



Bank Seeks to Mobilize Additional Resources For Latin America's Development from Non-Members

In an effort to mobilize additional resources for Latin America's development, beginning January 1, 1967, the Bank will put into effect measures which will condition procurement financed with Bank loans in economically advanced non-member countries to an appropriate contribution of resources to the Bank by such countries.

The new measures were adopted by the Bank's Board of Executive Directors in implementing a resolution adopted by the Bank's Board of Governors, at its Eighth Annual Meeting in April 1967.

Under the new policy, contributions of financial resources to the Bank by such countries may include bond sales, funds entrusted to the Bank for administration, participations in Bank loans and parallel financing operations.

The policy was adopted after a thorough study of the problem, which included a visit by a special Bank mission to eleven European countries in June and July.

Under the policy, a country in a reasonably advanced stage of development will be considered eligible for procurement under loans made from the ordinary capital resources of the Bank and the unrestricted resources of its Fund for Special Operations in any given six-month period only if, up to a date shortly before the beginning of the period, the country has provided resources to the Bank on reasonable terms in a cumulative amount bearing an acceptable percentage relationship to cumulative procurement already effected in such country.

The ratio of financing to procurement will be 100 per cent. However, in order to give a reasonable time for adjustment to countries which have already provided some financing to the Bank, a ratio of 50 per cent will be employed for an initial period of six months, from January 1 to June 30, 1968.

Once eligibility has been determined for a given country for a particular period, it will continue in the same eligibility status for six months, regardless of the amount of procurement effected during the period. On the other hand, if the amount of resources made available to the Bank by a given country increases significantly during a period, this would be taken into account in eligibility requirements for the remainder of the period.

The new policy will be applied only to procurement under loans authorized after October 15, 1967. However, for the determination of eligibility, both procurement and the provision of resources will be taken into account on a cumulative basis from the beginning of the Bank's operations.

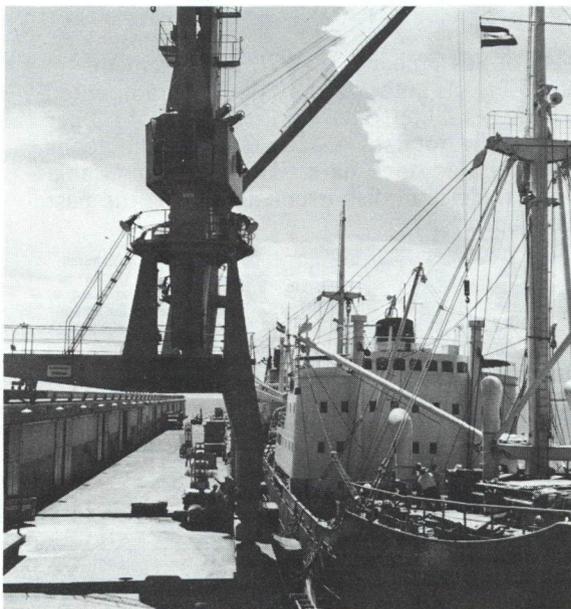
The new policy will apply to a list of economically advanced countries which consists of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Kuwait, Luxembourg, the Netherlands, New Zealand, Norway, South Africa, Sweden, Switzerland and the United Kingdom.

Up to September 30, 1967, the Bank had obtained a total of \$206.6 million in resources from non-member countries for Latin American development. These resources included bond sales equivalent to \$15 million in Germany, \$3 million in Israel, \$48 million in Italy, \$5 million in Spain, \$11.4 million in Switzerland, and \$8.4 million in the United Kingdom. In addition, the Bank has borrowed or arranged to borrow \$12.5 million in Spain and \$10 million in Japan and has negotiated arrangements to administer the equivalent of \$37 million provided by Canada, \$11.6 million by the United Kingdom and \$5 million by Sweden.

To date, eleven loans (ten Canadian and one British) totaling \$20.6 million have been extended from the resources under administration.

The Bank has also entered into parallel or independent financing arrangements totaling \$13.8 million with Canada and \$10 million with the Netherlands. Other eligible financial arrangements have been entered into with Germany for \$8.2 million and with Spain for \$7.5 million.

CANADIAN FUNDS are helping improve port of Acajutla in El Salvador.



LOANS UP TO SEPTEMBER 30, 1967

(In millions of dollars)

Sectors	Ordinary Capital Resources		Fund for Special Operations		Social Progress Trust Fund		Other Resources		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Industry and Mining	74	358.8	21	102.7	—	—	2	2.5	97	464.0
Agriculture	25	183.2	32	212.1	28	89.3	—	—	85	484.6
Electric Power	18	179.9	6	45.0	—	—	—	—	24	224.9
Transportation	8	61.2	12	137.7	—	—	3	10.5	23	209.4
Water Supply and Sewage	14	57.0	23	163.6	32	161.0	—	—	69	381.6
Housing	—	—	8	69.7	33	218.1	—	—	41	287.8
Education	—	—	18	38.9	20	32.1	1	4.0	39	75.0
Preinvestment	3	2.4	31	41.1	4	0.7	5	3.6	43	47.8
Export Financing	9	30.5	—	—	—	—	—	—	9	30.5
TOTAL	151	873.0	151	810.8	117	501.2	11	20.6	430	2,205.6

Bank Loans Total \$102,955,000 During Third Quarter of 1967

During the third quarter of 1967, the Bank authorized 18 loans totaling \$102,955,000. By sources of funds, the loans were:

Ordinary Capital Resources—Seven loans totaling \$42,700,000:

- \$7,100,000 to the *Argentine Republic* to help build, expand or improve seven terminal grain elevators in six of the nation's principal ports.

- \$13,300,000 to the *Banco Nacional do Desenvolvimento Econômico* to foster the development of small- and medium-sized industry in Brazil.

- \$2,000,000 to the *Banco do Brasil S.A.* to help finance exports of Brazilian capital goods to other Latin American member countries of the Bank.

- \$5,000,000 to *Poliolefinas Colombianas, S.A.*, to help finance the construction of Colombia's first polyethylene-producing plant.

- \$3,300,000 to the *Empresa Nacional de Telecomunicaciones* of Chile to help modernize that nation's telecommunications system and interconnect it with those of other Latin American countries.

- \$2,000,000 to the *Administración Nacional de Electricidad* of Paraguay to complete the construction of a 45,000-kilowatt hydroelectric power plant on the Acaray River and increase its capacity to 90,000 kilowatts.

- \$10,000,000 to help the *Central American Bank for Economic Integration* finance industrial development projects of regional importance to the five Central American countries.

Funds for Special Operations—Nine loans totaling \$55,255,000:

- \$10,400,000, along with the above \$7,100,000 from the ordinary capital resources, to help the *Argentine Republic* build, expand or improve seven terminal grain elevators in six of the nation's principal ports.

- \$5,500,000 to Bolivia's *Consejo Nacional de Vivienda* to help finance the construction of 3,500 houses and their respective community facilities for low-income families in various Bolivian cities.

- \$1,800,000 to the *Republic of Bolivia* to help finance the construction of some 60 rural water supply systems which will benefit about 160,000 persons.

- \$8,700,000 to the *Banco Nacional do Desenvolvimento Econômico* of Brazil, along with the previously mentioned loan of \$13,000,000 from the ordinary capital resources, to provide credit for the development of small- and medium-sized industry in Brazil.

- \$6,000,000 to the *Caja Central de Ahorros y Préstamos* of Chile to help finance the construction of 3,030 houses and their respective community facilities for low-income families in Chile.

- \$680,000 to the *Republic of Chile* to help train 2,250 professional and technical personnel to help carry out the nation's agrarian reform programs.

Disbursements

As of September 30, 1967, disbursements on the 430 loans authorized by the Bank amounted to \$975.9 million. This sum represents 44.3 per cent of the total of \$2,205.6 million in loans authorized to that date. 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
Sept. 30, 1966	720.8	53.2	41.2
Dec. 31, 1966	798.2	77.4	41.7
Mar. 31, 1967	858.0	59.8	42.5
June 30, 1967	915.8	57.8	43.5
Sept. 30, 1967	975.9	60.1	44.3

(Continued on Page 3)

ton, D. C. 20577. The Division of Information, Inter-American Development Bank, 808 17th Street, N.W., Washington, D. C. 20577. These publications may be secured by writing the sources needed for its overall development.

The area's growing population and providing re- the agricultural sector is to fulfill its role in feeding measures that must be taken in the next decade if for farm development in Latin America as well as *The Next Decade*, a detailed inquiry into prospects delegates and principal participants.

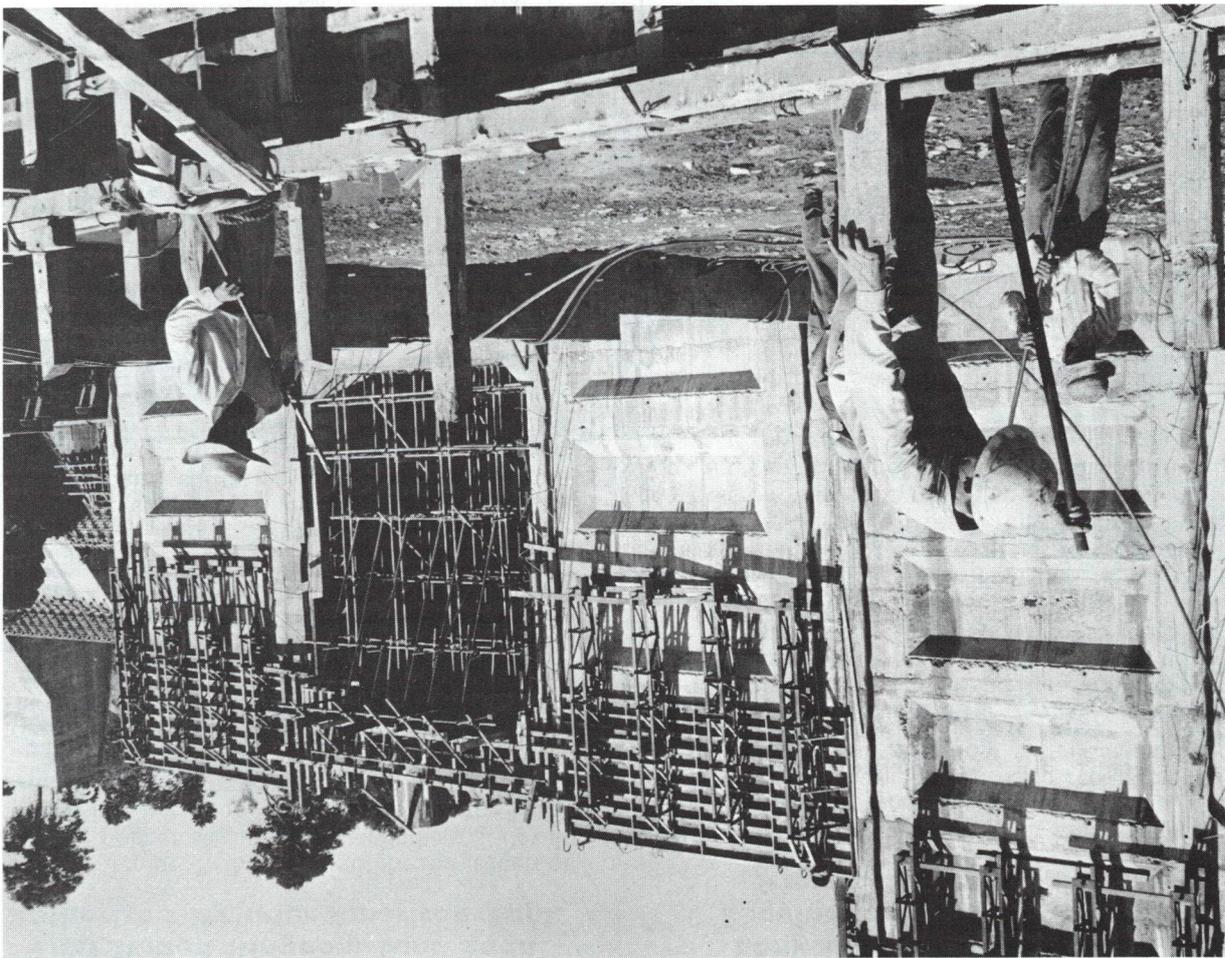
• *Agricultural Development in Latin America*: the addresses delivered at the meeting, the resolutions adopted by the Board, and a roster of the Board of Governors (1967), which is the record of the Board of Governors' Meeting held in Washington April 24-28, 1967. The publication contains

• *PROCEEDINGS, Eighth Meeting of the Board of Governors (1967)*, which is the record from the Inter-American Bank. They are:

Two additional publications are now available from the Inter-American Bank. They are:

New Publications

MORE FINANCING—The Inter-American Bank is providing additional financing of \$14.5 million for this 45,000-kilowatt hydroelectric power project in Paraguay. Additional funds will raise capacity to 90,000 kilowatts. Previous loans for the project totaled nearly \$13 million.



Bank Loans

(Continued from Page 2)

• \$5,275,000 to the Republic of Honduras to help finance the construction of a 59-mile highway between San Pedro Sula and Tela in the northern part of the country.

• \$12,500,000 to the *Administración Nacional de Electricidad* of Paraguay, along with the previously-mentioned \$2,000,000 loan from the ordinary capital resources to complete the construction of a 45,000-kilowatt hydroelectric power plant on the Acaray River and to increase this capacity to 90,000 kilowatts.

• \$4,400,000 to the Republic of Uruguay to help build, expand or improve water supply facilities in communities in the interior of the nation. • **Other Resources**—Two loans totaling approximately the equivalent of \$5,000,000, including: • One for 4,320,000 Canadian dollars (approximately \$4,000,000) from the Canadian resources administered by the Bank to the *Empresa Nacional de Telecomunicaciones* of Chile to help modernize that nation's telecommunications system and interconnect it with those of other Latin American nations.

• One for 358,000 pounds sterling (nearly the equivalent of \$1,000,000) from the resources which the Bank administers for the United Kingdom to the *Corporación de Fomento de la Producción* to provide credit facilities for the expansion of small and medium industry in Chile.

First United Kingdom Fund Loan Authorized by Inter-American Bank

On September 5 the Bank authorized a loan of 358,000 pounds sterling to foster industrial development in Chile. The loan was the first the Bank has extended from resources which the United Kingdom is channeling through the Bank for economic development projects in Latin America. The agreement under which the Bank acts for the United Kingdom as Administrator of these resources was signed in April 1966.

The loan supplements two extended on June 1 by the Bank from its own funds—\$12.5 million from its ordinary capital resources and \$6.5 million from its Fund for Special Operations—to help expand the supply of funds for small and medium industries and crafts in Chile under a program being carried out by the borrower, the *Corporación de Fomento de la Producción (CORFO)*, Chile's national development agency.

The resources which the Bank administers for the United Kingdom total 4,142,800 pounds sterling. They are used to make loans for periods ranging from 15 to 25 years for the purchase of goods and services in the United Kingdom. The Bank has the primary responsibility for selecting, processing and approving loan projects. It consults the British Government, however, during the various stages of project consideration.

The Bank also administers resources amounting to 40,000,000 Canadian dollars (about \$37,000,000) for the Canadian Government and a \$5,000,000 fund for the Swedish Government. To date the Inter-American Bank has approved 11 loans totaling the equivalent of \$20.6 million from these resources.

Monetary and Fiscal Libraries To Be Provided In Spanish For Latin American Institutions

The Inter-American Bank and the International Monetary Fund have joined together in sponsoring the purchase of two hundred collections containing 250 publications each in Spanish on monetary and fiscal subjects for distribution to financial and educational institutions in Latin America.

The total cost of the project, including purchases, translations and reproduction when needed, is estimated at \$275,000, of which the Bank will provide \$75,000 from its technical assistance budget and the Fund \$200,000. The project will be carried out under the supervision of the Center for Latin American Monetary Studies in Mexico City.

Its objective is to contribute to the study and understanding of financial problems bearing on the development of Latin America as a further means of stimulating the adoption of policies contributing to the region's growth.

The Bank has previously cooperated in the preparation of similar collections on economic development and on economic integration.

Bank Begins to Evaluate Requirements for Regional Transportation System

A technical assistance grant of \$50,000 was approved by the Bank in July to finance the initial phase of an evaluation of the basic requirements for a regional transportation system in Latin America.

The evaluation will focus on the countries of South America, and will thus supplement studies already made on the transportation systems of Central America and Mexico, and studies contemplated for the Caribbean countries. It will include an analysis of the possibilities for extending and interconnecting the road, rail, water and air networks of South America, with a view to identifying the conditions for the formulation of transportation programs of regional or subregional scope.

The project falls within the framework of the Declaration of the Presidents of America at their April Meeting in Punta del Este. The Declaration stated that Latin America's economic integration "demands a major sustained effort to build a land transportation network and to improve transportation systems of all kinds so as to open the way for the movement of both people and goods throughout the Continent."

Bank Allots Additional \$80,000 For Study on Agricultural Credit

In August the Bank authorized an \$80,000 technical assistance grant to continue a study on agricultural credit in Latin America initiated in 1965 with the aid of a \$100,000 grant.

The study is being carried out under an agreement between the Bank and the Inter-American Committee on Agricultural Development in seven countries: Argentina, Brazil, Costa Rica, El Salvador, Mexico, Paraguay and Venezuela. The Costa Rican study is completed, those pertaining to Argentina, El Salvador and Paraguay are in the final stages of preparation, and those in the three other countries are in progress.

The objective is to draft reforms leading to the better use of agricultural credit and to propose measures for better coordination between farm credit agencies and other agricultural development and extension services and with the agrarian reform and land settlement programs of the countries involved.

Simultaneously, efforts are in progress to prepare agricultural credit projects for the development of specific products for domestic or foreign markets or for the development of certain agricultural regions under national development plans.

The study will be concluded with a general report on all Latin America and the preparation of a manual on policy and procedures in agricultural credit.