



Felipe Herrera

Resigns as President of Inter-American Bank

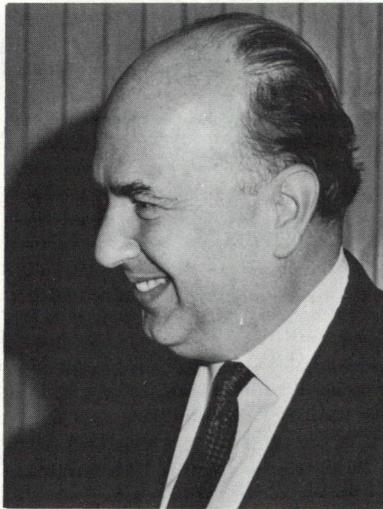
On October 11, 1970, Felipe Herrera, President of the Inter-American Bank, announced that he was resigning his post and returning to a university career in Chile.

In a letter of resignation to the Bank's Board of Governors Mr. Herrera said that the experience gathered as President of the Bank, during the last decade of hemispheric development, taken in the context of the new tasks which the Inter-American Bank will have in the decade which is commencing, had made him conclude that new leadership was desirable.

Mr. Herrera, the Inter-American Bank's first President, was originally elected to his post in 1960 and was subsequently re-elected in 1964 and 1968. Herrera's current term would have expired in 1974.

In explaining his decision to return to academic life, Herrera stated, "I hope to be able, in this manner, on an intellectual plane, to continue striving for the same objectives which have oriented my activity in these last ten years: to construct an integrated community of Latin American nations, open to the world, modern, dynamic and just in its economy and in its institutions."

Before beginning his service with the Bank, Mr.



"... to construct an integrated community of Latin American nations, open to the world, modern, dynamic and just in its economy and in its institutions."

Herrera had held a number of key governmental positions in Chile and had been active in international organizations. He initiated his professional career in the Central Bank of Chile in 1943, and in 1952 he became Chile's Under Secretary of Economy and Commerce. The next year he was appointed Minister of Finance.

From 1958 to 1960 he served as an executive director of the International Monetary Fund, representing Argentina, Bolivia, Chile, Ecuador, Paraguay and Uruguay. As a Chilean delegate, Mr. Herrera was one of the drafters of the Agreement Establishing the Inter-American Bank.

Mr. Herrera has been an economics professor at the University of Chile and has written a

number of books on economic and financial topics.

During Mr. Herrera's term as president, the resources of the Inter-American Bank have grown from \$1 billion at the time of its establishment to more than \$6 billion at present.

In addition, nearly \$4 billion worth of loans granted by the Bank have contributed to the realization of a whole range of development projects throughout Latin America benefiting approximately one fourth of the continent's population.

Bank Places \$100 Million

Bond Issue in United States Market

The Inter-American Bank has made a public offering amounting to \$100 million of its 8½ per cent, 25-year bonds. This is the first bond issue made by the Bank in the United States capital market since November 1968, when it borrowed \$70 million.

The current offering, which was issued October 1, 1970, is being made by a nationwide group of investment banking houses and commercial banks under the joint management of Lazard Frères & Co., Lehman Brothers and Blyth & Co., Inc. The bonds were priced at 99.25 per cent plus accrued interest, and were rated Triple A.

The net proceeds of the bond issue will be included in the Bank's ordinary capital resources and will be used to make loans for economic development projects. Loans from the Bank's ordinary capital resources are repayable in the currency in which they are extended.

The bonds are not redeemable prior to April 1, 1983. On that date and through September 30, 1983, they will be subject to optional redemption in whole or in part at 103.15 per cent plus accrued interest and at decreasing prices thereafter through 1990 and at par thereafter. A sinking fund commencing in 1983 will retire at par plus accrued

(Continued on page 3)



LOANS APPROVED UP TO SEPTEMBER 30, 1970

(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	89	\$ 459.5	31	\$ 149.3	—	\$ —	2	\$ 1.7	122	\$ 610.5
Agriculture	36	262.6	74	680.5	26	82.1	1	1.0	137	1,026.2
Electric Power	25	358.9	16	191.6	—	—	3	25.6	44	576.1
Transportation & Communications	16	214.5	25	353.5	2	5.6	5	16.4	48	590.0
Water Supply and Sewage	17	80.6	33	230.3	32	159.9	1	5.0	83	475.8
Urban Development	—	—	15	135.7	32	215.1	—	—	47	350.8
Education	—	—	28	108.1	19	31.4	1	4.0	48	143.5
Preinvestment	2	1.1	47	61.4	5	1.2	7	5.4	61	69.1
Export Financing	13	49.0	—	—	—	—	—	—	13	49.0
TOTAL	198	\$1,426.2	269	\$1,910.4	116	\$495.3	20	\$59.1	603	\$3,891.0

Bank Lends \$202.2 Million During Third Quarter of 1970

During the third quarter of 1970, the Inter-American Bank authorized loans amounting to \$202,221,959. This sum includes \$199,020,000 in 17 individual loans authorized during the quarter and \$3,201,959 in increases in previous loans authorized for export financing. The third quarter loans by source of funds are as follows:

Ordinary Capital Resources: Five loans for a total of \$95,790,000:

- \$15,000,000 to *Gas del Estado*, Argentina's government fuel agency, to help expand its gas supply system in rural and urban areas throughout the country.
- \$8,000,000 to the *State of Bahia*, Brazil, to help finance construction of a port to serve the nation's largest new industrial park, the Aratu Industrial Center.
- \$66,500,000 to *Centrais Eléctricas de São Paulo S.A.*, a state-controlled electric power enterprise, to help install an electric power transmission system which will connect the Ilha Solteira

hydroelectric plant to the city of São Paulo, Brazil.

- \$290,000 to enable the *Banco Industrial del Perú* to finance exports of Peruvian-manufactured, rubber-covered copper telephone wire to Chile.
- \$6,000,000 to the *Banco de la República Oriental del Uruguay*, a public development bank, together with \$7,400,000 from the Fund for Special Operations, to finance the first stage of a program to modernize Uruguay's meat-packing industry.

Fund for Special Operations: Twelve loans for a total of \$103,230,000:

- \$2,000,000 to help the *Universidad Centroamericana José Simeón Cañas*, in El Salvador, to expand and improve its teaching facilities to meet the country's growing need for university-trained professionals.
- \$4,500,000 to the *Universidad del Trabajo del Uruguay* to enable it to expand and improve its technical education system through the construction of new facilities and the improvement of existing schools throughout Uruguay.
- \$35,000,000 to the *Republic of Peru* to finance a massive reconstruction and rehabilitation program in the nation's earthquake-stricken areas.
- \$1,700,000 to the *Republic of Panama* to finance the establishment of a Preinvestment Fund which will be used to carry out development studies for public and private entities in Panama.
- \$6,200,000 to the *Government of Jamaica* to finance the first stage of a national farm improvement program benefiting some 3,600 existing farms and creating 320 new ones.
- \$18,000,000 to the *Republic of Ecuador* to build or improve 211 miles of that country's major highway system.
- \$12,400,000 to the *Republic of Nicaragua* to promote a broad urban development program to be carried out primarily in the area surrounding Managua, the nation's capital.

(Continued on page 3)

Disbursements

As of September 30, 1970, disbursements on the 603 loans authorized by the Bank amounted to \$2,014.3 million. This sum represents 51.7 per cent of the total of \$3,891.0 million in loans authorized to that date. The following table shows disbursements during the past five quarters.

Quarter Ending	Cumulative Disbursements (In millions of dollars)	Quarterly Increase	Disbursements as per cent of Authorizations
Sept. 30, 1969	1,583.1	98.8	50.3
Dec. 31, 1969	1,725.7	142.7	50.3
Mar. 31, 1970	1,806.3	80.6	52.3
June 30, 1970	1,898.1	91.8	51.4
Sept. 30, 1970	2,014.3	116.2	51.7

Bank Places 100 Million Deutsche Mark Bond Issue in Germany

On September 1, 1970, the Inter-American Bank offered a new public bond issue amounting to 100 million Deutsche marks in the German capital market (equivalent to \$27.3 million).

The issue was the sixth borrowing made by the Bank in Germany, and brought the Bank's total borrowings in that country to the equivalent of \$153 million. The September issue carried an 8½ per cent interest rate and has a maturity period of 15 years. The bonds were priced at 99½ per cent and were offered to the public by a syndicate of 33 German banks under the joint direction of Deutsche Bank, A.G. and Dresdner Bank, A.G., both of Frankfurt, Germany.

The bonds will have their final maturity on September 1, 1985 and will be redeemed at par through a redemption fund, or by lot in ten annual installments between 1976 and 1985, so that the entire issue will be retired by September 1, 1985. The Bank will retain the right to redeem all of the bonds on September 1, 1981, or on any subsequent interest payment date.

Since its establishment, the Bank has constantly sought to mobilize resources from non-member countries for use in developing its Latin American member nations. These efforts have resulted in the Bank obtaining resources in 16 non-member countries.

Including the current bond issue, the Bank has obtained a total of \$838.3 million in the world's capital markets of which some \$405 million were obtained in the United States, \$355.7 million in non-member countries primarily in Europe, and \$77.6 million through short-term borrowings, primarily in Latin America.

In addition to bond issues and borrowings, the Bank now administers funds provided by Canada, Norway, Sweden and the United Kingdom for long-range development loans. Germany has provided funds earmarked for the rehabilitation of the Bolivian tin mines, and the Vatican has given funds for agrarian reform programs benefiting Latin America's low-income sectors. Other countries in which the Bank has mobilized resources include: Austria, Belgium, Finland, Italy, the Netherlands, Spain, Switzerland, Israel, Japan and South Africa.

United States Bond Issue . . .

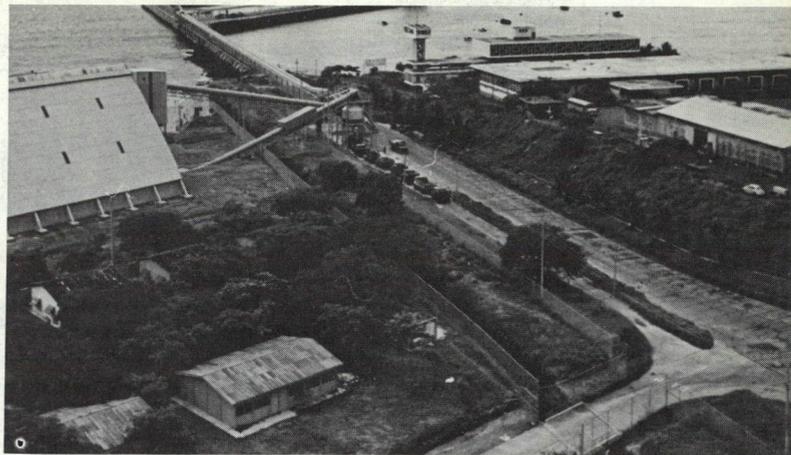
(Continued from page 1)

interest 75 per cent of the issue prior to maturity.

This offering is another step in the Bank's continuing effort to raise money in the world's capital markets to lend for Latin America's economic development. Including today's issue the Bank has raised a total of \$940 million through borrowing in the world's capital markets.

This issue is the seventh the Bank has sold in the United States and brings the Bank's total bond sales in that country to \$505 million. These bonds are not subject to the interest equalization tax of the United States.

With the resources of these borrowings and



Port modernization program is underway at Acajutla, El Salvador's main Pacific coast port, with the help of two IDB loans equivalent to \$4.8 million. The loans were extended from the resources which the Bank administers for the Government of Canada. The importance of the Acajutla modernization program is indicated by the rapid growth in cargo handled annually; between 1961 and 1968, metric tonnage handled has increased from 27,373 to 535,000.

funds provided to it by its member countries, plus additional amounts provided by non-member countries, the Inter-American Bank has lent to date nearly \$4 billion for Latin America's development. That sum is financing projects in Latin America whose total cost tops \$10 billion.

As of September 30, 1970, the Bank had authorized 603 loans totaling \$3.891 billion for development projects and programs in its Latin American member nations. Of these, 198 loans totaling \$1.426 billion were extended from the Bank's ordinary capital resources.

Bank Lends . . .

(Continued from page 2)

- \$7,600,000 to the *Municipality of Guayaquil*, Ecuador, to help carry out the first stage of a master plan for a sewage disposal system which will meet the city's requirements up to 1980.
- \$4,100,000 to the *Instituto Ecuatoriano de Recursos Hidráulicos*, an Ecuadorean government agency, to help bring some 8,800 acres of valuable new farmlands into cultivation.
- \$530,000 to the *Republic of Bolivia* to help complete a feasibility study and prepare design plans for the reconstruction of a major highway in the country's central region.
- \$3,800,000 to the *Instituto Costarricense de Electricidad*, the state power agency, to expand electric power distribution and service in two underdeveloped provinces of Costa Rica.
- \$7,400,000 to the *Banco de la República Oriental del Uruguay*, a public development bank, together with the above mentioned loan for \$6,000,000 from the Bank's ordinary capital resources, to finance a modernization program for Uruguay's meat-packing industry.



OAS COUNCIL MARKS BANK'S FIRST DECADE OF SERVICE—IDB President Felipe Herrera is applauded at the conclusion of his speech to a special meeting of the Permanent Council of the Organization of American States called to commemorate the Tenth Anniversary of the Bank's operations. On the dais are (left to right): Mr. Rafael Urquía, Assistant Secretary General of the OAS; IDB President Herrera; Ambassador Valerie T. McComie, Chairman of the OAS Permanent Council; OAS Secretary General Galo Plaza, and IDB Executive Vice President T. Graydon Upton.

Bank Grants First Loan to Jamaica

Jamaica, the Inter-American Bank's newest member nation, has received its first loan, since election to membership.

The loan for the equivalent of \$6.2 million will be used to finance the first stage of a national farm improvement program which will benefit approximately 3,600 of the island-nation's existing farms and create 320 new ones. The Jamaican Ministry of Rural Land Development will use the funds to expand the Self-Supporting Farmers Development Program, a government plan aimed at raising both the quality of life and the levels of agricultural productivity among the nation's small farms.

The Government of Jamaica, the borrower, has determined that, in general, only farms comprising more than five acres of arable land have the potential for economic viability, which the Government has defined as the ability to produce a net family income of at least the equivalent of \$1,080. The importance of the task is indicated by the fact that only 30 per cent of Jamaica's farms presently exceed this norm.

Through supervised credits and increased research and extension services, Jamaica hopes to bring about the necessary improvements in pro-

duction and productivity to graduate the nation's potentially viable farms of between 5 and 100 acres into self-supporting status.

This program is the first stage of a major effort by the Government of Jamaica to turn the nation's small farms into increasingly active contributors to the agricultural sector. The benefited farmers will receive technical assistance, marketing, research and extension services through programs principally administered by the thirteen regional Land Authorities of the Ministry of Rural Land Development.

It is expected that the production and productivity increases among the 3,920 farms to be benefited in the initial stage of the program will have a favorable impact on the diversification of Jamaica's agricultural sector and on the reduction of the country's food imports at a time when domestic food demand is increasing under the expanding influence of the tourist sector.

Jamaica was admitted to membership in the Bank on December 30, 1969 and became the 23rd nation of the inter-American system to be admitted to membership.