

IDB NEWSLETTER

INTER-AMERICAN DEVELOPMENT BANK



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Record Lending Volume of \$373.5 Million Highlights 1965 Achievements of Inter-American Bank

The year 1965 was one of notable progress for the Inter-American Bank. Highlights of the year—the fifth in its lending operations—were: a record year of lending, substantial increases in the Bank's operating resources, and additional progress in channeling resources from other areas to Latin America's economic and social development.

The Bank also gave increasing support to programs designed to accelerate Latin America's integration efforts through loans, technical assistance, and preinvestment activities to prepare and carry out multinational projects. One of the Bank's important contributions in this field in 1965 was the establishment of the Institute for Latin American Integration which began operations in August in Buenos Aires as a unit of the Bank. The Institute serves as a study center for problems related to the Latin American integration process and trains technical personnel on integration matters.

A brief summary of the Bank's 1965 activities is given below.

THE YEAR'S LENDING

In 1965 the Inter-American Bank approved 66 loans totaling \$373.5 million, which represents the highest annual volume of lending made by the Bank since approving its first loan in February 1961.

In its five years of operations, the Bank has made 326 loans for a total of \$1,527.5 million to help finance economic and social development of its member countries in Latin America.

The Bank's financing is helping to carry out projects with an estimated cost of \$4.2 billion. In other words, for each dollar provided by the Bank for Latin American development \$2 have been provided by other sources of financing, principally by the borrowing countries themselves.

By sources of funds the Bank's lending in 1965 was:

Ordinary Capital Resources: 18 loans totaling \$121.5 million compared with 25 loans for \$155.5 million in 1964, bringing the cumulative total at the end of the year to 125 loans for \$655.7 million.

Fund for Special Operations: 31 loans for \$196.6 million, compared with 1964 totals of 14 loans for \$49.4 million. This brought the cumulative figures to 82 loans and \$366.4 million.

Social Progress Trust Fund: 15 loans for \$51.2 million, compared with 1964 figures of 29 loans totaling \$85.9 million. This brought the year end total to 117 loans amounting to \$501.2 million.

Other Funds: 2 loans equivalent to \$4.2 million extended from Canadian resources administered by the Bank.

During 1965 disbursements amounted to \$182.2 million from the Bank's different sources of funds, compared with \$198.1 in 1964. This brought the Bank's cumulative disbursements as of December 31, 1965, to \$586.5 million.

DISTRIBUTION OF LOANS (In Millions of Dollars)

	1965	CUMULATIVE TOTAL
Industry and Mining	\$ 67.2	\$ 355.0
Agriculture	33.4	323.1
Water Supply	79.2	287.6
Housing	29.9	227.1
Transportation	113.7	136.1
Electric Power	31.3	124.6
Education	7.3	36.6
Preinvestment	10.4	25.3
Export Financing	1.1	12.1
Total	\$373.5	\$1,527.5

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Bank's Seventh Annual Meeting Set for April in Mexico

The Seventh Annual Meeting of the Board of Governors of the Inter-American Bank will be held in Mexico City April 25-29, 1966. The Board, which is made up of one Governor and one Alternate Governor representing each of the Bank's 20 member countries, meets once a year.

The meeting will be held in Mexico City's Hotel María Isabel. In addition to the official delegations, a large number of observers representing international organizations and special guests representing private entities are expected to attend the meeting.

Felipe Herrera, President of the Bank, is scheduled to deliver his annual address and formally submit the Bank's Annual Report to the Board on Tuesday April 26.

One of the highlights of the meeting will be a roundtable discussion on community development. This topic will be discussed in two afternoon sessions on Tuesday April 26 and Wednesday April 27. The Bank has sponsored such roundtable discussions at each of its annual meetings as a means of promoting an exchange of views on major problems related to Latin America's economic and social development.

LOAN AUTHORIZATIONS

Cumulative Total up to December 31, 1965

(Expressed in millions of dollars)

	PRIVATE ENTERPRISES				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			No.
Ordinary Capital	42	108.7	31	203.2	47	331.7	5	12.1									125	655.7	280.5
Fund for Special Operations	2	1.0	18	80.1	42	166.7			1	20.5	1	9.0	12	84.6	6	4.5	82	366.4	79.9
Social Progress Trust Fund									28	89.3	33	218.1	36	161.7	20	32.1	117	501.2	226.1
Other Funds					2	4.2 ²											2	4.2 ²	
TOTAL	44	109.7	49	283.3	91	502.6	5	12.1	29	109.8	34	227.1	48	246.3	26	36.6	326	1,527.5	586.5

¹ Loans to development institutions for relending to private enterprises.

² U. S. Dollar equivalent of two loans for 4,500,000 Canadian dollars.

Bank Lends Total of \$191,877,000 During Fourth Quarter of 1965

During the fourth quarter of 1965 the Inter-American Bank approved 27 loans totaling \$191,877,000. By source of funds the loans were:

Ordinary Capital Resources — Five loans totaling \$39,750,000:

- \$4,650,000 to the *Companhia de Cimento Portland Branco do Brasil S. A.* to construct a new cement plant north of Rio de Janeiro.

- \$8,100,000 to help the *Central Hidroeléctrica de Caldas* construct a new hydroelectric plant in the Department of Caldas, Colombia.

- \$2,000,000 to the *Banco de Costa Rica* to help finance projects of small and medium industry in Costa Rica.

- \$21,000,000 to *Nacional Financiera, S. A.*, to finance a large-scale program to build, rebuild or complete about 5,000 miles of feeder roads in Mexico.

- \$4,000,000 to help the *Republic of Peru* build a 68-mile section of the Pan American Highway in southern Peru.

Fund for Special Operations — Twenty loans totaling \$149,455,000:

- \$400,000 to help the *Republic of Argentina*

carry out a preinvestment program of economic studies.

- \$18,500,000 to the *Administración General de Obras Sanitarias de la Nación* to help improve and expand water supply systems in five cities in Argentina.

- \$500,000 to the *Universidad Mayor de San Simón* of Cochabamba, Bolivia, to improve its College of Agricultural Sciences.

- \$400,000 to the *Universidad Técnica de Oruro* of Oruro, Bolivia, to improve its College of Engineering and its Schools of Mining, Metallurgy and Electromechanics.

- \$400,000 to the *Universidad Autónoma Gabriel René Moreno* in Santa Cruz, Bolivia, to improve its College of Veterinary Medicine.

- \$15,000,000 to the *United States of Brazil* to help provide water supply services to 200 communities throughout the country and complete the expansion of the water system in Salvador, Bahia.

- \$20,000,000 to the *Departamento Nacional de Estradas de Rodagem* to improve the highway which goes from the seaport of Paranaguá in Brazil to the Paraguayan border.

- \$5,640,000 to the *Departamento Nacional de Portos e Vias Navegáveis* to improve the port facilities in Paranaguá, Brazil.

- \$20,500,000 to the *United States of Brazil* for an agricultural credit program designed to help small- and medium-scale farmers.

- \$15,500,000 to the *Republic of Chile* to help provide water supply services to 39 cities.

- \$1,200,000 to the *Universidad de Concepción* in Concepción, Chile, to improve training in the educational and social sciences.

- \$1,000,000 to the *Universidad de los Andes* of Bogotá, Colombia, to improve its School of Engineering.

- \$3,300,000 to *Empresas Municipales de Cali* in Cali, Colombia, to expand the city's electric power distribution system.

- \$2,200,000 to the *Banco de Costa Rica* to help finance small and medium industrial projects

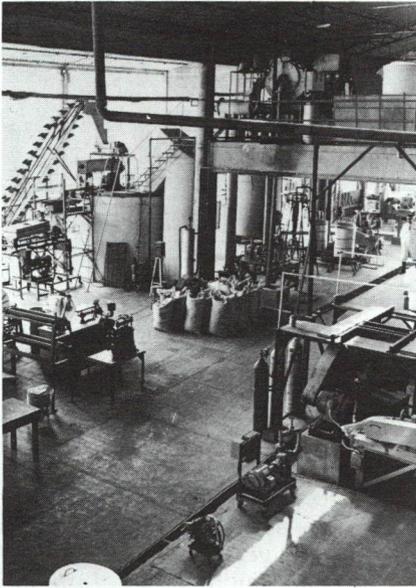
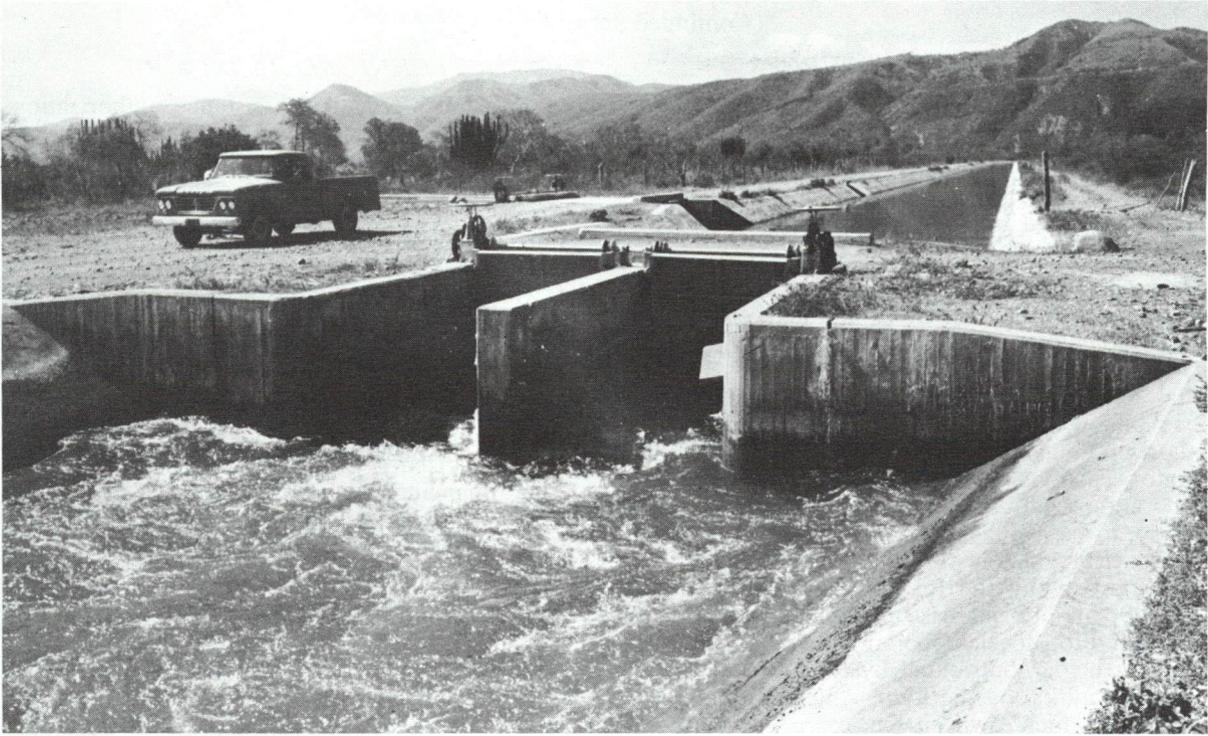
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Disbursements

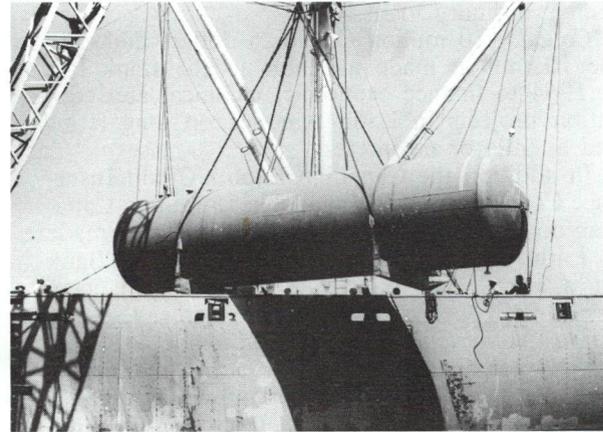
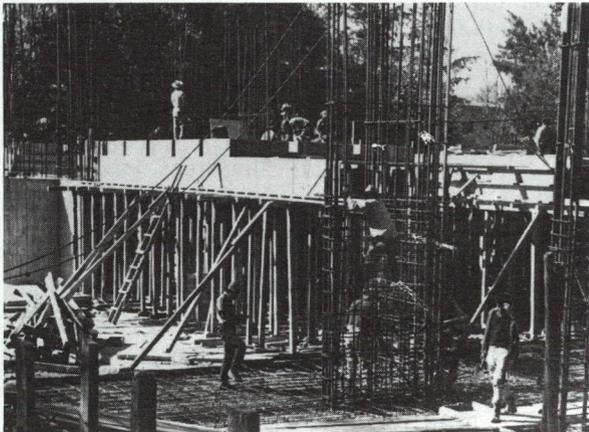
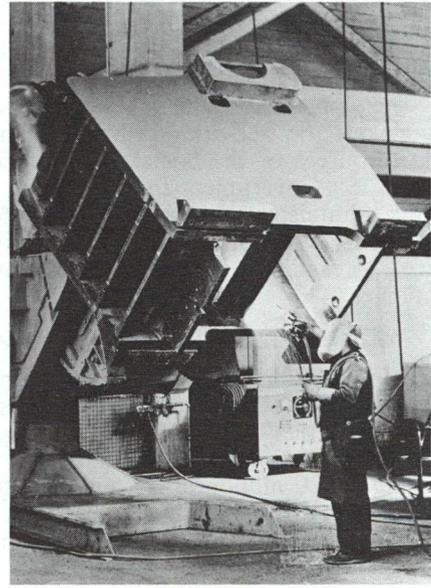
As of December 31, 1965, disbursements on the 326 loans authorized by the Bank amounted to \$586.5 million. This sum represents 38.3 per cent of the total of \$1,527.5 million in loans authorized up to that date and 50.8 per cent of the \$1,153.4 million in the 248 loans eligible for disbursement at 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
Dec. 31, 1964	404.3	47.5	34.7
Mar. 31, 1965	442.6	38.3	37.1
June 30, 1965	484.4	41.8	38.2
Sept. 30, 1965	531.3	46.9	39.7
Dec. 31, 1965	586.5	55.2	38.3

The Inter-American Bank and Mexico



These photographs show projects being financed by the Bank in Mexico, site of the Bank's Seventh Annual Meeting scheduled to be held April 25-30. Clockwise, from top, they include an irrigation canal system in the Lerma-Chapala-Santiago river basin, a heavy equipment factory in the Querétaro Valley about 140 miles from Mexico City, Mexican capital goods being loaded for shipment to Argentina under a Bank-financed export financing program, construction of a library for Mexico's national agricultural research institute in Chapingo, and a laboratory of the Mexican Institute of Technological Research.



RECORD LENDING VOLUME . . .

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INCREASE IN RESOURCES

The steps taken during the year to increase the Bank's resources included:

— Completion of action by all the Bank's member countries to subscribe their portions of an increase of \$1 billion in the authorized *callable* capital of the Inter-American Bank. The increase, which was formally put into effect on January 28, 1964, will give the Bank additional backing to borrow funds in the world's capital markets.

This completed action initiated in April 1962 by the member countries to increase the Bank's initial authorized capital from \$850 million to \$2.15 billion through a \$1 billion increase in the authorized *callable* capital for the Bank's original signatory nations, and a \$300 million increase in the authorized capital stock, both paid in and callable, to be available for subscription by countries which might join the Bank in the future.

— Approval by the Bank's member countries of a \$900 million increase in their contributions to the Fund for Special Operations, of which \$750 million is being contributed by the United States and \$150 million by the Latin American member countries in their own currencies.

The first two tranches of the increase, totaling \$600 million, were wholly paid to the Bank during 1965; the third tranche, amounting to \$300 million, will be contributed during 1966.

The expanded Fund is being utilized also to carry out the activities previously financed with the resources of the Social Progress Trust Fund, the U. S. Government-supplied fund which the Bank administers under the Alliance for Progress for loans in the social fields of housing, agriculture, water supply and sewage systems, and education.

RESOURCES FROM OTHER AREAS

During 1965 the Bank stepped up its efforts to mobilize additional financial resources for Latin America's development among non-member countries. Highlights included:

Spain: \$20 million made available to the Bank by the Spanish Government, of which \$12.5 million was in the form of a direct loan and \$7.5 million was in the form of an agreement to purchase up to \$7.5 million in participations in the Bank's ordinary loans.

Canada: 10 million Canadian dollars added to the 10 million made available to the Bank late in 1964 to finance economic, technical and education projects in Latin America on long terms and at little or no interest.

In addition the Canadian Export Credit Insurance Corporation made available 15 million Canadian dollars for commercial type loans to be made in Latin America in cooperation with the Bank on a parallel or on an independent financing basis.

The Netherlands: \$10 million made available for development projects in Latin America by the Government of the Netherlands also in cooperation with the Bank on a parallel or an independent basis.

TECHNICAL ASSISTANCE

The Bank's technical assistance authorizations during 1965 also increased notably over authorizations in previous years. Such authorizations amounted to \$19 million, of which \$16 million is reimbursable and \$3 million is in the form of grants. Cumulative technical assistance as of December 31, 1965 had risen to about \$53.6 million of which \$40.4 million was reimbursable, and \$13.2 million was non-reimbursable.

CONSULTATIVE GROUP

As financial agent for Ecuador's 10-Year Economic and Social Development Plan, the Bank in 1965 organized a Consultative Group on the external financing requirements of the plan. The Group, the first ever sponsored by the Bank, held its first meeting at the Bank's Washington headquarters in mid-1965 with the participation of 19 countries and 12 institutions.

During the meeting consideration was given to 40 projects to be carried out in the 1965-68 period whose external financing requirements amounted to \$179 million. Members of the Consultative Group expressed interest in providing \$173 million of this sum and by December 31, 1965, had authorized loans amounting to \$33.5 million for nine of these.

LOANS . . .

(Continued from Page 2)

in Costa Rica.

- \$1,300,000 to the *Servicio Nacional de Acueductos y Alcantarillados* in Costa Rica to improve or build some 80 rural water systems.

- \$375,000 to the *Republic of Honduras* to finance preinvestment studies designed to help carry out its National Plan for Economic and Social Development in the 1965-69 period.

- \$33,000,000 to *Nacional Financiera, S. A.*, to help finance the first of a two-stage program to build, rebuild or complete some 5,000 miles of feeder roads in Mexico.

- \$1,000,000 to the *Asociación Civil "Enseñanza e Investigación Superior"* of Monterrey, Mexico, to expand and improve the *Instituto Tecnológico y de Estudios Superiores*.

- \$9,000,000 to the *Instituto de Vivienda y Urbanismo* of Panama to help build 6,000 houses for low-income families in various cities.

- \$240,000 to the *Corporación Azucarera Dominicana* to help implement recommendations for its technical and administrative reorganization.

Social Progress Trust Fund—One loan for \$1,500,000 to the *Instituto de Promoción Agraria* of Chile to help finance a land subdivision plan which will benefit low-income families.

Other Funds—One loan equivalent to \$1,166,667 (1,260,000 Canadian dollars) to the *Republic of Ecuador* from Canadian resources administered by the Bank to finance a broad preinvestment study of economic development opportunities in the Guayas River Basin in Ecuador.