



Electric Power, Irrigation

Inter-American Bank Finances Key Development Sectors in Brazil and Mexico

As the Inter-American Bank approaches the end of its first decade of operations, certain key sectors begin to emerge in its lending activities in individual countries. The following articles highlight the impact of Bank support in two such development fields—electric power in Brazil and irrigation in Mexico.

In Brazil, the Inter-American Bank is helping to finance more than \$1 billion worth of electric power projects. These works are increasing Brazil's generating capacity by more than 5 million kilo-



watts and extending its transmission and distribution lines by about 10,000 miles. The wide ranging nature of those activities, to which the Bank is contributing \$180.5 million, is shown in the map on page 3.

The latest loan extended for electric power by the Bank in Brazil was made August 28, 1969, when the Bank authorized a \$21.3 million loan to help finance the construction of a 220,000-kilowatt hydroelectric plant in the State of Rio Grande do Sul. The plant, which will be built on the Passo Fundo River 190 miles northwest of the state capital of Pôrto Alegre, will help that southernmost Brazilian state to expand its electric power supply from its current 430,000 kilowatts to 853,000 by 1975.

In all the Bank is helping to finance six hydroelectric plant projects and five power distribution

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In Mexico, irrigation efforts are being helped with more than \$198 million in Inter-American Bank loans. In other words about 52 per cent of the total lent to Mexico by the Bank since it began operations in 1960 have been channeled to irrigation. The works financed—many of them completed—are being carried out at a total cost of about \$500 million and will provide water for some 1.5 million acres of land throughout the six reclamation regions outlined in the map on page 3.



During the third quarter of 1969 the Bank approved four loans totaling \$33.9 million to help finance two large irrigation projects in the Pacific Coast States of Colima and Sinaloa. These works will bring more than 210,000 acres under ir-

rigation, and will benefit some 42,200 persons, mostly low-income families living on cooperatively owned *ejido* lands which have been distributed through the agrarian reform program.

Under national development plans, the Government of Mexico divides irrigation projects into small- and large-scale works. The small projects,

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Agreement Signed for Inter-American Telecommunications Network Study

The Inter-American Bank has signed an agreement with the United Nations Development Programme (UNDP) and a group of Latin American countries which will lay the groundwork for a telecommunications network linking together all the countries of the region.

The agreement was signed July 28 at the Bank's headquarters by Felipe Herrera, President of the Bank, Paul G. Hoffman, Administrator of UNDP, and envoys of 15 participating countries.

It provides for the execution of feasibility studies of the requirements for installing international connections needed to interlink the individual systems of each of the countries. The Bank, which has been named executing agency for UNDP, will carry out the program in association with the International Telecommunications Union. The Inter-

American Telecommunications Commission (CI-TEL) will play a coordinating role.

Total cost of the feasibility studies is estimated at \$1,734,600. The UNDP is contributing \$955,600, the participating countries are putting up \$529,000 and the Bank is providing \$250,000.

The proposed system, parts of which are completed or underway, will provide Latin American countries in the 1970's with an integrated telecommunications network and vastly improve their connections with the rest of the world. The interlinking of the various national segments will be achieved through a combination of microwave stations, submarine cables and satellites. The new system will provide telephone, telex and telegraph services, as well as television and radio broadcasting channels.

Loans During Third Quarter Total \$136,300,000

During the third quarter of 1969 the Inter-American Bank authorized 12 loans equivalent to \$136,300,000. By sources of funds, they were:

Ordinary Capital Resources: Six loans for \$64,840,000:

- \$1,700,000 to the *Corporación de Fomento de la Producción* of Chile to expand and improve 44 storage, processing and distribution facilities for farm products throughout the country.

- \$8,280,000 to *Nacional Financiera, S.A.*, of Mexico to help finance an irrigation project which will provide water for 73,000 acres of farm land and benefit 2,340 rural families in the Pacific Coast State of Colima.

- \$5,560,000 to *Nacional Financiera, S.A.*, to help finance a project designed to irrigate 138,000 acres of land and benefit some 4,940 farmers in Mexico's Northwest State of Sinaloa.

- \$21,300,000 to *Centrais Eléctricas Brasileiras, S.A.*, to help build a 220,000-kilowatt hydroelectric power plant on the Passo Fundo River in Brazil's southernmost State of Rio Grande do Sul.

- \$8,000,000 to the *Banco de la Nación Argentina* to help finance the farm mechanization portion of a program designed to raise agricultural productivity and output in Argentina's north-eastern provinces.

- \$20,000,000 to *Gas del Estado* of Argentina to help lay a 354-mile natural gas pipeline from deposits in the Province of Neuquén to a major supply line near the city of Bahía Blanca.

Fund for Special Operations: Six loans for \$71,460,000:

- \$13,300,000 to the *Corporación de Fomento de la Producción*, complementing another loan described above for \$1,700,000 from the ordinary capital resources, to expand and improve marketing facilities for farm products in Chile.

- \$8,500,000 to the *Corporación de Fomento de la Producción* to help finance a rural electrification program which will provide electricity to some 23,000 farms, ranches and rural dwellings throughout Chile.

- \$9,620,000 to *Nacional Financiera, S.A.*, along with another loan described above for \$8,280,000 from the ordinary capital resources, to help carry out an irrigation project in Mexico's State of Colima.

- \$10,440,000 to *Nacional Financiera, S.A.*, complementing another loan mentioned above for \$5,560,000 from the ordinary capital resources, to finance an irrigation project in the Mexican State of Sinaloa.

- \$20,700,000 to the *Banco de la Nación Argentina*, along with two other loans—one described above for \$8 million from the ordinary capital resources, and another mentioned below for \$8.9 million—to help provide credits for some 4,250 cattle and crop farms, as part of an agricultural aid program in northeastern Argentina.

- \$8,900,000 to the *Banco de la Nación Argentina*, complementing the loans mentioned above, to help carry out the agricultural research and extension portion of the program.

Disbursements

As of September 30, 1969, disbursements on the 538 loans authorized by the Bank amounted to \$1,583.0 million. This sum represents 49.2 per cent of the total of \$3,148.8 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, 1968	1,235.8	77.7	47.4
Dec. 31, 1968	1,333.5	97.7	47.6
Mar. 31, 1969	1,398.2	64.7	48.0
June 30, 1969	1,484.3	86.1	49.3
Sept. 30, 1969	1,583.0	99.0	49.2

LOANS UP TO SEPTEMBER 30, 1969

(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	83	424.6	26	130.6	—	—	3	3.2	112	558.4
Agriculture	35	251.9	60	481.0	26	82.3	—	—	121	815.2
Electric Power	22	272.0	13	132.9	—	—	3	25.6	38	430.5
Transportation	11	106.5	18	234.1	2	5.6	4	14.6	35	360.8
Water Supply and Sewage	16	71.7	28	192.6	32	160.1	1	5.0	77	429.4
Housing	—	—	13	107.0	32	215.8	—	—	45	322.8
Education	—	—	25	97.9	19	31.6	1	4.0	45	133.5
Preinvestment	2	1.1	42	53.8	5	1.2	7	5.4	56	61.5
Export Financing	9	36.7	—	—	—	—	—	—	9	36.7
TOTAL	178	1,164.5	225	1,429.9	116	496.6	19	57.8	538	3,148.8



ELEVEN HYDROELECTRIC and power distribution projects, with a total cost of more than \$1 billion, are being helped in Brazil with \$180.5 million in Bank loans.

Electric Power in Brazil...

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and transmission programs—three of which include small thermoelectric generating units—throughout the country.

Brazil's National Development Plan, which gives high priority to electric power projects, calls for an expansion of the country's generating capacity from 8 million kilowatts in 1967 to 17.6 million in 1975. Completion of the Bank-supported projects will contribute to this goal. They include such works as:

- Expansion of the generating capacity of the Paulo Afonso hydroelectric complex on the São Francisco River from 375,000 to 1,015,000 kilowatts.
- Construction of portions of the Jupia-Ilha Solteira hydroelectric complex in the Urubupungá Falls stretch on the Paraná River. When the entire complex is completed—sometime in 1973—total generating capacity will be about 4 million kilowatts, thus making it one of the world's largest such complexes.
- Construction of the first stage of a 250,000-kilowatt plant at the Cachoeira River Falls, which when completed will more than triple the present power output of the state of Paraná.

The Bank is also supporting numerous efforts to expand power transmission and distribution systems throughout Brazil. Most of these projects are being carried out by *Centrais Elétricas Brasileiras, S.A.*, the national electric power company, in cooperation with its subsidiaries.

Irrigation in Mexico...

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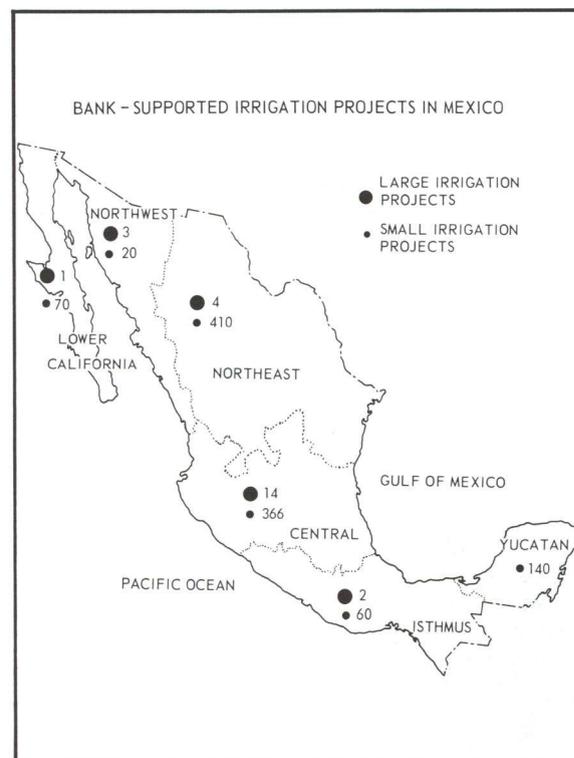
which generally involve the drilling of wells and other small works irrigating up to 6,000 acres, are expected to irrigate some 756,000 acres of farm land by 1976.

Large-scale projects, which include major dams, main canals and extensive distribution systems, in the near future are expected to help satisfy food demands of 1,300 towns with populations of more than 2,500 persons each. Over half of Mexico's population lives in such cities.

The Bank is contributing to these efforts by helping to finance 24 large-scale projects which will provide water and stimulate farm production on 1.2 million acres of land, and 1,066 small projects which will benefit 336,000 acres.

The major share of the Bank's support for irrigation efforts has been channeled into the development of the 50,000-square-mile Lerma-Chapala-Santiago Basin located in the central part of the country. More than \$50 million has been lent for projects in this region, an area which embraces six states and accounts for 17 per cent of the national population, including Guadalajara, Mexico's second largest city.

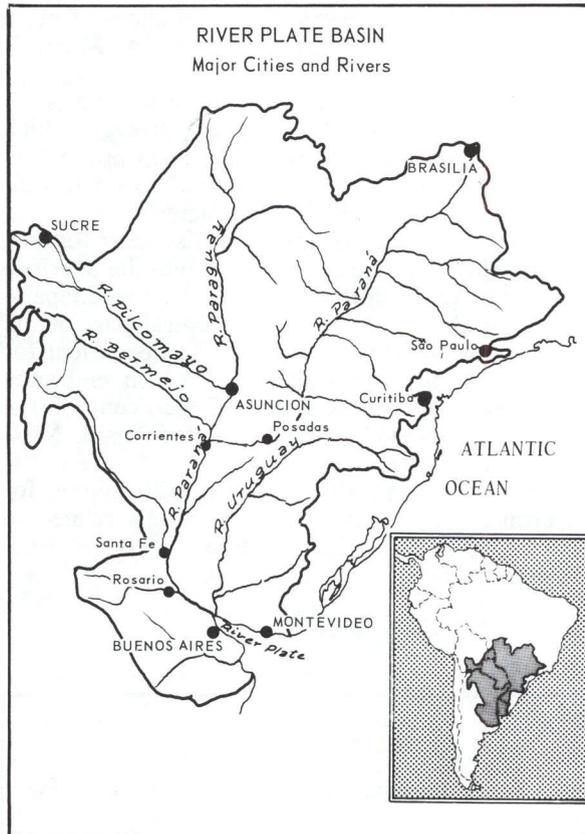
In addition, the Bank has lent \$20 million for a farm credit program which is closely related to numerous small-scale irrigation efforts in areas being worked by *ejido* members.



THE BANK HAS LENT more than \$198 million for some 1,090 small- and large-scale irrigation projects in Mexico, shown above in the six reclamation regions which have been outlined under national irrigation plans.

Inter-American Bank Surveys Development of River Plate Basin

The Inter-American Bank has completed a general study of prospects for developing the vast 1.2 million-square-mile River Plate Basin, located in parts of Argentina, Bolivia, Brazil, Paraguay and Uruguay. The study has been presented to the five governments involved and is now under their consideration.



In announcing completion of the study, the Bank indicated its readiness to finance additional technical assistance and loan projects designed to foster the region's integrated development. So far the Bank has contributed about \$116 million for regional projects in the Basin, ranging from highway and port construction to hydroelectric power plants and distribution systems.

The study, which was begun in 1966, is expected to contribute to the execution of a program of multinational, binational and national projects designed to accelerate the region's economic and social growth.

The study contains detailed technical data and maps of the area and identifies 86 programs or projects connected with the development of the region, primarily with its water, transportation and power resources. Some of these projects are already underway, but most are in various stages of study and planning.

The River Plate Basin embraces four major waterways, contains a population of some 53 million persons and includes within its area such major cities as Buenos Aires, São Paulo and Montevideo, as well as the capital cities of Bolivia and Paraguay.

Bank Mobilizes \$33 Million in Germany and Japan for Latin America's Development

During the third quarter of 1969 the Inter-American Bank mobilized an additional \$33 million in the German and Japanese capital markets as part of its continuing efforts to marshal funds outside its membership to foster Latin America's development.

The borrowings included a public bond issue for 100 million Deutsche marks, equivalent to \$25 million, sold in Germany, and an agreement by the Bank of Tokyo, Ltd., to purchase maturities totaling \$8 million from the Bank's ordinary capital loan portfolio.

These arrangements increased the Bank's total borrowings in the world's capital markets to \$775.7 million, of which \$405 million was raised in the United States, \$302 million in non-member countries, and \$68.7 million through short-term borrowings principally in Latin America.

The German issue, which raises the total the Bank has borrowed in that country to \$115 million, was placed on that market by a syndicate of 35 German banks represented by Deutsche Bank A.G. and Dresdner Bank A.G., both of Frankfurt. The 7 per cent, 15-year bonds were offered for sale at a price of 99 per cent and will be redeemed at par in ten equal annual installments in the years 1975 through 1984.

The participations arranged with the Bank of Tokyo, Ltd., have an average life of five years. The Bank of Tokyo will make the funds available in dollars at an interest rate of 7¼ per cent annually. The funds will be drawn in four monthly tranches of \$2 million each, beginning September 15, 1969, and will be repaid in four annual installments of \$2 million each, the first of which will be due in 1973.

The participations raise total Bank borrowings in Japan to \$28 million.

NEW PUBLICATION

The Bank has recently published the *Proceedings of the Tenth Meeting of the Board of Governors* which took place in Guatemala City in April 1969. The publication contains the addresses delivered at the meeting, the resolutions adopted by the Board and a roster of the delegates and principal participants.

This and other Bank publications may be secured from the Division of Information, Inter-American Development Bank, 808 17th Street, N.W., Washington, D. C. 20577.

The study emphasizes that this region—44 per cent of which lies in Brazil and 32 per cent in Argentina—is amply endowed with natural resources. In addition, it has some 3,400 miles of navigable rivers, about 50,000 miles of railroads, 31,000 miles of paved roads and 37,000 miles of all-weather unpaved roads.