin American economies." The resolution provides that, in carrying out this study, the Bank should take into account among the possible alternatives:

- a) The administration by the Bank of resources provided by non-member countries through the celebration of appropriate agreements.

See Meeting, Page 4

## LOAN AUTHORIZATIONS

Cumulative Total up to March 31, 1964

(Expressed in millions of dollars)

BANK'S OWN RESOURCES						SOCIAL PROGRESS TRUST FUND								TOTAL			
Private Enterprise Direct Loans		Private Enterprise Indirect Loans <sup>1</sup>		Governmental Agencies		Improved Land Use		Housing for Low-Income Groups		Water Supply and Sanitation		Higher Education					
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount Approved	Amount Disbursed	
Ordinary Capital	32	\$68.4	21	\$115.5	31	\$209.1								84	\$393.0	\$117.8	
Fund for Special Operations	1	0.6	10	50.8	27	72.6								38	124.0	33.7	
Social Progress Trust Fund							21	\$68.6	21	\$168.7	24	\$118.3	9	\$ 16.2	75	371.8	104.6
<b>Total</b>	<b>33</b>	<b>\$69.0</b>	<b>31</b>	<b>\$166.3</b>	<b>58</b>	<b>\$281.7</b>	<b>21</b>	<b>\$68.6</b>	<b>21</b>	<b>\$168.7</b>	<b>24</b>	<b>\$118.3</b>	<b>9</b>	<b>\$ 16.2</b>	<b>197</b>	<b>\$888.8</b>	<b>\$256.2</b>

<sup>1</sup> Loans made to development institutions for relending to private enterprise.

### Thirteen Loans Approved in First Part of 1964

During the first 4 months of 1964, the Bank approved 13 loans totaling \$33,210,000.

#### Ordinary Capital Resources

Seven loans, totaling \$23,200,000:

- \$6,500,000 to the *Corporación de Fomento de la Producción de Chile*, to help finance private industrial projects.

- \$1,700,000 to the *Compañía Irrigadora Chimbote, S.A.*, of Peru for a project to irrigate 27,800 hectares of farm land.

- \$4,000,000 to *Lutcher, S.A.*, of Brazil, for expansion of a pulp factory.

- \$3,000,000 to the *Banco Central de la República Argentina* to help finance exports of Argentine capital goods to other Latin American countries.

- \$3,000,000 to the *Banco do Brasil, S.A.*, under a revolving credit to finance exports of Brazilian capital goods to other Latin American countries.

- \$2,000,000 to the *Banco Central de Chile* under a revolving credit line to help finance exports of Chilean capital goods to other countries in Latin America.

- \$3,000,000 to *Nacional Financiera, S.A.*, of Mexico under a revolving credit to help finance

exports of capital goods to other countries in Latin America.

#### Fund for Special Operations

Two loans totaling \$2,760,000:

- \$2,360,000 to the *Banque Nationale de la République d'Haiti*, for a program to improve the water systems of Port-au-Prince, the capital, and the nearby town of Petionville.

- \$400,000 to help finance preinvestment studies related to the development of a steel complex at Sierra Grande, Argentina.

#### Social Progress Trust Fund

Four loans, totaling \$7,250,000, were granted as follows:

- \$2,500,000 to the *Republic of Chile* to help finance the construction of water supply systems in some 300 towns throughout the country.

- \$2,000,000 to the *Universidad Agraria de Lima, Peru*, for a program to expand agricultural instruction and research.

- \$1,650,000 to the *Republic of Peru* to help finance the installation of water systems in 150 rural communities.

- \$1,100,000 to the *Universidad Nacional de Colombia*, to help finance the establishment of an Institute of Basic Sciences.

### Disbursements

As of March 31, 1964, disbursements on 145 of the Bank's loans, amounted to \$256,184,000. This sum represents 28.8 per cent of the \$888.8 million total of the 197 loans authorized by the Bank from all its resources up to that date. The attached table shows the movement of disbursements by quarters during 1963 and the first of 1964.

Quarter Ending	Cumulative Disburse- ments (In millions of dollars)	Quarterly Increase (in millions of dollars)	Disburse- ments as Per Cent of Authoriza- tions
March 31, 1963	89.5	24.2	13.8
June 30	121.8	32.3	16.0
Sept. 30	158.4	36.6	20.4
Dec. 31	206.2	47.8	23.6
March 31, 1964	256.2	50.0	28.8

## Mr. Herrera Re-Elected President of the Bank

At the meeting in Panama, Felipe Herrera was unanimously re-elected by the Board of Governors as President of the Bank for a new term of five years. Mr. Herrera's re-election was proposed by Mexican Finance Minister Antonio Ortíz Mena and was seconded by U.S. Secretary of the Treasury C. Douglas Dillon. The re-election resolution noted that during his term as President of the Bank Mr. Herrera had demonstrated the ability and experience required to discharge such an important function and at the same time had amply proved his complete dedication to the activities and responsibilities which were entrusted to him and his devotion to the objectives and ideals that inspired the creation of the Inter-American Development Bank. Mr. Herrera's new term runs from July 1, 1964 to June 30, 1969.

Secretary Dillon declared that during his four years in office Mr. Herrera has always maintained and improved the quality of the Bank and its ability to do business on a truly businesslike basis and added: "This has been shown by the support for the Bank which has been given in my country and in other countries, in the sale of the Bank's obligations to the public, where in the brief time that the Bank has been in existence, its obligations now are considered equally on a par with those much older and more seasoned institutions like the World Bank."

The resolution providing for the re-election of Mr. Herrera pointed out that it would be desirable to bring the beginning and end of the term of the President into a more appropriate relationship with the probable schedule of annual meetings of the Board of Governors. Mr. Herrera's present term would expire February 16, 1965, while the Sixth Annual meeting is scheduled for April 1965.

## Bank Sells Bond Issue For \$50 Million in U.S.

On March 23, 1964, the Inter-American Bank made a public offering of \$50 million 4½ per cent, 20-year bonds due April 1, 1984. Rated AAA, the bonds were quickly sold out. The issue was the Bank's third. The first was 5 per cent, 15 billion lire bonds, equivalent to about \$24.2 million, sold to a consortium of Italian banks in April 1962.

The second was \$75 million 20-year 4¼ per cent bonds sold in December 1962 under the joint management of Lazard Freres & Co., Lehman Brothers and Blyth & Co. Inc., who also



*Mr. Herrera Addresses Annual Meeting*

managed the sale of this year's issue. Proceeds of the three issues have been incorporated in the ordinary capital resources for use in the Bank's ordinary lending operations.

## Bank Approves Credits To Finance Capital Goods

At the Panama meeting the Bank announced the approval of four lines of credit, totaling \$11 million, to finance exports of capital goods from Argentina, Brazil, Chile and Mexico. The credits are the first granted under the Bank's recently established program to finance exports among its Latin American member countries as a means of stimulating the development of Latin America's capital goods industry and fostering the area's economic integration through the increase in regional trade. The lines of credit are:

- \$3 million to the Banco Central de la República Argentina.
- \$2 million to the Banco Central de Chile.
- \$3 million to the Banco do Brasil, S.A.
- \$3 million to Nacional Financiera, S.A., of Mexico.

The credits, extended in dollars, are of a revolving type and are subject to an interest rate of 6 per cent a year. They are to be used in a period of one year from the date of the loan contract, although the President of the Bank may extend this time for additional periods of 12 months for up to a total of three years. Credits granted under the export financing program by the national agencies will generally range for terms of between 180 days and five years.

## Meeting, Cont'd from Page 1

b) The creation of any other type of operative mechanism which will permit the participation of non-member countries in the analysis and financing of projects and in the selection of priority sectors and geographical areas, in accordance with the programs and policies proposed by the Latin American and the non-member countries.”

- Asked the Board of Executive Directors to review the existing provisions relative to the election of Executive Directors and to submit its conclusions to the Board of Governors prior to the Sixth Meeting. The resolution was adopted in view of the fact that the Central American countries have chosen to be represented in international organizations on a unified basis, with rotation among members, and that the Governors of the Central American countries had expressed their concern that the present system of election does not assure regional representation for Central America on the Board of Executive Directors.

- Decided that the Sixth Regular Meeting of

the Board of Governors be held in Asunción, Paraguay, in April 1965.

## Recent Publications of the Bank

In the early part of 1964 the Bank issued the following publications in English:

- Fourth Annual Report (1963). The definitive publication of the Bank, the report gives a detailed analysis of the Bank's lending activity, over-all policies, financial condition and general history during 1963.

- Third Annual Report of the Social Progress Trust Fund (1963). Indispensable handbook for anyone interested in studying Latin America's social development, the publication analyzes progress made in Latin America in selected social fields and describes the Bank's lending and technical assistance projects in those fields.

- Activities 1961-1963. Publication which describes all of the Bank's loans and technical assistance operations from the date it initiated activities to December 31, 1963.

## Role of Regional Agencies in Development Analyzed

During the Fifth Meeting, as at previous ones, a round table discussion was held—this year on the topic “Regional Organizations and Financial and Technical Cooperation for Development.” The discussion was held in two sessions, April 14 and 15, presided over respectively by Francisco Norberto Castro and Raúl Hess, Executive Directors of the Bank.

Participants in the first session were Julio González del Solar, the Bank's Representative in Europe, who made an introductory statement; Guy Trancart, Director of the Operations Department of the European Investment Bank, who discussed the European Investment Bank and the Economic Integration of Europe, and Braj K. Nehru, Ambassador of India to the United States,

who discussed “The Colombo Plan: An Asian Experience.”

Those who took part in the second session were Ibrahim H. Abdel-Rahman, Under Secretary of the United Nations and Commissioner for Industrial Development, who presented a paper which Robert K. A. Gardiner, Executive Secretary of the U.N. Economic Commission for Africa, had originally been scheduled to present. The paper dealt with “The Experience of Africa: The Economic Commission for Africa, the African Development Bank and Other Endeavors”; Rómulo Almeida, a member of the Committee of Nine of the Organization of American States, who discussed Latin America, and Cleantho de Paiva Leite, Executive Director of the Bank, who summarized the conclusions.

*Round table participants Leite, Almeida, Nehru and Hess*

