



Bank's Support for Latin American Integration Receives Full Backing of Board of Governors



Board of Governors Meeting in Asunción

The Sixth Annual Meeting of the Board of Governors of the Inter-American Development Bank held in Asunción, Paraguay, April 26-30, 1965, gave its fullest support to the Bank's efforts in fostering Latin America's integration. The repeated emphasis on the Bank's integration role was one of the highlights of the Asunción meeting.

Another important aspect of the Governors' meeting was the satisfaction expressed by the Board over the Bank's efforts to obtain additional financial resources for Latin America's economic and social development from non-member countries, principally those of Western Europe.

The Board, which is the highest authority of the Bank, consists of one Governor and one Alternate Governor, representing each of the 20 member countries. It meets once a year. The next meeting is scheduled in Mexico City in April 1966.

The resolution approved by the Board at Asunción on integration specifically recommends that the Bank's Executive Directors request the Management "to formulate programs of technical and financial assistance, and to study, in coordination with other agencies participating in Latin American integration, all aspects of that process relating to the purposes for which the Bank was established."

The Board of Governors also expressed its satisfaction with the decision of the Board of Executive Directors to establish the Institute for Latin American Integration and it urged the Bank's member countries to take measures to assure the timely payment of their quotas for the support of the Institute, which has been established in Buenos Aires.

The Board of Governors expressed its appreciation to the Bank's Board of Directors for preparing a detailed analysis of the subject, "Con-

tribution by Non-member Countries of Additional Resources to the Bank," and praised the Bank for its efforts to obtain and channel financial and technical resources from non-member countries for the economic and social development of Latin America.

In addition, the Board of Governors urged the Bank's Management to continue these efforts and reaffirmed "the support of the member countries for such future negotiations as the Bank may conduct for this purpose in its capacity as the multilateral institution representing Latin America in the financial field."

Some 580 persons from member and non-member states, including Europe, Asia, Africa, Canada, Trinidad and Jamaica, participated in the Meeting.

Higher Education and Development Is Roundtable Topic

During the Sixth Annual Meeting of the Board of Governors in Asunción the Bank sponsored a roundtable discussion on "Higher Education and Latin American Development." The discussion, which took place in two sessions April 27 and 28, underscored the Bank's great preoccupation in helping to endow Latin America's universities and institutes of higher learning with the necessary means for them to make their due contribution to Latin America's development.

Participants in the roundtable discussion held on the afternoon of April 27 were:

Juan Gómez Millas, Minister of Public Education of Chile, whose paper on "The Role of the Latin American University in Integration" was read by Dr. Eugenio Velasco, Director of the School of Law of the University of Chile.

Philip H. Coombs, Director, International In-

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LOAN AUTHORIZATIONS

Cumulative Total up to March 31, 1965

(Expressed in millions of dollars)

	PRIVATE ENTERPRISE				Governmental Agencies		Export Credits		Improved Land Use		Housing for Low-Income Groups		Water Supply and Sanitation		Advanced Education		Total	Disbursements	
	(Direct Loans)		(Indirect Loans) ¹		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount			
Ordinary Capital	37	79.6	26	174.4	42	284.6	4	11.0									109	549.6	213.3
Fund for Special Operations	2	1.0	14	68.5	36	111.5											52	181.0	59.0
Social Progress Trust Fund									26	83.6	28	197.9	34	148.6	17	29.3	105	459.4	170.3
TOTAL	39	80.6	40	242.9	78	396.1	4	11.0	26	83.6	28	197.9	34	148.6	17	29.3	266	1,190.0	442.6

¹ Loans to development institutions for relending to private enterprise.

Bank Loans Totaled \$24,554,000 During the First Quarter of 1956

During the first quarter of 1965, the Bank approved five loans—one from the ordinary capital resources, one from the Fund for Special Opera-

tions and three from the Social Progress Trust Fund. They included:

Disbursements

As of March 31, 1965, disbursements on the 266 loans authorized by the Bank amounted to \$442.6 million. This sum represents 37.1 per cent of the total of \$1,190 million in loans authorized up to that date and 49.2 per cent of the \$898.5 million in the 201 loans eligible for disbursement at the end of the quarter. The following table shows the rise in disbursements during the past five quarters:

Quarter Ending	Cumulative Disbursements (In Millions of dollars)	Quarterly Increase	Disbursements as per cent of Authorizations
March 31, '64	256.2	49.9	28.8
June 30, '64	304.0	47.8	32.8
Sept. 30, '64	356.8	52.8	35.5
Dec. 31, '64	404.3	47.5	34.7
March 31, '65	442.6	38.3	37.1

Ordinary Capital Resources: One loan for \$5 million to the *Empresa Puertos de Colombia* to expand and improve the ports of Barranquilla, Cartagena and Santa Marta in Colombia.

Fund for Special Operations: One loan for \$10,130,000 to the *Republic of Honduras* to finance the construction of a 125-mile highway between Tegucigalpa and San Pedro Sula and to build a bridge over the Ulua River.

Social Progress Trust Fund: Three loans for \$9,424,000:

- \$2,600,000 to the *Republic of Bolivia* to expand and improve the water supply system of Oruro.

- \$2 million to the *Instituto de Viviendas Populares Caritas* of Chile to finance the construction of houses for low-income families.

- \$4,824,000 to *Nacional Financiera, S. A.*, of Mexico to improve and expand the water and sewage systems of the cities of Querétaro and Durango.

Spain to Channel \$20 Million Through Inter-American Bank

On March 30, 1965, the Government of Spain agreed to channel up to \$20 million, in United States dollars, through the Bank to foster the development of its Latin American member countries.

A total of \$12.5 million of this sum was extended in the form of a direct loan. It constitutes the fourth time the Bank has borrowed funds in European markets. Previous borrowings were in the form of bond issues equivalent to about \$24.2 million in Italy in April 1962, to \$15 million in the Federal Republic of Germany in July 1964 and to \$8.4 million in the United Kingdom in September 1964.

The agreement covering the operation was signed in Madrid on March 30 by Felipe Herrera, President of the Bank, and by Alberto Ullastres, Spain's Minister of Commerce on behalf of the *Instituto Español de Moneda Extranjera*, the Spanish Government Agency through which the funds are being made available.

The financing made available by Spain to the Bank consisted of:

- A \$12.5 million loan in U. S. dollars at 4¾ per cent interest for 12 years. It is repayable by the Bank in eight equal installments the first of which will be due five years from the date of the

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Fund for Special Operations Increase of \$900 Million Approved

On March 31, 1965, a proposal to increase the resources of the Bank's Fund for Special Operations by \$900 million entered into effect. The Fund, the Bank's "soft window," was established to enable the Bank to make loans on terms and conditions appropriate for dealing with special circumstances which might arise in specific countries or with regard to specific projects.

The increase in the Fund, whose original contributions were \$146,316,000, was recommended by the Fifth Annual Meeting of the Bank's Board of Governors which met in Panama City in April 1964. In approving the increase, the Bank's Board of Governors also broadened its functions to include those previously carried out with the resources of the Social Progress Trust Fund.

The Trust Fund, which the Bank administers on behalf of the United States as part of the Alliance for Progress program, is used for making loans and granting technical assistance* in such fields as land settlement and improved land use, housing for low-income groups, community water supply and sanitation facilities, and higher education and advanced training. The total amount which the Bank is authorized to commit as Administrator of the Fund is \$525 million. As of March 31, 1965, more than \$462 million of this figure had already been committed.

In 1964 member countries increased the Fund for Special Operations by an additional \$73,158,000. Thus, when all new contributions have been paid in, the total resources of the Fund will amount to \$1,119,474,000.

A total of \$750 million of the \$900 million increase is to be contributed by the United States and the remaining \$150 million will come from the Latin American countries in their respective currencies. Contributions are to be made in three

Recent Publications of the Bank

During the first quarter of 1965 the Bank issued the following publications:

- Fifth Annual Report (1964). Definitive analysis of the Bank's lending activity, over-all policies, financial status and general history during 1964.
- Fourth Annual Report of the Social Progress Trust Fund (1964). Exhaustive studies of social conditions in Latin America in 1964.

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agreement. The proceeds of the loan, which were included in the Bank's ordinary capital resources, will be used without restrictions in the Bank's ordinary lending operations.

• \$7.5 million, also in U. S. dollars, which the *Instituto* will keep available for purchases, as requested by the Bank, of participations in the Bank's ordinary capital loans. The amounts of such participations will be determined by the amounts of purchases of goods and services placed in Spain in the normal course of the Bank's ordinary operations. The participations will earn interest of 4¾ per cent per annum.

equal installments, the first of which is payable June 30, 1965.

As of March 31, 1965, 19 member countries, whose total subscriptions amounted to the equivalent of \$896,418,000, had taken the necessary steps to approve the increase. They were Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the United States and Venezuela.

New Executive Director

In April, 1965, Elías Soley Carrasco, former Minister of Agriculture of Costa Rica, was elected a member of the Board of Executive Directors of the Bank, representing Costa Rica and Nicaragua.

Before becoming Minister of Agriculture of his country in 1962, Mr. Soley had been: Chief of the Agricultural Section of the Office in Mexico of the UN Economic Commission for Latin America, 1960-62; General Manager of the National Production Council of Costa Rica, 1956-59, and an officer of the National Bank of Costa Rica, 1937-56.

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stitute of Educational Planning, UNESCO, Paris, on "Programming Higher Education Within the Framework of National Development Plans."

Paulo de Góes, Dean for Reform Matters and of the University City of the University of Brazil, Rio de Janeiro, on "The Reform of the University of Brazil and Its Implications."

Julio H. G. Olivera, former rector of the University of Buenos Aires, on "The University as a Production Unit."

Those taking part on the afternoon of April 28 were:

José Vera L., Program Consultant of the Inter-American Bank, Washington, D. C. on "External Financing of Higher Education."

Ramón de Zubiría, Rector of the University of the Andes, Bogota, on "Contribution of the Latin American Universities to the Solution of National and Regional Development Problems."

René Maheu, Director General of UNESCO, whose paper on "International Cooperation and Development of Higher Education in Latin America (The Role of UNESCO)" was read by Ricardo Diez-Hochleitner, Director, Office of Educational Planning, UNESCO, Paris.

Acting as moderators at the two meetings were *Jaime Posada*, Assistant Secretary for Education, Science and Culture of the Organization of American States and *Philip M. Sherlock*, Vice-Chancellor of the University of the West Indies, Kingston, Jamaica, respectively.

In general, the panelists agreed on the fundamental need for the Latin American universities to adapt their educational and administrative systems to the modern-day requirements of economic development in their countries.

Bank Sponsors Agricultural Workshop in Viña del Mar, Chile

Regional integration in the agricultural sector must be urgently accelerated in Latin America. This was one of the principal conclusions of the Agricultural Financing Workshop held in Viña del Mar, Chile, under the sponsorship of the Inter-American Bank March 8 to 25.

More than 240 representatives of 24 countries and an equal number of international agencies participated in the Workshop held concurrently with the Eighth Regional Conference of the UN Food and Agriculture Organization (FAO). Some 1,500 persons attended the workshop.

The Bank's contribution to Latin American agricultural development was outlined in a Bank publication which noted that 26 per cent of the loans extended by the Bank up to Dec. 31, 1965, had gone to the agricultural sector. The document also reviewed the Bank's technical assistance and advanced training activities in the field of agriculture.

The principal points made during the Workshop may be summarized as follows:

- Increased efforts must be made to speed up economic and social improvement in the Latin American rural sector, which constitutes a "sub-continent" of 30 to 40 million persons who have been left by the wayside in Latin America's current drive for economic and social progress.

- Impetus must be given to the Latin American integration process in the agricultural sector by establishing a common foreign tariff and inter-regional preference margins for farm products. At the same time, the policies and programs for export products should be coordinated to prevent

price declines, guarantee the fullest utilization of agricultural resources, and diversify output with a view to satisfying regional demand.

- Attainment of the foregoing goals will require government decisions on the equitable distribution of opportunities in all the countries, the promotion of new investments, readjustments required to increase productivity, and an agreement among governments to harmonize their trade liberalization policies.

- There is an urgent need to accelerate the training of local specialists in all aspects of agriculture.

The Workshop was opened by President Eduardo Frei of Chile. Hugo Trivelli, Chile's Minister of Agriculture, was the chairman. Speakers for the opening and closing meetings were Felipe Herrera, President of the Bank, R. B. Sen, Director General of FAO; Hernán Santa Cruz, FAO Regional Director for Latin America; José A. Mayobre, Executive Secretary of the UN Economic Commission for Latin America, and Rómulo Almeida, a member of the Panel of Nine.

Lectures were also given at the Workshop by Father Louis J. Leuret of France who is also an economist; Gunnar Myrdal, Swedish professor of economics; Raúl Prebisch, Secretary General of the UN Conference on Trade and Development; J. M. Jeanneney, representative of France on the UN Economic and Social Council, and Alejandro de Torrejones, director of the Spanish Land Settlement Institute. Alfonso Rochac, Technical Manager of the Bank, delivered the closing address.

Bank Sponsored Institute on Economic Integration Scheduled to Begin Operations in mid-1965

The Institute for Latin American Economic Integration, a center for study and research on problems of regional integration, which the Bank decided last year to establish, is scheduled to initiate its activities in Buenos Aires in mid-1965.

The creation of the Institute was authorized December 3, 1964, by the Bank's Board of Executive Directors, which also allocated \$926,000 to help finance the first four years of operations of the Institute. Half this sum was extended from the Social Progress Trust Fund and the other half from the Fund for Special Operations.

The United States contribution to the Institute is represented by its contributions to the Trust Fund and Argentina, as the host country is making special contributions, such as the provision of a headquarters to the Institute.

The other member countries are scheduled to contribute \$135,000 a year to the Institute. Their yearly quotas are:

Bolivia, \$3,000; Brazil, \$34,500; Chile, \$9,500; Colombia, \$9,500; Costa Rica, \$3,000; the Dominican Republic, \$3,000; Ecuador, \$3,000; El

Salvador, \$3,000; Guatemala, \$3,000; Haiti, \$3,000; Honduras, \$3,000; Mexico, \$22,000; Nicaragua, \$3,000; Panama, \$3,000; Paraguay, \$3,000; Peru, \$5,000; Uruguay, \$3,000, and Venezuela, \$18,500.

The Institute will systematically study problems of integration and will train personnel in the subject. The Institute's research work will include the compiling of information on integration movements throughout the world; the evaluation of their application to the Latin American experience; the centralization of information on the activities of regional agencies and institutes dealing with integration, and, on the basis of the foregoing, the carrying out of research into the various aspects of Latin American integration.

The Institute proposes to work closely with the other regional agencies engaged in the field. Once the Institute is in full operation it is expected to train some 150 to 200 integration specialists from both the public and private sectors and from universities. The President of the new institute is Julio C. Rodríguez Arias and the Director is Gustavo Lagos.