



Inter-American Bank Ends Decade With Record Lending Year for Latin American Development

During 1969 the Inter-American Bank authorized a record \$631.5 million in loans to help finance Latin American economic and social development. This figure brought the Bank's cumulative lending at the end of its first decade of existence to \$3,430 million, net of cancellations and exchange adjustments.

These loans are helping to finance development projects and programs whose total cost approaches the \$10 billion mark. Thus the Latin American nations are matching every dollar lent by the Bank with about two of their own.

The year's lending was \$200 million more than the 1968 figure of \$430.8 million and \$135 million over the previous record lending total of \$496.4 million approved in 1967.

Disbursements—the amount of funds actually spent on projects—reached \$392.1 million and were the highest yearly total ever. The previous record figure was \$292.6 million in 1968. Cumulative disbursements as of December 31, 1969, had risen to \$1,725.7 million, or 50.3 per cent of the total amount authorized as of that date.

Over the past decade, on a cumulative basis, agriculture is the Bank's leading lending sector, as shown in the following sectoral distribution graph:

The Bank's single leading lending sector during 1969 was agriculture, \$202.1 million. The economic infrastructure sectors (electric power, transportation and communications) together accounted for \$307.1 million, while industry and mining totaled \$35.1 million. Social infrastructure (urban development and water supply) amounted to \$48.4 million and education, preinvestment and export financing accounted for \$38.8 million.

By funds, the Bank's 1969 volume included:

Ordinary Capital Resources—19 loans totaling \$209.6 million, compared with 17 loans for \$193.6 million in 1968. This brought the cumulative total at year end to 187 loans amounting to \$1,294.1 million.

Fund for Special Operations—46 loans for \$411.8 million, compared with 32 loans totaling \$210.0 million in 1968. This brought the net cumulative lending volume to 243 loans for \$1,581.6 million.

Other Resources—Two loans equivalent to \$10.1 million extended from the funds which the Bank administers for the governments of Canada and the United Kingdom. This brought the cumulative lending from resources provided by non-member countries to 19 loans totaling the equivalent of \$57.8 million.

On the Bank's books also are 116 loans amounting to \$496.2 million approved from the **Social Progress Trust Fund** through 1965. This fund was placed under the Bank's administration by the United States Government in 1961.

More Financial Support

The Bank's substantial lending volume has been made possible by the decisive financial support which it received from its own member countries as well as from non-member countries, primarily in Europe.

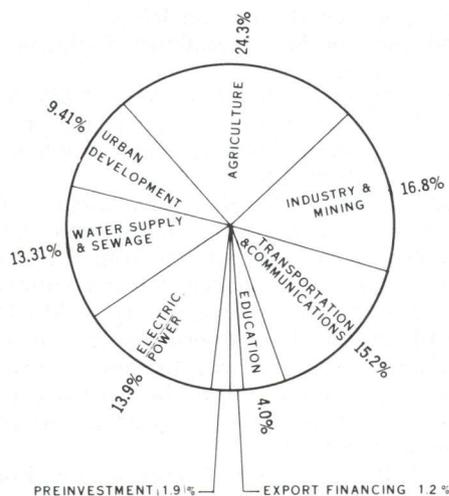
In this regard the Bank chalked up the following accomplishments during 1969:

- Member countries contributed to the Bank the third and final tranche—the equivalent of \$400 million—in an increase of \$1.2 billion in the resources of the Fund for Special Operations approved for the 1967-69 period. The United States has contributed \$900 million of this sum and the Latin American countries the remaining \$300 million. The total contributions made to the Fund now amount to slightly more than \$2.3 billion.

- The Bank obtained record borrowed resources—\$177.4 million—in the world's capital markets, primarily those in Europe. The Bank

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DISTRIBUTION OF LOANS DURING PAST DECADE



LOANS UP TO DECEMBER 31, 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	85	441.9	27	132.2	—	—	3	3.2	115	577.3
Agriculture	35	254.6	65	497.1	26	82.1	—	—	126	833.8
Electric Power	23	283.4	14	163.7	—	—	3	25.6	40	472.7
Transportation & Communications	14	191.5	23	310.2	2	5.6	4	14.6	43	521.9
Water Supply and Sewage	17	80.6	30	211.8	32	160.0	1	5.0	80	457.4
Urban Development	—	—	13	107.0	32	215.7	—	—	45	322.7
Education	—	—	26	101.3	19	31.6	1	4.0	46	136.9
Preinvestment	2	1.1	45	58.3	5	1.2	7	5.4	59	66.0
Export Financing	11	41.0	—	—	—	—	—	—	11	41.0
TOTAL	187	1,294.1	243	1,581.6	116	496.2	19	57.8	565	3,429.7

Bank Lends \$274,335,000 During Fourth Quarter of 1969

During the fourth quarter of 1969, the Inter-American Bank authorized 27 loans equivalent to \$274,335,000. By sources of funds, they were:

Ordinary Capital Resources: Nine loans for \$122,735,000:

- \$8,800,000 to the *Banco Nacional de Obras y Servicios Públicos, S.A.*, of Mexico to help expand the water supply and sewage systems of Monterrey, the capital of the northeast State of Nuevo León.
- \$12,000,000 to the *Corporación de Fomento de la Producción* of Chile to help establish or expand industries primarily in the nation's private sector.
- \$4,500,000 to the *Comisión de Valores-Corporación Financiera Nacional* to help Ecuador expand its industry, fisheries and tourism.
- \$9,000,000 to the *Corporación Peruana del Santa* of Peru to help finance an electric power supply project benefiting 565,000 persons in the

northern Departments of Ancash and La Libertad.

- \$26,000,000 to *Telefonos da Bahia S.A.* of Brazil to help expand and improve telephone, telex, radio-telephone and telegraph communication among 60 cities and towns in the northeast State of Bahia.
- \$2,435,000 to *Nacional Financiera, S.A.*, to enable Mexico to provide medium-term financing for the export of capital goods used in the construction of a gas pipeline in Colombia.
- \$1,000,000 to the *Banco do Brazil S.A.* to help Brazil finance the export of capital goods to other Latin American member countries of the Bank.
- \$33,500,000 to *Nacional Financiera, S.A.*, to help build four Federal highways totaling 283 miles and complete the construction of five others totaling 577 miles in eight states in Mexico.
- \$25,500,000 to the *Republic of Argentina* to help finance the dredging and rock-surfacing of a 32-mile-long river channel which will improve ocean and river ship traffic between Buenos Aires and key ports on the Paraná River.

Fund for Special Operations: Eighteen loans for \$151.6 million:

- \$6,500,000 to the *Republic of Chile* to help build 1,216 miles of feeder roads in the provinces of Cautín, Llanquihue, Osorno, Valdivia and Chiloé in southern Chile.
- \$3,700,000 to the *Banco Nacional de Obras y Servicios Públicos, S.A.*, along with the previously mentioned \$8.8 million from the ordinary capital resources, to finance a water supply and sewage project in the Mexican city of Monterrey.
- \$400,000 to the *Corporación de Fomento de la Producción*, together with the above-mentioned loan for \$12 million from the ordinary capital resources, to help expand industrial and mining development in Chile.
- \$1,500,000 to the *Comisión de Valores-Corporación Financiera Nacional*, along with the

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Disbursements

As of December 31, 1969, disbursements on the 565 loans authorized by the Bank amounted to \$1,725.7 million. This sum represents 50.3 per cent of the total of \$3,429.7 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
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	98.7	49.2
Dec. 31, 1969	1,725.7	142.7	50.3

Jamaica Becomes 23rd Member of Inter-American Bank

On December 30, 1969, the Caribbean nation of Jamaica became the 23rd member of the Inter-American Bank.

Membership became effective when Ambassador Sir Egerton R. Richardson, Jamaica's representative on the Council of the Organization of American States (OAS), signed the Agreement Establishing the Bank in a ceremony at the Pan American Union. He also deposited an Instrument of Ratification to the Agreement with the OAS Secretariat, thus completing the requirements for entry into the Bank.

The Bank's Board of Governors has set Jamaica's subscription to the ordinary capital resources at \$18,520,000 (\$2,760,000 in *paid-in* capital and \$15,760,000 in *callable* capital) and its contribution to the Fund for Special Operations at \$6,159,000.

Jamaica is the third British Commonwealth nation to join the Bank since it was established in 1959, the previous two having been Trinidad and Tobago in 1967 and Barbados early in 1969. Like these countries, it is a member of the Caribbean Free Trade Association and the recently-established Caribbean Development Bank.

The world's largest producer of bauxite, Jamaica, which has a population of nearly 2 million, is also a major exporter of sugar, bananas, citrus fruits and cocoa. In recent decades tourism has gained increasing importance in the island nation's economy, currently ranking behind bauxite and sugar production as the country's major source of foreign exchange.

Bank Lends . . .

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loan described above for \$4.5 million from the ordinary capital resources, to help finance an industrial, fisheries and tourist development program in Ecuador.

- \$1,500,000 to the *Comisión de Valores-Corporación Financiera Nacional*, complementing the loans mentioned above, to help establish a preinvestment fund for industrial development studies in Ecuador.

- \$30,800,000 to the *Federal Republic of Brazil* to help establish or expand 93 electric power cooperatives benefiting some 425,000 rural dwellers in nine states of Brazil.

- \$17,000,000 to the *Republic of Colombia* to help build 45 access roads totaling 970 miles which will primarily benefit low-income farm families in various regions of the country.

- \$2,600,000 to the *Departamento Nacional de Estradas de Rodagem* of Brazil to help carry out feasibility studies for the construction of a 462-mile highway from Rio Branco in the nation's far-west state of Acre to the Peruvian border.

- \$2,500,000 to the *Republic of Costa Rica* to help build or expand experimental farms, farm extension and research centers and weather stations throughout the nation.

- \$3,300,000 to the *Instituto de Fomento Eco-*



THREE CARIBBEAN NATIONS — *Trinidad-Tobago, Barbados and Jamaica* — have joined the Inter-American Bank since it was established December 30, 1959. The Dominican Republic and Haiti, two other Caribbean nations, were charter members.

nómico of Panama to help carry out a farm and livestock credit program benefiting some 3,000 small- and medium-scale producers, and to expand the country's grain marketing facilities.

- \$3,100,000 to the *Instituto de Fomento Económico*, along with the loan mentioned above for \$3.3 million, to finance an agricultural credit program in Panama and to expand the country's grain marketing facilities.

- \$5,000,000 to the *Republic of Bolivia* to help finance a livestock credit program designed to expand beef cattle output throughout a vast area of eastern Bolivia.

- \$15,500,000 to the *Republic of Guatemala* to help expand and improve Guatemala City's potable water supply system, as part of a two-stage program designed to cover the city's water needs up to 1987.

- \$3,400,000 to the *Republic of Panama* to help provide facilities to nearly double the nation's vocational school enrollment capacity by 1973 to about 9,000 students.

- \$2,200,000 to the *Instituto Nacional de Investigaciones Agropecuarias* to enable Ecuador to improve farm research and extension activities throughout the country.

- \$15,200,000 to the *Republic of Colombia* to help build and improve a 131-mile stretch of the nation's Pan American Highway located on the main route leading from Bogotá to Quito, Ecuador.

- \$11,000,000 to *Nacional Financiera, S.A.*, complementing another loan mentioned above for \$33.5 million from the ordinary capital resources, to help construct 296 rural access roads totaling 1,500 miles throughout Mexico.

- \$26,400,000 to the *Republic of Paraguay* to help pave a 265-mile highway stretch through Paraguay's vast Chaco region which will directly benefit some 45,000 inhabitants of farm and stockraising communities and improve the nation's links with Bolivia.

UK Channels \$10.2 Million Through Inter-American Bank

During the fourth quarter of 1969 the United Kingdom agreed to channel the pound sterling equivalent of \$10.2 million toward Latin America's development through the Inter-American Bank.

These funds, which will be incorporated into the Bank's ordinary capital resources, were made available under three separate agreements. They include:

—A loan equivalent to \$2.7 million provided by the United Kingdom's Ministry of Overseas Development. It has a final maturity of 20 years and includes a four-year, interest-free grace period.

—A line of credit totaling the equivalent of \$6 million which will be lent to the Bank over the next year by a syndicate of United Kingdom banks headed by Baring Brothers & Co., Limited, and the Bank of London & South America, Limited. The line has the guarantee of the United Kingdom's Export Credits Guarantee Department and will be extended for a period of five years, repayable semiannually.

—A line of credit amounting to \$1.5 million, with a five-year maturity, made available by the Bank of London & South America, Limited and Baring Brothers & Co., Limited.

These arrangements raise the funds which the United Kingdom is channeling through the Inter-American Bank to an equivalent of \$30.1 million, of which \$22.9 million have been extended either through direct loans or through bond sales and \$7.2 million represents funds administered by the Bank for the United Kingdom.

The additional financing will enable United Kingdom suppliers to continue to be eligible for procurement of goods and services with the proceeds of loans made to the Bank's borrowers with ordinary capital resources.

Record Lending Year . . .

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borrowed or arranged to borrow the equivalent of \$81.9 million in Germany, \$24 million in Italy, \$5.8 million in Austria, \$9.6 million in Sweden, \$8 million in Japan, \$15.7 million in the United Kingdom, and \$32.4 million in a short-term issue sold in Latin American member countries.

- The Government of the Netherlands increased the resources which it is channeling toward Latin America's development under parallel or independent financing arrangements in conjunction with the Bank by the equivalent of \$5 million to the equivalent of \$30 million.

- The Holy See entrusted to the Bank a special \$1-million fund—the *Populorum Progressio* Fund—to be devoted to aiding low-income sectors in Latin America, initially in the field of agrarian reform in Colombia.

Other Highlights

Other highlights of the Bank's tenth year of operations included:

\$106.2 Million Channeled Toward Region's Integration in 1969

More of the Bank's lending in 1969 was devoted to speeding up Latin America's economic integration than in any previous year. The Bank authorized \$103.8 million in loans for such projects and extended an additional \$2.4 million for technical assistance, on a grant basis, for programs related to integration. At year-end, the Bank's total support for the region's integration amounted to more than \$400 million.

Loans approved in 1969 included four for \$69.7 million to help build Latin America's regional transportation network—\$15.2 million for a section of the Pan-American Highway between Pasto and Popayán, Colombia; \$26.4 million for the Trans-Chaco Highway in Paraguay; \$25.5 million for dredging a maritime channel between the port of Buenos Aires and ports on the Paraná River which will improve river traffic with Paraguay and Bolivia, and \$2.6 million for a feasibility study of a link in the highway which will eventually unite Brazil's capital, Brasilia, with Lima, Peru.

Two loans totaling \$16 million are fostering Latin America's integration in the field of electric power. They are building networks which will distribute power produced by the Bank-financed Acaray hydroelectric plant in Paraguay, throughout the Province of Misiones, Argentina, and the State of Paraná, Brazil.

Another Bank loan for \$10.5 million is financing a campaign to control and eventually eradicate foot-and-mouth disease in Argentina. This is part of a South American-wide campaign which the Bank is financing to eventually rid the continent of a disease which takes a toll equivalent to nearly half a billion dollars in cattle losses a year. The Bank had previously made loans for similar projects in Paraguay and Chile.

The Bank also authorized two additional lines of credit to finance exports of capital goods from one Latin American country to another. These included \$2.4 million to Mexico to finance the export of goods and services used in the construction of a gas pipeline in Colombia, and another for \$1 million to help Brazil finance its general intraregional export program. In addition, previous revolving lines of credit extended in Argentina, Brazil, Mexico and Venezuela were increased by \$4.2 million through repayments.

- An increase in membership from 21 to 23 when the Caribbean nations of Barbados and Jamaica joined the Bank.

- In the field of agriculture, special emphasis was placed on the support of projects designed to improve marketing of farm products at both the domestic and export level.

- The Bank for the first time approved loans which will help foster tourism in Latin America. Under a policy adopted in 1968 to consider financing for tourist projects, the Bank lent \$11.5 million for industrial credit programs which will partially benefit hotel construction in Ecuador and Paraguay.