

**Inter-American
Development
Bank**



Fifth Annual Report • 1964



Member
Nations

ARGENTINA

BOLIVIA

BRAZIL

CHILE

COLOMBIA

COSTA RICA

DOMINICAN REPUBLIC

ECUADOR

EL SALVADOR

GUATEMALA

HAITI

HONDURAS

MEXICO

NICARAGUA

PANAMA

PARAGUAY

PERU

UNITED STATES

URUGUAY

VENEZUELA

**Inter-American
Development
Bank**



Fifth Annual Report • 1964

**TABLE
OF
CONTENTS**

President's Letter of Transmittal	v
---	---

GENERAL ASPECTS	1
------------------------------	----------

PART I:

ORDINARY CAPITAL RESOURCES

Resources	13
Loans	17
Description of Loans	19
Financial Operations	33
Financial Statements	34
Statement of Loans	44

PART II:

FUND FOR SPECIAL OPERATIONS

Resources	61
Loans	64
Description of Loans	64
Technical Assistance	72
Financial Operations	77
Financial Statements	78
Statement of Loans	88

PART III:

SOCIAL PROGRESS TRUST FUND

Activities	99
Loans	101
Description of Loans	102
Technical Assistance	114
Financial Operations	118
Financial Statements	120
Statement of Loans	128

General Appendices	138
--------------------------	-----



PRESIDENT

INTER-AMERICAN DEVELOPMENT BANK
WASHINGTON, D.C. 20577

CABLE ADDRESS
INTAMBANC

February 26, 1965

Mr. Chairman:

Pursuant to Section 2 of the By-laws of the Bank, the Board of Executive Directors has authorized me to submit the Annual Report of the Bank for 1964 to the Board of Governors.

Part I contains a report on the operations and the audited financial statements of the ordinary capital resources, which are published pursuant to the provisions of Article VIII, Section 6(a), of the Agreement Establishing the Bank.

Part II presents a separate report and the financial statements of the Fund for Special Operations in accordance with the provisions of Article IV, Section 8(d), of the Agreement.

Part III contains a separate summary and the financial statements of the Social Progress Trust Fund, which the Bank, as Administrator, presents pursuant to Section 5.04 of the Agreement signed between the United States Government and the Bank.

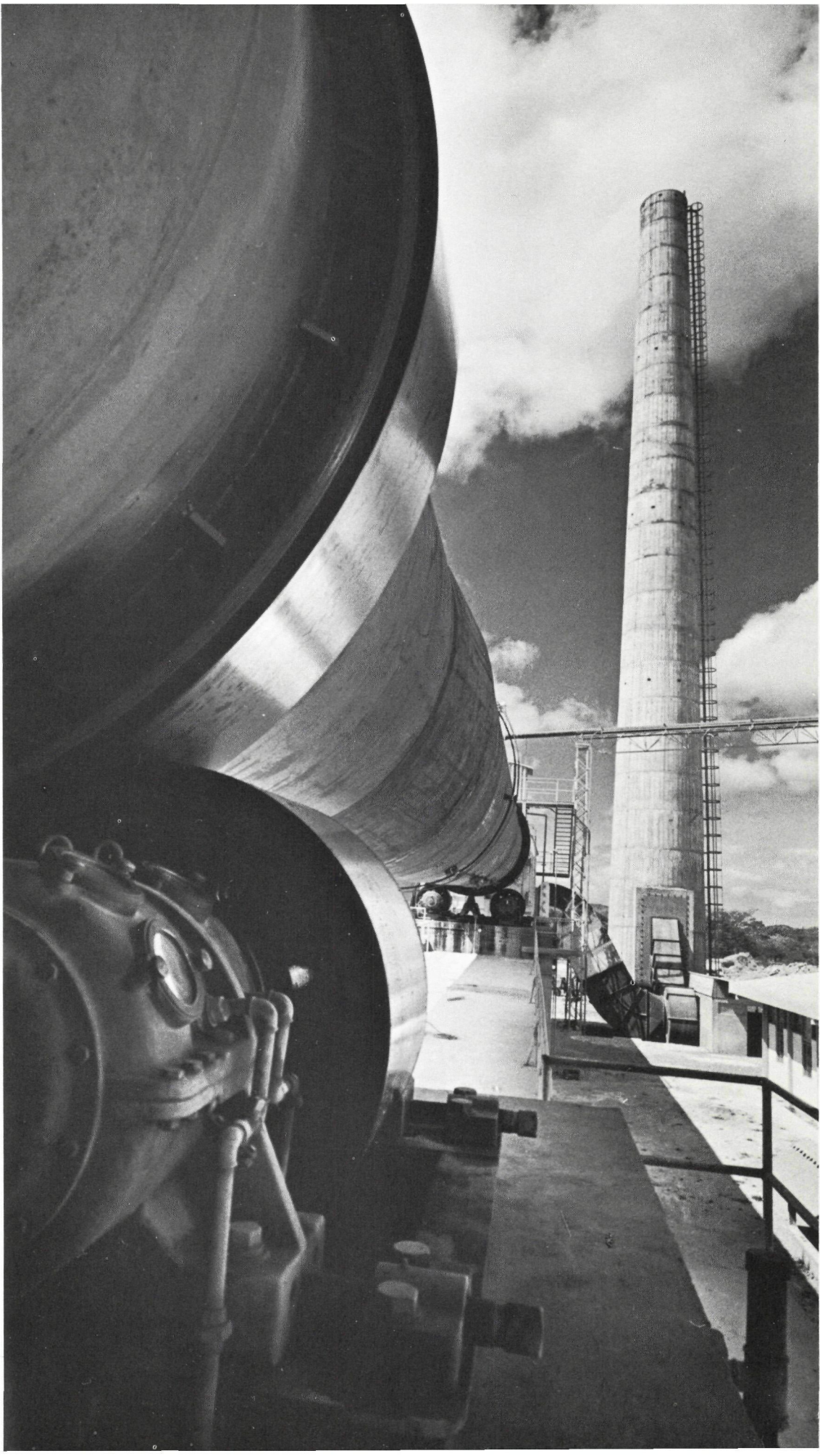
The report is prefaced by a section devoted to general aspects of the Bank's activities which serves to relate the three parts.

Sincerely yours,

Felipe Herrera

Chairman, Board of Governors
Inter-American Development Bank

FIRST CEMENT PLANT
in Costa Rica:
More than half
its construction cost
was provided by
an ordinary capital loan.



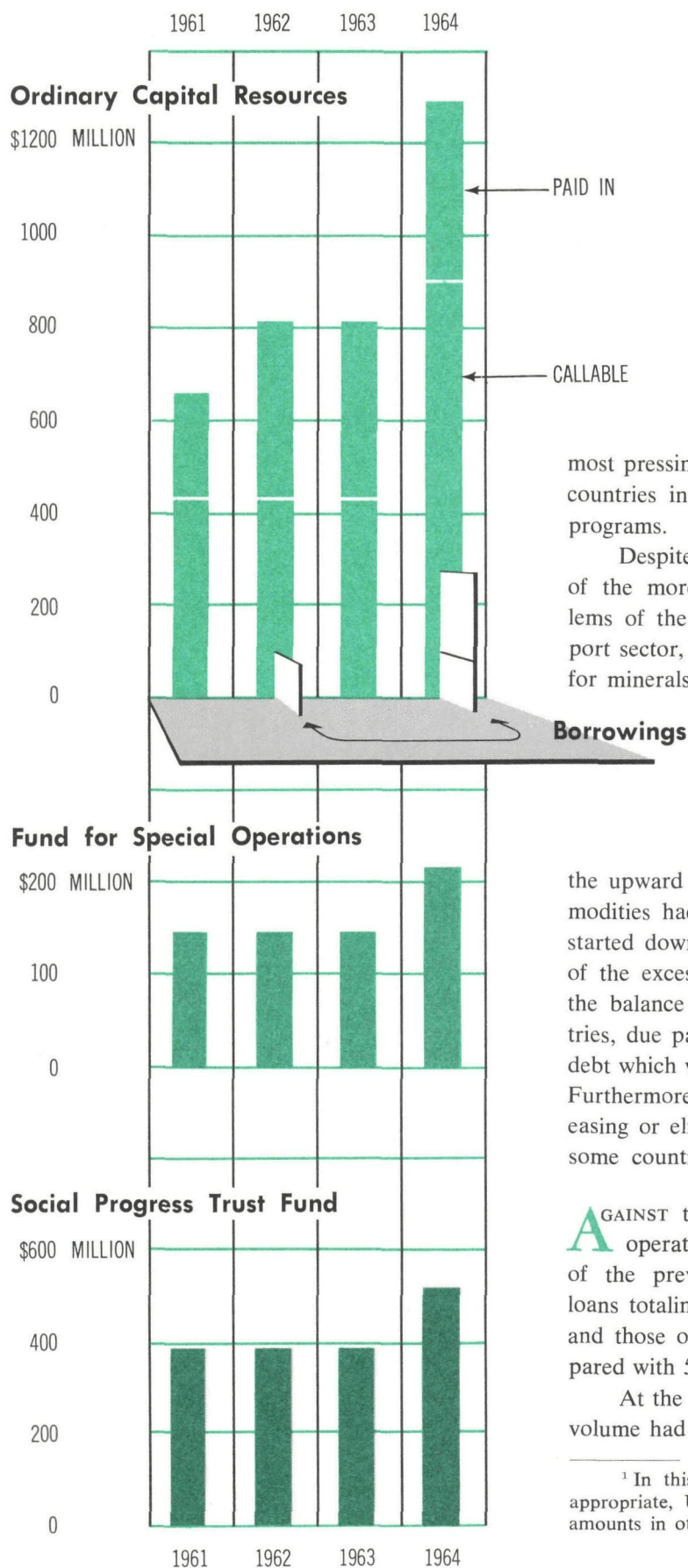
GENERAL ASPECTS

SEVERAL indexes tend to show that 1964 was a year of recovery in the rate of economic development in Latin America. Preliminary estimates of the UN Economic Commission for Latin America indicate that there was an increase of between 5 and 6 per cent in real income in most countries of the area: that is, the goal established in the Charter of Punta del Este of a per capita growth rate of 2.5 per cent per year was achieved.

To some extent, this favorable trend was linked to an expansion in Latin American exports, which rose in value about 8 per cent in the first nine months of the year. This permitted the region to increase imports and improve the level of its international monetary reserves. The favorable trend was due also to efforts made by the Latin American countries in the field of economic planning, particularly in programming and administering public revenues and expenditures, and in establishing institutions to mobilize domestic resources and carry out development programs in such fields as agricultural credit, transportation, electric power, land settlement, housing and sanitation.

During 1964 significant progress was achieved in coordinating development efforts at the regional level, as the Inter-American Committee on the Alliance for Progress (CIAP) initiated its activities. CIAP's primary concern was that of examining the

RESOURCES



most pressing financial needs of the Latin American countries in terms of their development plans and programs.

Despite the progress observed in 1964, some of the more critical economic development problems of the region remained unsolved. In the export sector, for example, although market prospects for minerals continued to be favorable at year end,

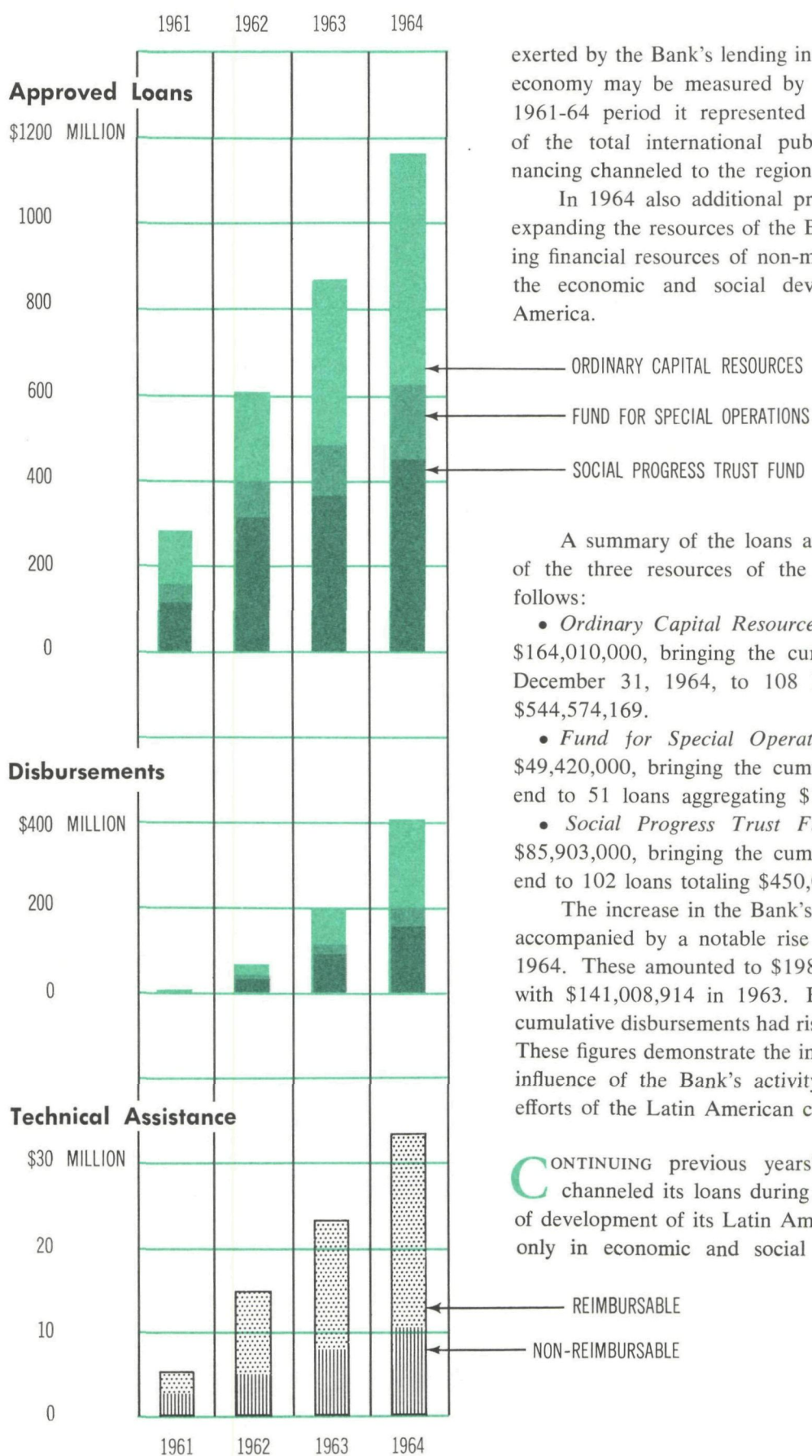
the upward price trend of certain agricultural commodities had halted and prices of others had even started down. Still persisting also was the problem of the excessive burden of foreign debt service on the balance of payments position of various countries, due particularly to the high proportion of this debt which was of a short- and medium-term nature. Furthermore, no satisfactory progress was made in easing or eliminating inflationary pressures affecting some countries.

A GAINST this background, the Bank's volume of operations in 1964 was higher than that of the previous year. The bank authorized 69 loans totaling \$299,333,000 from its own resources and those of the Social Progress Trust Fund, compared with 56 amounting to \$258,853,487 in 1963.¹

At the end of 1964 the Bank's cumulative loan volume had risen to \$1,165,521,963. The influence

¹ In this report dollar figures used may include, as appropriate, U.S. dollars or the U.S. dollar equivalent of amounts in other currencies.

ACTIVITIES (CUMULATIVE)



exerted by the Bank's lending in the Latin American economy may be measured by the fact that in the 1961-64 period it represented 25 to 30 per cent of the total international public development financing channeled to the region.

In 1964 also additional progress was made in expanding the resources of the Bank and in mobilizing financial resources of non-member countries for the economic and social development of Latin America.

A summary of the loans authorized from each of the three resources of the Bank during 1964 follows:

- *Ordinary Capital Resources*: 26 loans totaling \$164,010,000, bringing the cumulative total as of December 31, 1964, to 108 loans amounting to \$544,574,169.
- *Fund for Special Operations*: 14 loans for \$49,420,000, bringing the cumulative total at year end to 51 loans aggregating \$170,912,794.
- *Social Progress Trust Fund*: 29 loans for \$85,903,000, bringing the cumulative total at year end to 102 loans totaling \$450,035,000.

The increase in the Bank's lending volume was accompanied by a notable rise in disbursements in 1964. These amounted to \$198,061,632, compared with \$141,008,914 in 1963. By the end of 1964 cumulative disbursements had risen to \$404,352,692. These figures demonstrate the increasingly significant influence of the Bank's activity on the investment efforts of the Latin American countries.

CONTINUING previous years' policy, the Bank channeled its loans during 1964 to key sectors of development of its Latin American members, not only in economic and social infrastructure areas

but also in directly productive areas. By sectors, the Bank's lending in 1964 included \$101.4 million, or 33.9 per cent, for industry and mining; \$69.7 million, or 23.3 per cent, for agriculture; \$33.3 million, or 11.1 per cent, for electric power and transportation; \$43.6 million, or 14.5 per cent, for water supply and sewage systems; \$27.2 million, or 9.1 per cent, for housing for low-income groups; \$13.1 million, or 4.4 per cent, for higher education, and \$11 million, or 3.7 per cent, to finance exports of capital goods among the Latin American members.

During the year, the Bank continued its policy of helping to meet the financial needs of both the public and private sectors in Latin America. On a cumulative basis up to the end of 1964, 45 per cent of the loans from the Bank's own resources had gone to the private sector and 55 per cent to the public sector. A similar percentage prevailed at the end of 1963.

NOTABLE progress was made in 1964 in carrying out the projects being financed with the Bank's help. By the end of the year, 14 new industrial plants were in operation and work to expand 4 more had been completed. Work on 10 new plants and the expansion of another 9 was well advanced. In addition, more than 800 industrial credits to small and medium enterprises had been extended from the proceeds of loans the Bank had made to development institutions in Latin America.

In the field of agriculture, at year end 60,948 credits had been extended to help low- and medium-income farmers; facilities for the irrigation of 1,182,300 acres of land were being financed and work was progressing to improve an additional 2,294,990 acres. Once completed, these projects will benefit nearly 2 million persons.

By year end, some 57,803 houses had been built and an additional 56,833 were in various stages of construction. This represented nearly 50 per cent of the 229,085 homes scheduled to be built with loans extended for housing up to the end of 1964.

By year end also 231 water supply and 300 sewage systems had been finished and an additional 302 water systems and 37 sewage systems were under construction. When all these projects are completed some 22,940,000 persons in 1,694 localities will have been benefited.

In the field of electric power, work was going

forward to expand Latin American generating capacity by some 1,670,000 kilowatts. In addition 3,415 miles of transmission lines were being built and distribution systems were being constructed in 80 localities, of which those in 11 localities were in operation by year end.

Work for the construction of some 62 miles of main highways was also well advanced and more than 168 miles of farm access roads were already in service.

In the field of education, projects to re-equip eight universities in Argentina, to help build or equip five regional colleges in Chile and to supply equipment to a technological institute in Mexico were in an advanced stage of execution.

SINCE the Bank initiated its activities, it has operated on the premise that its efforts in Latin America would be enhanced if carried out in line with the priorities contained in the development plans and programs drafted by its member countries. In keeping with this policy, the Bank has accepted responsibilities to participate in international arrangements to mobilize the external financial resources required to finance the plans of some of its member nations.

During 1964, the Bank continued its functions as financial agent for the first phase of Bolivia's plan and as a participant in the advisory group organized by the World Bank to finance Colombia's plan. As Ecuador's financial agent, the Bank also took steps during the year to coordinate the foreign assistance required by that nation's development plan, particularly after the Panel of Nine had evaluated it.

A fundamental objective which the Bank has pursued in its operations has been that of seeking to mobilize domestic savings in increasing amounts as an essential basis for sustained development in the member countries. Thus, the total cost of the projects financed with Bank assistance up to the end of 1964 was \$3.4 billion. In other words, Bank loans of about \$1.2 billion helped to mobilize additional resources of \$2.2 billion, most of which came from the member countries themselves.

A CONSIDERABLE portion of the Bank's lending volume has gone to national development institutions in Latin America which up to the

end of 1964 had received loans aggregating \$242 million, or 33.7 per cent of the total volume extended from the Bank's own resources. This assistance benefited not only public but also private development agencies which are playing an increasingly active and vigorous role in Latin America's development.

The Bank believes the role of these institutions is fundamental in orienting credit toward productive ends and in mobilizing domestic savings. For this reason, the Bank's aid to these agencies has been designed to strengthen their activities in a number of areas. First, loans of the Bank have enlarged their operating capacity and thus enabled them to help an increasingly broad segment of small and medium enterprises whose needs had not been adequately met previously. Second, the supervision and control of these operations by the Bank have helped to improve their organization and their effectiveness in making and administering loans. Finally, the loans of the Bank have stimulated the

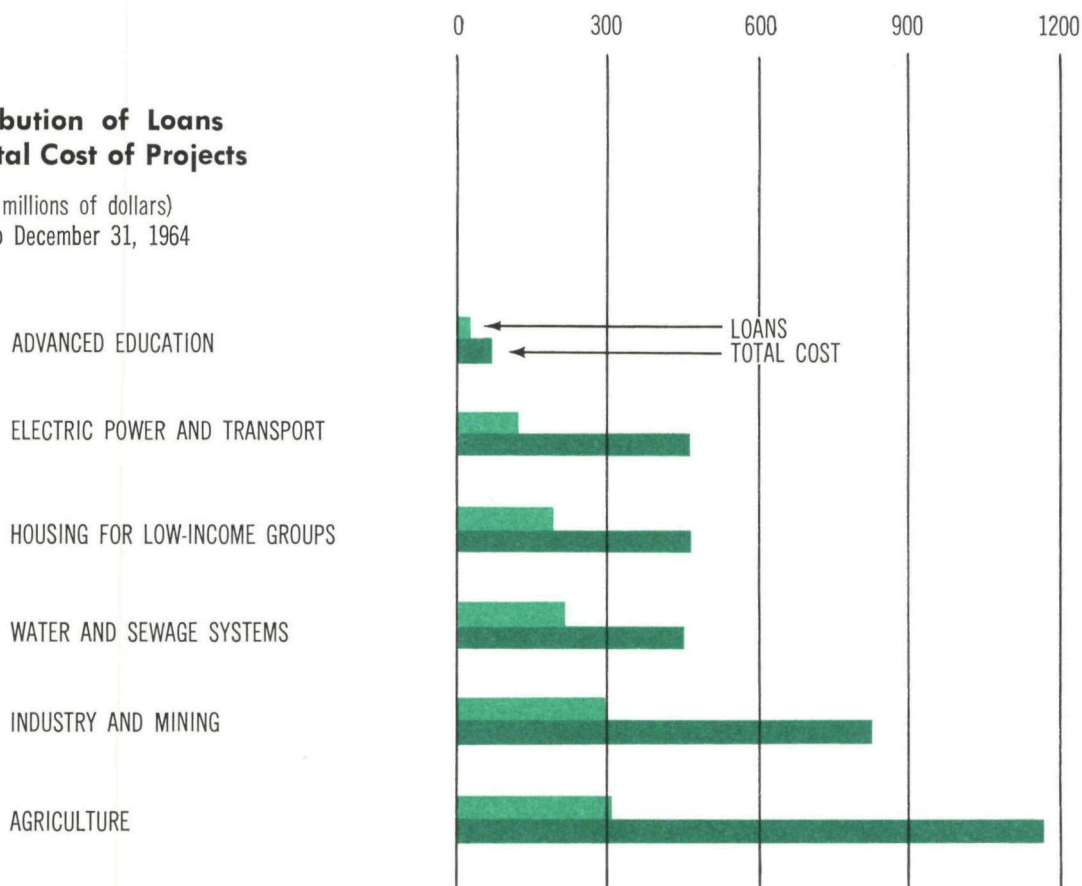
allocation of additional domestic resources for productive purposes.

The Bank's interest in national development agencies was demonstrated by its sponsorship in November 1964 of the First Meeting of Latin American Development Financing Institutions, which was attended by representatives of 150 public and private institutions. In sponsoring the meeting the Bank was motivated primarily by the view that close contact among the institutions would enable them to profit from each other's experience, particularly at this early stage when development bank techniques are still evolving. A proposal, currently under study, calling on the Bank to organize a service for the exchange of information and experiences among these institutions in Latin America was presented at the meeting.

THE BANK has had a continuing concern in helping its member countries to meet their technical assistance requirements. Such aid has

Distribution of Loans and Total Cost of Projects

(In millions of dollars)
Up to December 31, 1964



ranged from the preparation of specific projects to the organization or reorganization of institutions active in the development field and to the training of personnel.

In 1964, 93 separate technical assistance operations amounting to \$10,327,333 were approved. The cost of most of this aid, particularly when it was part of a project financed by the Bank, was borne by the borrowers; however, a total of \$2,811,389 of the above figure was extended on a non-reimbursable basis. The year's authorizations brought the cumulative total as of December 31, 1964, net of cancellations, to \$33,338,086, of which \$24,137,980 was authorized on a reimbursable basis and \$9,200,106 was approved on a non-reimbursable basis.

The Bank's technical assistance was aimed particularly at expanding the capacity of the member countries to absorb external capital effectively. In many cases consideration of a loan by an international financing agency takes an excessively long time due to technical defects in the studies presented by the applicant. In others, the execution of the project is delayed even after the required external financing has been obtained, because of unexpected obstacles of a technical or administrative nature. Finally, in still others, member countries fail to receive the external financial aid merited by their needs simply because they do not have sufficient capacity to prepare all the projects such financing requires. Due to such limitations, the Bank has sought to aid its member countries to overcome difficulties connected with drafting projects and putting them into operation promptly. In the field of pre-investment studies, particularly, the needs of some member countries appear to be far greater than their technological or institutional resources; consequently, the Bank intends to intensify its help in this area.

ONE OF the highlights of 1964 for the Bank was the strengthening of its financial resources, as a result of action initiated by member countries the year before. Early in the year, the Board of Governors approved the following increases in the Bank's resources:

- \$1 billion in the authorized *callable* capital, to be subscribed in two equal parts, half by the end of 1964 and the other half by the end of 1965.
- \$300 million in the authorized capital to pro-

vide subscriptions for possible new members.

- \$73,158,000 in the Fund for Special Operations—that is, a 50 per cent increase in existing quotas.

By April 1964 nineteen member countries had paid in contributions amounting to \$72,605,000 of the increase in the Fund for Special Operations and on October 20, 1964, the first part of the subscription in the increase to the authorized callable capital entered into effect.

In addition in February 1964, under a protocol entered into with the Bank, the Government of the United States assigned additional resources of \$131 million to the Social Progress Trust Fund.

Further steps to strengthen the Bank's operations in Latin America were taken by the member countries in April 1964, when the Board of Governors at its Fifth Annual Meeting in Panama approved a resolution recommending a new increase, equivalent to \$900 million, in the resources of the Fund for Special Operations. Of this amount, the United States would contribute \$750 million and the Latin American countries the remaining \$150 million, the entire amount being payable in the currency of the respective countries. Once the measure enters into effect, payments are to be made in three equal annual installments.

By the end of 1964, 18 member countries had adopted the legal and administrative measures required to approve the increase and the other member countries were expected to do so in 1965.

The resolution adopted in Panama specified that in the future the Bank would include in the operations of the Fund financing for social development purposes heretofore financed by the Social Progress Trust Fund.

These measures will enable the Bank to have the financial resources needed to continue, in a balanced manner, to finance conventional banking projects as well as those requiring more favorable repayment conditions.

IN 1964 the Bank obtained a substantial volume of financial resources in the private capital markets of the world. Two bond issues, one for \$50 million in March and another for \$100 million in October, were sold in the United States. As a result of efforts to obtain resources in other capital markets, the Bank also placed two bond issues in Europe: one for 60 million German marks (equivalent to

\$15 million) in Germany in July, and the other for £3 million (equivalent to \$8.4 million) in the United Kingdom in September. Thus during the year the Bank sold bonds totaling \$173.4 million which, added to previous issues, brought the total funded debt to \$272,593,548 as of the end of 1964.

As in previous years, the Bank also continued selling participations in its loans during 1964. As of December 31, 1964, the Bank had sold to 55 commercial banks and other financial institutions in the United States, Canada and Western Europe, and to the United Nations Special Fund a total of 213 participations amounting to \$20,261,292 in loans extended from the ordinary capital resources. In 1963 the UN Special Fund also had purchased participations amounting to \$1,645,058 in loans extended from the Fund for Special Operations.

Results of the Bank's efforts to mobilize additional public resources for Latin America's development from non-member capital-exporting countries should also be mentioned. In December 1964 the Bank entered into an agreement with the Government of Canada under which that country placed up to 10 million Canadian dollars at the Bank's disposal to finance economic, technical and educational projects in Latin America. During the year discussions also were held with the Governments of the United Kingdom, the Netherlands and Spain regarding arrangements under which funds from these countries for the development of Latin America might be channeled through the Bank.

These events show the receptivity that exists in certain capital-exporting countries to the idea of using the Bank's knowledge and experience in channeling funds for the development of Latin America. A similar response was apparent at the meeting of the Development Assistance Committee (DAC) in September 1964 at which the Bank and the Inter-American Committee on the Alliance for Progress made a joint presentation.

In order to support and stimulate the association of external and national capital with the development of the Latin American economies, the Board of Governors of the Bank at its 1964 Meeting requested the Board of Executive Directors to study the adoption of measures necessary to facilitate that objective. The Executive Directors set up a working group to prepare the study, which will be presented to the Board of Governors.

DURING 1964, member countries showed renewed interest in adopting measures to accelerate Latin American economic integration and the Bank, for its part, continued to support such efforts vigorously.

After the Board of Executive Directors had adopted the corresponding regulations and operating procedures had been agreed to with the member countries, the Bank early in 1964 put into effect a program to finance intraregional exports of capital goods. Under this program, four lines of credit totaling \$11 million were extended in Argentina, Brazil and Mexico, each of which received a credit of \$3 million, and Chile, which received one for \$2 million.

In another action, the Bank early in 1964 presented to the Colombian and Venezuelan Governments a report on "Possibilities for the Integration of the Colombian-Venezuelan Border Zones," which had been prepared by a Bank working group at the request of those countries. Specific initial steps were taken during the year to implement recommendations contained in the report. These included the authorization of a loan of \$3.2 million to the *Instituto de Aprovechamiento de Aguas y Fomento Eléctrico* of Colombia to finance an electric power project in the Department of Norte de Santander which provides for a link-up between the systems of that department and the State of Tachira in Venezuela. During 1964 the Bank also authorized technical assistance for a similar study, to be made early in 1965, on the Colombian-Ecuadorian border region.

In 1964 the Bank approved another loan which will stimulate the process of regional integration. Amounting to \$8.2 million, it was extended to the Central American Bank for Economic Integration to finance projects of a regional nature in industry and infrastructure. The previous year the Bank had granted a loan of \$6 million to the same bank for a similar purpose.

One of the most important steps taken by the Bank in the field of integration in 1964 was the decision to establish an Institute for Latin American Integration, which will serve as a center for detailed research into the various economic, technical, legal and institutional aspects of regional integration and will explore the most suitable means of encouraging and facilitating the process. The Insti-

tute, which will be a unit of the Bank, will begin operations in Buenos Aires early in 1965. It will engage in research, training, consultation and publication activities.

ANOTHER noteworthy aspect of the Bank's activities in 1964 was its net income position, which was substantially higher than that of previous years. Net income of the ordinary capital resources was \$4,774,353; that of the Fund for Special Operations \$2,280,824, before deducting technical assistance expenses of \$1,154,617. These figures compare with income in 1963 from the ordinary capital resources of \$3,858,936 and from the Fund for Special Operations of \$939,942.

Cumulative reserves of the Bank as of December 31, 1964, amounted to \$13,841,429 in the ordinary capital resources and \$1,430,509 in the Fund for Special Operations.

For the first time also the income of the Social Progress Trust Fund was sufficient to take care of the administrative expenses chargeable to the Fund. Earnings of the Trust Fund in excess of expenses amounted to \$358,330 before deducting technical assistance expenses of \$1,277,363 and exchange adjustments of \$343,246.

THE ANNUAL meetings of the Board of Governors of the Inter-American Bank acquire increasing significance each year due to the importance of the financial matters considered at them. This was apparent at the Fifth Annual Meeting held in Panama City, April 13 to 17, 1964, in the Justo Arosemena Legislative Palace, under the presidency of Mr. Julio E. Linares, Minister of Finance of Panama.

In addition to approving the previously mentioned resolutions related to an increase in the Fund for Special Operations and to measures designed to attract additional resources to the Bank from non-member countries, the Board:

- Approved the financial statements of the Bank with respect to the ordinary capital resources and to the Fund for Special Operations for the fiscal year ending December 31, 1963.

- Re-elected Mr. Felipe Herrera as President of the Bank for a five-year term beginning July 1, 1964.

- Recommended to the management of the Bank that "it maintain as a permanent activity the study,

on a current basis, of the aspects of the financing of Latin American foreign trade, and that the member countries send the Bank information, statistics and such suggestions as they may consider useful for keeping that study up to date."

- Requested the Board of Executive Directors to review the existing provisions relative to the election of the Executive Directors and to submit its conclusions to the consideration of the Board of Governors before the Sixth Annual Meeting.

- Selected Asunción, Paraguay, as the site of the Sixth Annual Meeting to be held in April 1965.

During the course of the meeting two round table sessions on "Regional Organizations and Financial and Technical Cooperation for Development," were held. A total of 142 delegates from member nations, 40 observers from various organizations, and 230 special guests from 30 countries attended the Panama City meeting.

DURING 1964 the following changes in the Board of Executive Directors took place:

On June 30 Mr. Julio Solsona Flores of Uruguay was elected an Executive Director by Bolivia and Paraguay to fill the vacancy caused by the resignation of Mr. Guillermo Bedregal of Bolivia. Mr. Solsona Flores appointed Mr. Julio C. Gutiérrez of Paraguay as his Alternate Director.

On the same date, Mr. Manuel Barros Sierra of Mexico, Executive Director for the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Panama and Uruguay, appointed Mr. Arturo Calventi of the Dominican Republic as his Alternate Director succeeding Mr. Julio E. Heurtematte of Panama, who had resigned.

On December 3, Mr. Victor da Silva Alves Filho of Brazil was elected an Executive Director by Brazil, Ecuador and Haiti, following the resignation of Mr. Cleantho de Paiva Leite also of Brazil.

To improve the effectiveness of its operations due to new and expanding responsibilities certain changes in the organization of the Bank were made in 1964. The Office of the Financial Advisor, formerly a unit of the Financial-Administrative Department, and a new Office of the Program Advisor created to formulate and revise objectives, policies, plans and development programs of the Bank, were attached to the Office of the President and the Executive Vice President.

In the Financial-Administrative Department, the Division of the Treasury and the Division of Financial Affairs were merged into a single Division of the Treasury and Financial Affairs. Finally, in the Technical Department, the Division of Economic Development and the Division of Social Development were re-organized into a single Division of Economic and Social Development.

The Directors and Alternate Directors of the Bank are listed on page 139; the principal officers, on page 140.

THE BANK'S cooperation with inter-American and international organizations contributing to Latin America's economic and social development continued to expand during 1964. In the inter-American sphere, the Third Annual Meeting of the Inter-American Economic and Social Council (IA-ECOSOC) at the Ministerial Level held in Lima, Peru, from December 5 to 11 was especially significant for the Bank. A review of the progress achieved by the Alliance for Progress was carried out at this meeting and Latin America's needs for external and domestic capital over the next two years, as well as their availability, was weighed.

During 1964 the Bank participated in several meetings in which Latin America's world trade position was assessed, culminating with the UN Conference on Trade and Development held in Geneva, Switzerland, March 23 to June 16. Previously the Bank had participated in a meeting February 24 to March 6 in Alta Gracia, Argentina, of a special committee of IA-ECOSOC to formulate a unified regional policy for the Latin American countries in the Geneva Conference.

As a member of the ad-hoc OAS-IDB-ECLA Coordinating Committee the Bank continued cooperating in the missions which are helping to draft national economic and social development plans in Central America, the Dominican Republic, Paraguay, Peru and Uruguay. As a sponsor of the Inter-American Committee for Agricultural Development, the Bank also contributed to studies, completed during the year, on the relationship between land tenure and agricultural development, one of which related to Brazil, Chile, Ecuador and Guatemala and the other to Argentina, Colombia and Peru.

Due to their importance to the development of its member countries, the Bank took part in various

studies on industrial and agricultural productivity at the regional level during the year. For similar reasons, the Bank also participated in meetings, seminars and courses on health and sanitation, education, labor affairs and legal matters.

The Bank maintained close cooperation with the World Bank and its affiliated organizations particularly in coordinating lending activities in the Latin American member countries as well as in the joint execution of projects. In this connection the World Bank; the International Development Association, an affiliate of the World Bank; the U.S. Agency for International Development, and the Inter-American Bank joined together in financing a highway program in Ecuador. The Inter-American Bank and the International Development Association also joined together in financing hydroelectric power projects in Bolivia. A Bank delegation attended the annual meeting of the Boards of Governors of the World Bank and the International Monetary Fund in Tokyo in September.

With the U.S. Agency for International Development and the National League of Insured Savings Associations of the United States, the Bank sponsored the Second Inter-American Meeting on Savings and Loans, held in Santiago, Chile, in January, where a decision was taken to establish the Inter-American Savings and Loan Union.




























































During the year, the Bank strengthened its ties with the specialized agencies of the United Nations, particularly the UN Special Fund, the UN Food and Agriculture Organization, the UN Educational, Scientific and Cultural Organization and the UN Economic Commission for Latin America.

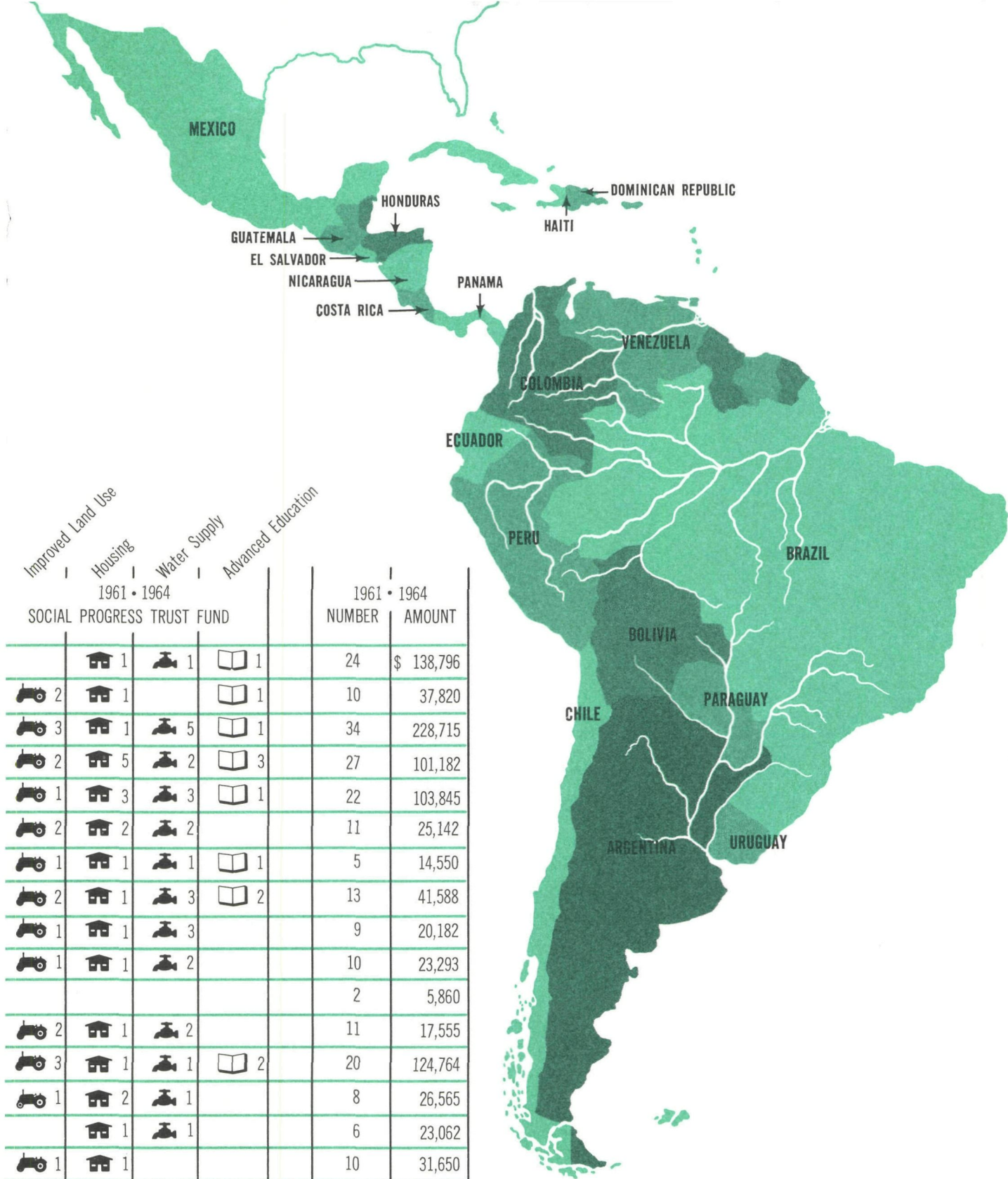
The Bank also participated in various international gatherings including the working meeting of a group of experts charged with studying a payments clearing system among the African nations sponsored in January in Tangier, Morocco, by the UN Economic Commission for Africa; the courses on development of economic integration given in Karachi, Pakistan, in March under the auspices of the Pakistan State Bank; the meeting of a group of experts in Bangkok, Thailand, in October called by the UN Economic Commission for Asia and the Far East to prepare a charter for a proposed regional development bank, and the First Meeting of the Board of Governors of the African Development Bank, held in Lagos, Nigeria, in November.

APPROVED LOANS

UP TO DECEMBER 31, 1964

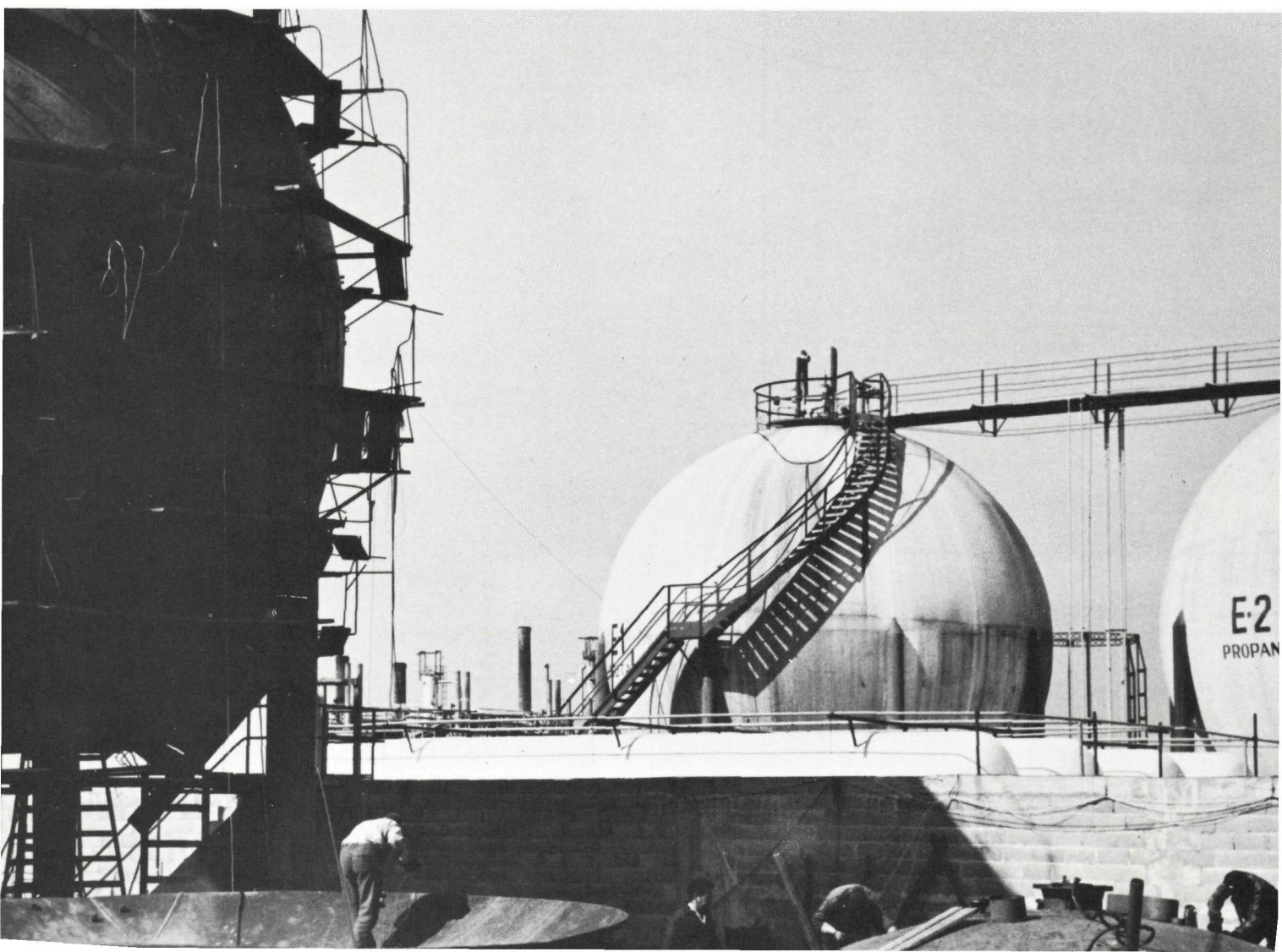
(Expressed in thousands of dollars)

	1964		1961 • 1964							
	NUMBER	AMOUNT	BANK'S OWN RESOURCES							
			Agriculture	Industry and Mining	Development Loans for Relending	Electric Power and Transportation	Water Supply	Technical Assistance	Export Financing	
ARGENTINA	7	\$29,900	 2	 9	★ 3	 2	 1	 3	 1	
BOLIVIA	2	3,825	 2	 2	★ 1	 1				
BRAZIL	11	92,250	 1	 9	★ 2	 5	 4	 2	 1	
CHILE	8	22,701	 3	 5	★ 2		 2	 2	 1	
COLOMBIA	7	30,529	 1	 2	★ 2	 3	 4	 2		
COSTA RICA	4	9,040		 1	★ 3	 1				
DOMINICAN REPUBLIC	2	2,050			★ 1					
ECUADOR	2	6,268			★ 3	 1		 1		
EL SALVADOR	1	4,400		 1	★ 1	 1	 1			
GUATEMALA	2	3,255		 1	★ 1	 2	 1	 1		
HAITI	1	2,360			★ 1		 1			
HONDURAS	2	600		 2	★ 1	 1		 2		
MEXICO	2	12,800	 6	 3	★ 2			 1	 1	
NICARAGUA	4	16,680			★ 4					
PANAMA	2	9,500	 1		★ 2			 1		
PARAGUAY	2	9,550	 1	 2	★ 2	 1		 2		
PERU	6	11,825	 2	 1	★ 3		 1	 1		
URUGUAY	1	3,600		 3	★ 1	 1	 1			
VENEZUELA	2	20,000	 1		★ 3		 1			
CENTRAL AMERICA	1	8,200			★ 2					
	69	\$299,333								



1961 • 1964				1961 • 1964	
Improved Land Use	Housing	Water Supply	Advanced Education	NUMBER	AMOUNT
SOCIAL PROGRESS TRUST FUND					
	1	1	1	24	\$ 138,796
2	1		1	10	37,820
3	1	5	1	34	228,715
2	5	2	3	27	101,182
1	3	3	1	22	103,845
2	2	2		11	25,142
1	1	1	1	5	14,550
2	1	3	2	13	41,588
1	1	3		9	20,182
1	1	2		10	23,293
				2	5,860
2	1	2		11	17,555
3	1	1	2	20	124,764
1	2	1		8	26,565
	1	1		6	23,062
1	1			10	31,650
2	2	1	3	16	53,197
	1	1		8	34,183
1	2	3	1	12	96,444
			1	3	17,129
				261	\$1,165,522

OIL REFINERY in Uruguay
is increasing its productivity and expanding its activities
with aid of ordinary capital loan.



Part I

ORDINARY CAPITAL RESOURCES

Operations/Fiscal Year 1964

Resources

The accelerated lending rate maintained by the Bank since it began operations has resulted in the commitment of a substantial portion of its ordinary capital resources. This has made it imperative for the Bank to take measures designed to increase its callable capital in order to obtain additional backing to continue borrowing funds in the capital markets of the United States and Europe.

In view of this, the Board of Governors asked the Board of Executive Directors in April 1962 to give prompt consideration to the question of enlarging the Bank's resources through an increase in its authorized capital stock or an increase in the resources of the Fund for Special Operations, or both.

As a result of the report and the recommendations made by the Board of Executive Directors, the Board of Governors on April 8, 1963, approved resolutions calling on member countries to adopt measures to increase the capital of the Bank and the resources of the Fund for Special Operations. During the course of the year most member nations had taken the necessary measures and on January 28, 1964, they entered into effect.

ORDINARY CAPITAL RESOURCES

In regard to the ordinary capital resources they were:

- \$1 billion in the authorized *callable* capital stock, in terms of United States dollars of the weight and fineness in effect on January 1, 1959, divided into 100,000 shares having a par value of \$10,000 each. One-half of this increase was to be subscribed by each member nation on or before December 31, 1964, and the other half on or before December 31, 1965. By December 31, 1964, 19 member nations had subscribed \$471,825,000 of the first \$500 million installment and that installment had thus become effective. As of that date also 18 member countries had subscribed \$265,945,000 of the second installment.

- \$300 million in the authorized capital stock in terms of United States dollars of the weight and fineness in effect on January 1, 1959, divided into 30,000 shares having a par value of \$10,000 each, of which 7,500 shares would be paid-in and 22,500 would be callable. This increase was made in order to provide subscriptions for the possible admission of new members.

Total subscriptions to the ordinary capital resources on a country-by-country basis are shown in the accompanying table.

The callable capital serves, in effect, as a guarantee for the bonds which the Bank issues; consequently increases in that capital give the Bank greater capacity to borrow funds in the world's capital markets. The Bank's efforts in this regard in 1964 proved especially fruitful. The Bank sold four bond issues for a total of \$173.4 million in the markets of the United States and Europe. Two of these, one for \$50 million and one for \$100 million, were sold in the United States; another, for 60 million Deutsche marks (equivalent to \$15 million), in the Federal Republic of West Germany, and the fourth, for £3 million (equivalent to \$8.4 million), in the United Kingdom. These, added to 1962 issues of 15 billion lire (equivalent to \$24,193,548) in Italy and \$75 million in the United States, brought the Bank's total bond sales to \$272,593,548.

The issues sold in the United States were rated triple A, the highest rating given to bonds marketed in the U.S. by the two principal firms that grade securities.

The first issue sold in the United States was for \$50 million publicly offered on March 23, 1964, by a syndicate of 103 commercial banks and investment banking houses under the joint management of Lehman Brothers, Blyth & Co., Inc. and Lazard

Subscriptions Ordinary Capital Resources

(Expressed in United States dollars)

COUNTRY	PAID IN	CALLABLE (Subscribed by Dec. 31, 1964)	CALLABLE (Subscribed or to be subscribed in 1965)	TOTAL
Argentina	\$ 51,570,000	\$112,240,000	\$ 60,670,000	\$ 224,480,000
Bolivia	4,140,000	9,010,000	4,870,000	18,020,000
Brazil	51,570,000	112,240,000	60,670,000	224,480,000
Chile	14,160,000	30,820,000	16,660,000	61,640,000
Colombia	14,150,000	30,795,000	16,645,000	61,590,000
Costa Rica	2,070,000	4,505,000	2,435,000	9,010,000
Dominican Republic	2,760,000	6,010,000	3,250,000	12,020,000
Ecuador	2,760,000	6,010,000	3,250,000	12,020,000
El Salvador	2,070,000	4,505,000	2,435,000	9,010,000
Guatemala	2,760,000	6,010,000	3,250,000	12,020,000
Haiti	2,070,000	4,505,000	2,435,000	9,010,000
Honduras	2,070,000	4,505,000	2,435,000	9,010,000
Mexico	33,150,000	72,150,000	39,000,000	144,300,000
Nicaragua	2,070,000	4,505,000	2,435,000	9,010,000
Panama	2,070,000	4,505,000	2,435,000	9,010,000
Paraguay	2,070,000	4,505,000	2,435,000	9,010,000
Peru	6,910,000	15,040,000	8,130,000	30,080,000
United States	150,000,000	405,880,000	205,880,000	761,760,000
Uruguay	5,530,000	5,530,000	13,010,000	24,070,000
Venezuela	27,630,000	60,135,000	32,505,000	120,270,000
Total	\$381,580,000	\$903,405,000	\$484,835,000 ¹	\$1,769,820,000

¹ Of this sum 18 member countries had subscribed \$265,945,000 as of December 31, 1964.

Frères & Co., which offered the bonds to the public at 100 per cent plus accrued interest. The 4½ per cent, 20-year bonds are redeemable through a sinking fund which will retire \$2.7 million annually at par plus accrued interest beginning in 1970 through 1983. Approximately 75 per cent of the issue will be retired prior to maturity. The bonds will not otherwise be redeemable prior to April 1, 1974. On and after that date to March 31, 1977, the Bank may redeem them, in whole or in part, at 102½ per cent plus accrued interest and at decreasing prices thereafter.

The other issue in the United States, which was for \$100 million, was marketed on October 29, 1964, by a syndicate of 104 commercial banks and investment banking houses under the management of Blyth & Co., Inc., Lazard Frères & Co. and Lehman Brothers. The 4½ per cent, 20-year bonds were priced at 99 per cent plus accrued interest. As a sinking fund the Bank will redeem \$5.4 million of the bonds by November 1 in each of the years 1970 through 1983 at 100 per cent plus accrued interest. The sinking fund will retire approximately 75 per cent of the issue prior to maturity. The bonds will not otherwise be redeemable prior to November 1, 1974. On and after that date they will be subject to optional redemption, in whole or in part, at 101½ per cent plus accrued interest, and at decreasing prices thereafter.

The issue sold in the Federal Republic of Germany was for 60 million Deutsche marks (equivalent to \$15 million) on July 7, 1964. It was placed on the market by a syndicate of 31 German banking institutions headed by Deutsche Bank, A.G., of Frankfurt, Germany, and an additional group of European banks including 1 in Belgium, 1 in France, 8 in the Netherlands and 1 in Sweden. The 5½ per cent, 15-year bonds will mature in 1979. The issue is to be repaid at par in ten annual installments of 6 million Deutsche marks each beginning in 1970. The Bank will have the right, on not less than three months' notice, to redeem the entire issue on July 1, 1970, and on any interest date thereafter, at 102½ per cent from 1970 to 1972, at 101¼ per cent from 1973 to 1975, and at par thereafter.

On September 2, 1964, the Bank sold an issue for £3 million (equivalent to \$8.4 million) in the United Kingdom. It was made through a consortium of British banks headed by Baring Brothers & Co.,

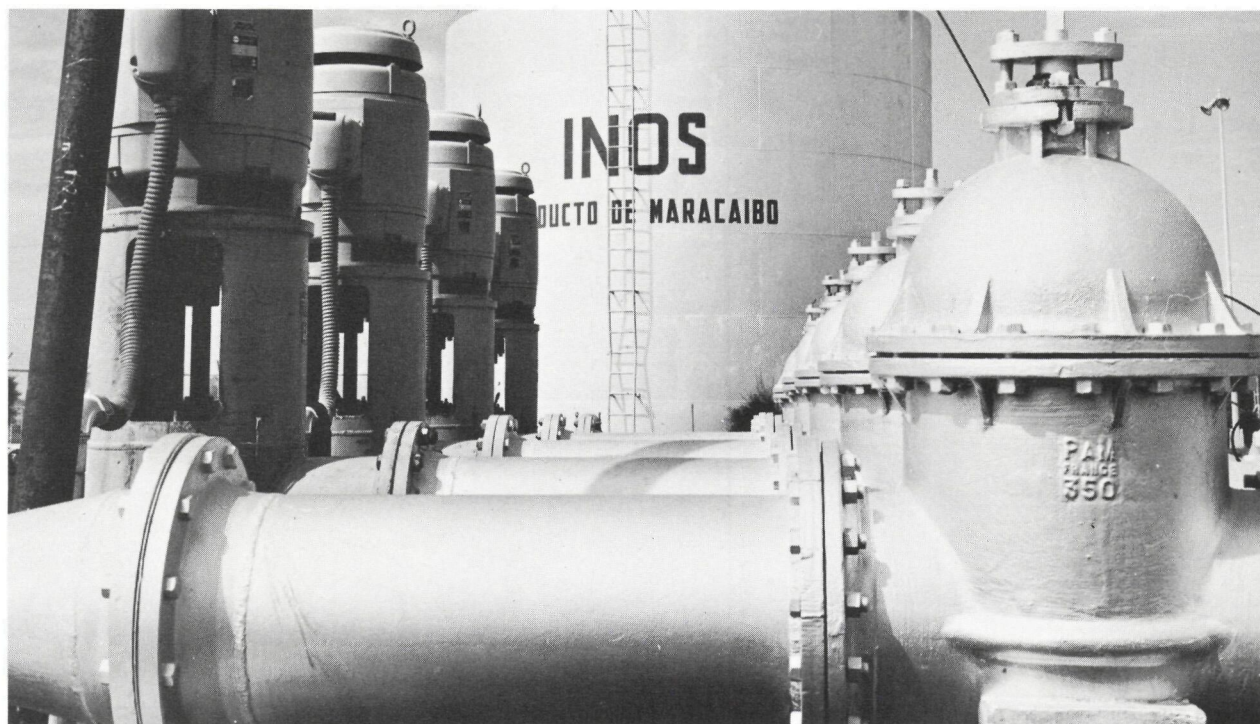
Limited. The other members were the Bank of London & South America Limited; Lazard Brothers & Co., Limited; N. M. Rothschild & Sons, and J. Henry Schroder Wagg & Co. Limited. The issue was in the form of 5½ per cent, 20-year registered bonds with a final maturity date in 1984. They will be redeemed by a sinking fund of £200,000 per year beginning in the year ending October 1, 1970. On October 1, 1979, or on any interest date thereafter, the Bank will have the right to redeem the outstanding balance of the loan, in whole or in part, at par, subject to not less than three months notice.

In addition to these sales, the Bank during 1964 carried out exploratory discussions regarding the possibility of selling the Bank's bonds in other capital markets and also sought to mobilize additional financial resources for Latin America's development through other means in Western Europe and Canada.

Impetus was given to this effort by a resolution approved by the Fifth Annual Meeting of the Bank's Board of Governors in Panama City in April 1964. The resolution instructed the Board of Executive Directors of the Bank to study the adoption of measures necessary to make possible and facilitate the participation of non-member countries in the provision of additional resources to the Bank.

In carrying out the study the Directors were asked by the Board of Governors to take into account, among possible alternatives, the administration by the Bank of resources provided by non-member countries, through appropriate agreements, and the creation of any other type of operative mechanism which would permit non-member countries to participate in the analysis and financing of projects and in the selection of priority sectors and geographical areas. During the course of the year the Board of Executive Directors studied the problem and in due course will present its report to the Board of Governors.

Within the framework of the general policy of the Board of Governors the Bank late in the year entered into an arrangement with Canada to administer up to 10 million Canadian dollars to finance economic, technical and educational projects in Latin America. The agreement setting out the arrangement through which the Bank will act on behalf of Canada as Administrator was signed at the Canadian Mission to the United Nations in New York on December 4, 1964, by the Canadian Secretary of State for Ex-



WATER NEEDS of Maracaibo, principal oil center in Venezuela, are being met up to 1970 with aid of ordinary capital loan.

ternal Affairs and the President of the Bank.

The Bank will use the Canadian funds to extend loans for such programs and projects as may be agreed to between the parties on maturities which may range up to 50 years, depending on the circumstances of the particular project. The loans may be extended at low interest rates or at no interest if so agreed between Canada and the Bank. They will, however, bear appropriate service charges. The Bank will have the primary responsibility for selecting, processing and approving loan projects and for establishing terms and conditions of loans. The Bank will consult, however, with Canada at an early stage in the selection of projects and will obtain that country's approval before authorizing loans involving the Canadian funds. Proceeds of the loans will be used, except in special circumstances, to purchase goods and services in Canada. Amortization, interest and service charges on loans will be payable in Canadian dollars.

At year end the Bank was engaged in discussions regarding arrangements under which further funds from the United Kingdom, the Netherlands and Spain might be channeled through the Bank.

Continuing its constant efforts to mobilize additional financial resources for Latin America's development, the Bank participated jointly with the Inter-American Committee on the Alliance for Progress (CIAP) in a meeting in Paris September 24 and 25 of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). At the meeting, which represented a continuation of the close contacts which the Bank established with DAC from the beginning of its existence, the President of the Bank called for greater participation by Western Europe, Canada and Japan in providing financing for Latin America's economic and social development.

At this meeting, the Bank also urged DAC members to grant the Bank readier access to the European capital markets. In this connection a DAC working group, which had been created at the Bank's request, met in Paris December 8, 1964. On this occasion the Bank reiterated a request that DAC member countries grant the same legal status, immunities and privileges to the Bank and its securities as those enjoyed by similar international financing institutions.

In September 1964 a Bank delegation explored in Tokyo the possibilities of cooperation between the Bank and Japanese governmental agencies, private banks and business enterprises in helping to finance the development of Latin America.

Loans

During 1964 the Bank maintained the high level of lending from its ordinary capital resources which characterized its activities in 1963.

A total of 26 loans, amounting to \$164,010,000, was authorized from this source in 1964, compared with 27 loans amounting to \$179,269,560 in 1963. By December 31, 1964, the cumulative total had risen to 108 loans amounting to \$544,574,169.¹

Even more significant was the rapid rise in the rate of disbursements on ordinary capital loans. During 1964 such disbursements, which were higher than those of the previous three years combined, amounted to \$106,624,662, compared with \$59,796,797 in 1963. At the end of 1964, cumulative disbursements had risen to \$197,618,720.

The largest portion of the lending from the Bank's ordinary capital resources was devoted to infrastructure or was channeled to the private sector either directly or through development banks which relend the proceeds to private enterprise.

During the course of the year the Bank also authorized its first credits to help finance exports of capital goods among its Latin American member

countries under a program put into effect by the Board of Executive Directors in September 1963. The objective of the program is to stimulate the development of the capital goods industry and foster the area's economic integration through an increase in intraregional trade. In adopting the program the Board authorized the initial utilization of up to \$30 million from the ordinary capital resources to finance the program. Only those goods originating in the Latin American member countries of the Bank are eligible for financing. In April 1964 the Bank put the program into operation by extending four lines of credit totaling \$11 million in Argentina, Brazil, Chile and Mexico.

Of the other 22 loans authorized from the ordinary capital resources, six totaling \$13,830,000 were extended directly for private enterprise projects; six amounting to \$64,930,000 were made to development institutions for relending primarily for private enterprise projects; nine totaling \$72,950,000 were extended to governments or governmental entities for infrastructure and industrial projects, and one for \$1,300,000 was extended for technical assistance.

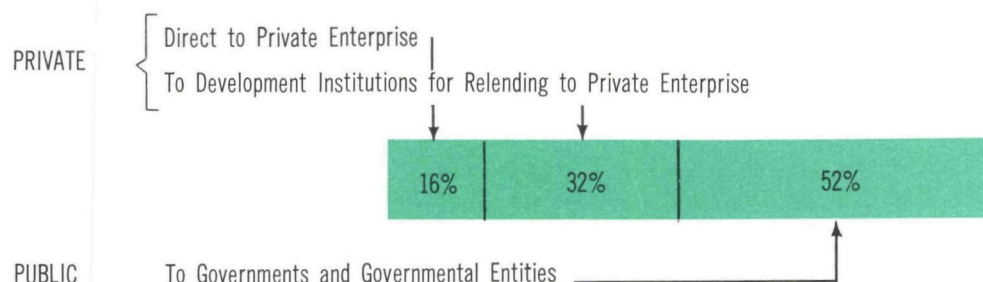
Three private project loans were for pulp or paper industries in Argentina, Brazil and Chile; one was for a refractory plant in Brazil; another for African palm production in Colombia, and the last for irrigation in Peru.

The six development loans for relending were extended in Argentina, Brazil, Chile, Nicaragua, which received two, and Venezuela.

The loans to governments or governmental entities included one for \$28.8 million to expand the facili-

Destination of Loans

Up to December 31, 1964



¹ Net of cancellations and exchange adjustments.

ties of Brazil's largest iron ore producer. Four others, totaling \$21,150,000, were to help finance an electric power project in Argentina, another in Brazil and two in Colombia. The remaining four were for water supply in Brazil, irrigation in Chile and Panama and highways in Ecuador.

The technical assistance loan was extended to a steel producer in Brazil for the final feasibility report and the basic engineering studies required for a project to expand its facilities.

The 26 loans for \$164,010,000 authorized from the ordinary capital resources during 1964 included \$115,548,000 in United States dollars; \$35,312,000 in currencies of other member nations, and \$13,150,000 in German marks.

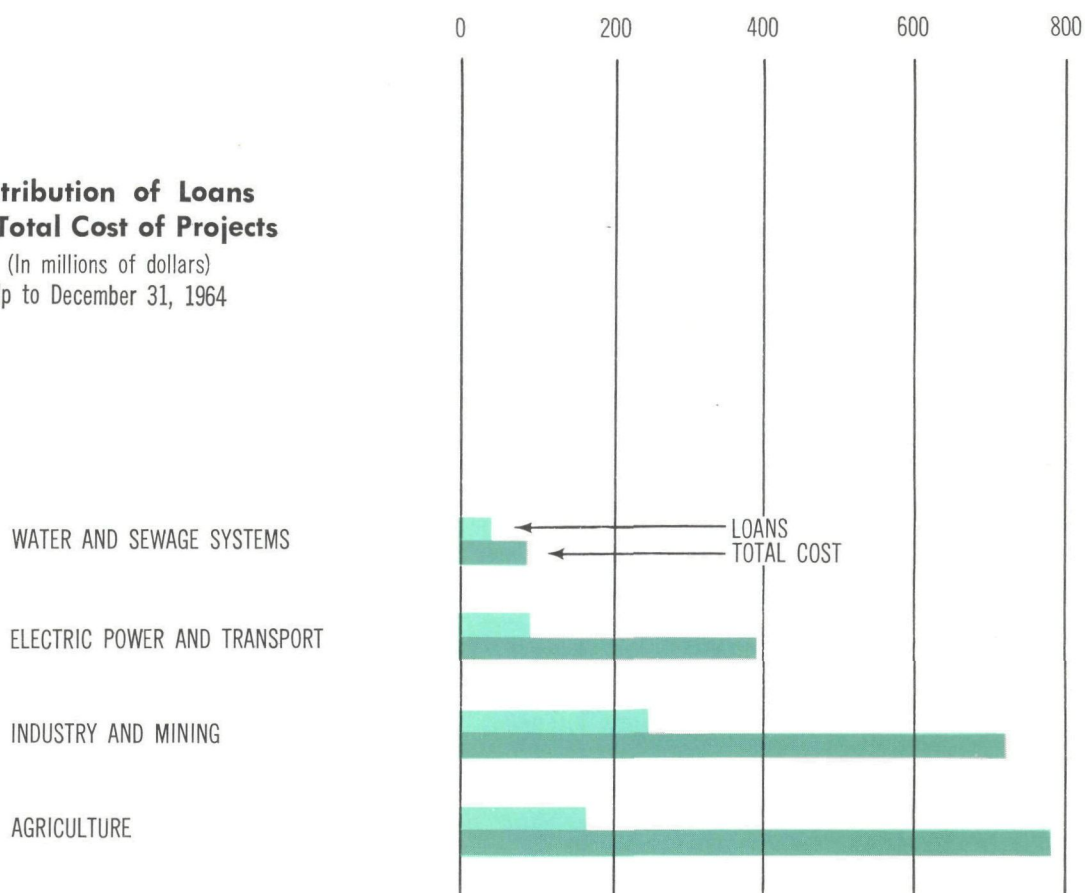
Some 23 commercial banks or other institutions purchased participations, without the guarantee of the Bank, amounting to \$5,297,124 in 11 of the ordinary capital loans during 1964. This

included the purchase by United States banks or financial institutions of participations totaling \$3,652,143 in loans approved in 1964 and the sale to the UN Special Fund of \$1,644,981 from the Bank's portfolio. As of December 31, 1964, a total of 55 commercial banks and other financial institutions, plus the UN Special Fund, had purchased 213 participations amounting to \$20,261,292 in ordinary capital loans.

It should be noted that borrowers continued to put up by far the largest portion of the total cost of the projects being financed with the help of the Bank's loans. The cumulative total cost of the projects financed from the ordinary capital resources as of December 31, 1964, was \$2 billion. Of this amount 27 per cent was financed by the loans of the Bank, and 73 per cent came from other resources, primarily those of the borrowing country. In this manner the Bank contributed to a substantial mobilization of

Distribution of Loans and Total Cost of Projects

(In millions of dollars)
Up to December 31, 1964





PULP FOR COLOMBIA'S paper industry is being provided by a plant built with a \$1 million ordinary capital loan near Cali.

resources for the economic and social development of its Latin American member countries.

Due to the increased cost of borrowing funds in the world's capital markets, the Bank decided as of August 6, 1964, to raise its interest rate on loans extended thereafter from the ordinary capital resources as indicated in the next section.

Description of Loans

This section describes loans authorized by the Bank during 1964 from its ordinary capital resources. They are grouped in the following five categories.

- A. Direct Private Enterprise Loans.
- B. Development Loans for Relending to Private Enterprise.
- C. Loans to Governments and Governmental Entities.
- D. Technical Assistance Loans.
- E. Lines of Credit to Finance Exports of Capital Goods.

Loans extended before August 6, 1964, carry an interest rate of $5\frac{3}{4}$ per cent per annum and a commitment fee of $\frac{3}{4}$ of 1 per cent on undisbursed balances; those made after that date carry an interest rate of 6 per cent and a commitment fee of 1 per cent. Deutsche marks included in loans also carry a service commission of $1\frac{1}{2}$ per cent and an extra commitment fee of $\frac{3}{4}$ of 1 per cent on undisbursed balances. Lines of credit to finance exports of capital goods carry a 6 per cent interest rate but no commitment fee. In all cases the interest rate includes the 1 per cent commission which is allocated to the Bank's Special Reserve.

Most of the loans described in this chapter were extended for terms ranging from 7 to 25 years. However, the revolving lines of credit to finance exports of capital goods were made available for a period of up to one year, renewable by the Bank for three more.

Loans to national governments and some governmental agencies were extended on the basis of the general credit of the borrower; specific guarantees

or securities of various types were obtained in all other cases.

A. Direct Private Enterprise Loans

Argentina

PAPER AND CARDBOARD PLANT

\$1.5 million 10-year 6% loan of October 15, 1964

(\$750,000 and 3 million German marks)¹

Borrower: ADAMAS, S.A.I.C.I.

In 1960 *ADAMAS, S.A.I.C.I.*, a private enterprise which produces specialty papers and cardboard products, began a modernization and expansion program to double its capacity from 6,000 to 12,000 metric tons a year. The first stage of this program, recently completed at a cost of \$1.7 million, included the expansion of a cardboard plant and a specialty paper products factory and the installation of machinery to make the firm self-sufficient in short-fiber pulp.

This loan will finance 49 per cent of the cost of a second stage of the program that includes the purchase and installation of machinery for the continuous production of specialty papers and cardboard products and equipment to prepare the pulp. The plant's daily capacity will be from 20 to 40 metric tons of such cardboard and specialty paper products as manila paper, linotype ribbon, kraft paper for electrical conductors, filter paper for industrial users, paper for condensers, and water-proof paper products.

The project is important to Argentina's economy, since it will help to integrate the country's industry, whose demand for specialty paper and cardboard products has been growing rapidly in the past few years. In addition, it will lessen the need for imports of such products and will open the possibility of adding new lines to the country's exports. The loan is guaranteed by the *Banco Industrial de la República Argentina*.

Brazil

PULP MILL

\$4 million 11-year 5¾% loan of April 17, 1964

Borrower: LUTCHER S.A. CELULOSE E PAPEL

In March 1961 *Lutcher S.A., Celulose e Papel*, received a \$4.7-million loan from the Bank to help it finance the construction of a 100-ton per day long-fiber pine pulp mill and related facilities about 75 miles from the town of Guarapauva in the State of Paraná in the south of Brazil. In 1964 the firm requested this additional \$4 million loan to help expand the plant to 200 tons per day. The two loans represent about 42 per cent of the project's cost.

At the start of the plant's construction in 1960, less than 50 persons were living in the vicinity of the mill site. Since then several towns with a combined population of more than 10,000 persons have sprung up in the area. The mill now employs more than 2,000 persons and an additional 700 are expected to be employed once the expansion program is completed. In addition, the influx of people has led to the establishment of small auxiliary businesses and truck farms.

When production reaches full capacity, the mill's output is expected to lead to the replacement of Brazilian imports of long-fiber pulp valued at \$3.2 million annually. In addition the company expects to export products valued at more than \$4.1 million annually, principally to nations in the Latin American Free Trade Association.

REFRACTORIES INDUSTRY

\$4 million 10-year 5¾% loan of July 30, 1964

Borrower: MAGNESITA S.A.

Magnesita S.A., a private firm, is Brazil's largest producer of refractories, accounting for 45 per cent of the country's production. Refractories are ceramic substances whose high melting point makes them suitable for use as structural materials in industrial processes requiring tolerance to high temperatures, as in the production of steel.

Brazil's consumption of refractories amounted to 327,000 tons in 1962, of which 249,000 were produced domestically and 78,000 were imported. The Brazilian steel industry accounts for about 70 per cent of the consumption of refractories. The remain-

¹ See conditions applicable to loans containing German marks on page 19.

ing 30 per cent is used in the production of nonferrous metals, cement, glass, oil, paper, sugar and other manufactures. Consumption of refractories is growing at a rapid rate, owing to the expansion of industrial production, particularly steel.

This loan will finance 25 per cent of the cost of a \$15.8-million expansion program which will increase *Magnesita's* production capacity of refractory bricks, mixes and sintered magnesite from 111,150 to 285,900 tons a year. About 50 per cent of the cost of the capital investments in plant and equipment will be applied to the expansion of the firm's magnesite mining and sintering operations at Brumado and to the construction of storage and port facilities at Salvador, both in the State of Bahia, in Brazil's underdeveloped Northeast. The remainder will be applied to the expansion of the company's refractory plants at Belo Horizonte, in the State of Minas Gerais. The loan is guaranteed by *Banco do Bahia S.A.* and *Banco de Minas Gerais S.A.*

Chile

PULP MILL

\$1.4 million 13-year 6% loan of October 8, 1964

(5.6 million German marks)¹

Borrower: *COMPAÑIA MANUFACTURERA DE PAPELES Y CARTONES, S.A.*

This loan supplements another for \$16 million extended by the Bank in 1962 to help the *Compañia Manufacturera de Papeles y Cartones, S.A.*, expand production of its mill at Laja in central Chile from 80,000 to 220,000 tons of pulp per year. The company is the largest paper and pulp producer in Latin America. The loan, along with a parallel credit of \$2.6 million from the Export Credit Insurance Corporation of Canada and \$2.3 million provided by *Papeles y Cartones*, will be used to purchase additional equipment for the expansion program.

Total cost of the program, including these supplementary credits, is \$38.3 million, of which \$17.4 million is being provided by the Bank; \$7.8 million by the Export Credit Insurance Corporation; \$3 million by the International Finance Corporation, an affiliate of the World Bank, and \$10.1 million by

Papeles y Cartones. The mill's expansion, now well-advanced, calls for the addition of a complete new line for cooking, washing and screening 400 tons of pulp per day; a three-stage semi-bleachery of a 200-ton per day capacity, and two pulp dryers.

The existing wood handling system also is being converted from a batch to a continuous operation. The credits granted in 1964 will enable the company to install a new boiler, increase the electric power output and replace old machinery in order to lower production costs and increase the plant's efficiency. The new installations are expected to enter into production at the end of 1965. Most of the output of the mill will be exported, primarily to the members of the Latin American Free Trade Association (LAFTA), and will thus help Chile to improve its present trade position with several LAFTA members.

Colombia

AGRICULTURAL DEVELOPMENT

\$1,230,000 10-year 6% loan of August 28, 1964

(\$896,000 and \$334,000 in Colombian pesos)

Borrower: *INDUSTRIAL AGRARIA LA PALMA, S.A.*

In 1963 Colombia imported more than 53,000 tons of vegetable oils and fats at a cost of \$15 million. This accounted for 3 per cent of the nation's total imports. With a view to reducing such imports, the Colombian Government included in its four-year investment plan a program to increase vegetable oil production five times through the planting of 123,500 acres of vegetable oil plants.

This loan will finance 17 per cent of the cost of a project included in that program which calls for the planting of African palm on 12,350 acres owned by *Industrial Agraria La Palma, S.A. (INDUPALMA)* in the Department of Magdalena. *INDUPALMA* is a private company established in 1961 to promote the cultivation of oleaginous plants and process the raw material. Some 55 per cent of its capital belongs to Colombian firms, 15 per cent to individual Colombian investors and the remaining 30 per cent to foreign companies.

The project will be under the technical direction of the *Institute de Recherches pour les Huiles et Oléagineux*, a governmental agency in France which is an authority on African palm research and development. During the period 1967-70, when the

¹ See conditions applicable to loans containing German marks on page 19.

crop is expected to reach economic production levels, *INDUPALMA* will build a primary extraction plant at an estimated cost of \$2.6 million. The plantation is expected to produce enough raw material to process 17,000 metric tons of vegetable oils per year. This would represent a saving in foreign exchange of \$5 million through the substitution of imports. The loan is guaranteed by the *Corporación Financiera Colombiana de Desarrollo Industrial*.

Peru

IRRIGATION

\$1.7 million 15-year 5¾ % loan of March 24, 1964

(\$1,250,000 and \$450,000 in soles)

Borrower: *COMPAÑIA IRRIGADORA CHIMBOTE, S.A.*

Because of the scarcity of agricultural lands and low farm productivity, Peru has had to import a substantial proportion of its staple food requirements. For this reason the Peruvian Government has assigned high priority in its national economic and social development plan to agricultural expansion through reclamation, land reform and rural development programs. This loan will help finance a project to reclaim about 70,000 acres of arid land 273 miles north of Lima through the execution of an irrigation system which would use the waters of the Santa River.

The borrower, *Compañia Irrigadora Chimbote, S.A.*, is a private corporation which obtained a concession from the Government in 1952 to develop the Pampas de Chimbote area on Peru's northern coast. The project, whose total cost is estimated at \$10.1 million, provides for the construction of a main canal 46.5 miles long, 153 miles of secondary canals, 339 miles of access roads and other supplementary facilities. Once the system is completed, 56,000 acres of reclaimed land will be sold by the company to farmers. Another 14,000 will be retained by the Government for future sale.

The Bank loan will finance 16.8 per cent of the total cost of the project. *Irrigadora Chimbote* will finance the remainder with its own capital, with long-term loans provided by its shareholders, and with the proceeds of the sale of irrigated farms. The irrigated farm land will be devoted primarily to citrus fruits, rice, cotton, beef cattle, dairy products, and such supplementary crops as peanuts, peas,

tomatoes, melons and alfalfa. The loan is guaranteed by the Republic of Peru.

B. Development Loans For Relending To Private Enterprise

Argentina

AGRICULTURAL MECHANIZATION

\$15 million 14½-year 6% loan of December 10, 1964

(\$6 million, 24 million German marks and \$3 million in Argentine pesos)¹

Borrower: *BANCO DE LA NACION ARGENTINA*

The *Banco de la Nación Argentina* is undertaking a broad credit program to speed up farm mechanization. The program calls for investments of about \$291 million in new farm machinery and equipment over a six-year period as a means of increasing the nation's exports, 90 per cent of which are agricultural products, and thus augmenting the foreign exchange income of Argentina. In 1963 the Bank made a \$25-million loan to help finance the first stage of the program, which was carried out at a total cost of \$83.3 million. By the end of 1964, the *Banco de la Nación* had made more than 20,000 loans to farmers participating in the credit program.

This loan will help to finance a new phase of the plan which will be carried out through 1968 at a total cost of \$207.3 million. The proceeds will supplement \$73.9 million to be provided by the *Banco de la Nación* and \$118.4 million by the farmers and the suppliers of the machinery and equipment. Credits extended by the *Banco* may finance up to 60 per cent of the cost of such equipment as tractors, harrows, seeders, harvesters, plows, fertilizer spreaders, grain and fruit dryers and sorters, and dairy and poultry farm equipment. Repayment terms will range from 3 to 5 years, including grace periods of up to 1 year. Most of the goods to be purchased under the program will be of domestic manufacture, since Argentina is an important producer of farm machinery and equipment.

PARTICIPATIONS—Bank of America National Trust and Savings Association and Crocker-Citizens

¹ See conditions applicable to loans containing German marks on page 19.

National Bank, both of San Francisco; Union Bank, of Los Angeles; The American Express Company, Inc., Chemical Bank New York Trust Company, Grace National Bank of New York, J. Henry Schroder Banking Corporation and The Chase Manhattan Bank, all of New York; The First Pennsylvania Banking and Trust Company, Girard Trust Bank, Fidelity-Philadelphia Trust Company and The Philadelphia National Bank, all of Philadelphia, and The National Bank of Washington, of Washington, D.C., are participating in the loan for a total of \$420,000.

Brazil

INDUSTRIAL DEVELOPMENT

\$27 million 15-year 5¾ % loan of July 30, 1964

(\$12 million and \$15 million in cruzeiros)

Borrower: BANCO NACIONAL DO DESENVOLVIMENTO ECONÔMICO

The *Banco Nacional do Desenvolvimento Econômico* (BNDE) was established in 1952 to finance essential development projects and programs in basic sectors of Brazil's economy. By the end of 1963 BNDE had extended some 347 loans, totaling \$830 million, mainly for projects in the fields of steel, transportation and electric power.

This loan will finance 50 per cent of the cost of a BNDE program to stimulate the development of small and medium industry by making credits of up to \$1 million available to private enterprises for the purchase of capital goods required to carry out specific projects. A major proportion of these goods will be bought in Brazil, since the nation's capital goods industry is capable of supplying a substantial part of the machinery and equipment requirements of small and medium industry. Thus the program will stimulate the development of light industry, as well as enlarge the market for heavy industry in Brazil.

Special attention will be given under the program to the credit needs of regions whose economic growth has been slower than the national average due to natural or geographic conditions. Up to \$1.4 million of the loan may be used to finance pre-investment studies and to provide technical assistance to borrowing enterprises. Loan funds may finance up to 50 per cent of the cost of these activities, the bene-

ficiaries 20 per cent, and BNDE and other intermediary institutions the remainder.

Chile

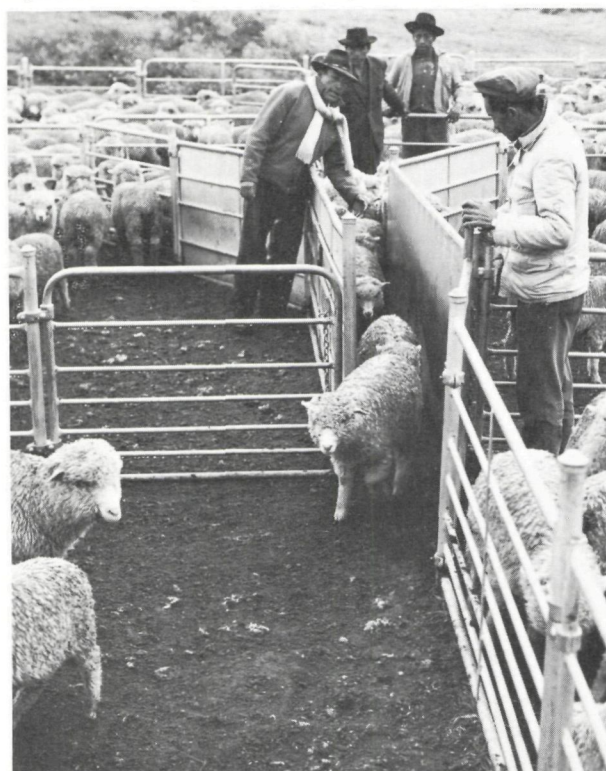
INDUSTRIAL DEVELOPMENT

\$6 million 12-year 5¾ % loan of March 12, 1964

Borrower: CORPORACION DE FOMENTO DE LA PRODUCCION

The *Corporación de Fomento de la Producción* (CORFO), of Chile, is carrying out an industrial development program extending through 1967 which calls for capital investments of \$177 million in industry (particularly food-processing, chemicals, metals and building materials) and in lumber and fishing production. High priority is given under the program to industrial activities which process the country's natural resources for the domestic market or for export. In the 1963-65 period, CORFO'S program calls for investments of \$60 million in machinery and equipment.

IMPORTED PURE BRED SHEEP are improving stocks in Ecuador's highlands. The Bank provided financing for the program.



This loan supplements one for \$6 million extended by the Bank from its ordinary capital resources in 1961 in helping to finance this investment effort. With the proceeds of the first loan, *CORFO* made about 100 credits to medium and small private enterprises. Thirty per cent of the proceeds were allocated to companies engaged in food-processing, 28 per cent to the fishing industry, 16 per cent to the lumber industry, 13 per cent to the mining industry, 7 per cent to the building materials industry and the remaining 6 per cent to various other industrial groups. The proceeds of the new loan will be channeled by *CORFO* to private enterprises engaged in these same fields of production.

PARTICIPATIONS—The Marine Midland Trust Company of New York and J. Henry Schroder Banking Corporation, also of New York, are participating in the loan for a total of \$100,000.

Nicaragua

AGRICULTURAL DEVELOPMENT

\$2,330,000 5¾ % loan of July 30, 1964

[\$1,430,000 15-year and \$900,000 25-year]

(\$1,402,000 and \$928,000 in cordobas)

Borrower: INSTITUTO DE FOMENTO NACIONAL

Nicaragua's two most important agricultural products are cotton and coffee, which in 1962 accounted for 54 per cent of the value of the nation's farm production and for 57 per cent of its exports. To diversify its agriculture, the country has embarked on a program to stimulate livestock production, an increasingly important source of foreign exchange for the nation, and to encourage, on a pilot basis, the raising of various other crops for home consumption and for the export market.

This loan will finance 32 per cent of the cost of a \$7.1 million program being carried out by the *Instituto de Fomento Nacional (INFONAC)*, the nation's development agency, in four projects as follows:

Livestock Development—Some \$1,234,000 will be used by *INFONAC* to improve and expand cattle production, with special emphasis on exports, through the importation of pure-bred animals (Brahman for beef and Brown Swiss for milk) which will be sold on credit to qualified ranchers.

Rivas Irrigation Project—About \$900,000 will

help to finance the Rivas irrigation project, which will be carried out on a 22,000-acre zone located west of Lake Nicaragua. Foreign currency costs will be covered by a \$2.6 million loan from the World Bank. The project includes the construction of an intake canal and a distribution canal about 3 miles long; two pumping stations, and 53 miles of distribution canals.

Tobacco Production—About \$106,000 will be devoted to a project for the cultivation of Havana-type tobacco which will be used in manufacturing cigars for the export market.

Pilot Projects—About \$79,000 will enable producers to launch pilot projects for the production of poultry, pork and honey, in order to investigate requirements for their future development.

The remaining \$11,000 of the loan will be devoted to costs related to the execution of the projects. The loan is guaranteed by the Republic of Nicaragua.

LIVESTOCK DEVELOPMENT

\$4.6 million 15-year 6% loan of December 31, 1964

(\$4.5 million and \$100,000 in cordobas)

Borrower: BANCO NACIONAL DE NICARAGUA

Nicaragua's production of beef has increased substantially in the past few years, and meat is now the nation's third most important export product following cotton and coffee. In order to expand beef production even further the *Banco Nacional de Fomento*, a governmental credit agency, has prepared a \$19,430,000 credit program for cattleraisers.

This loan, together with another for \$4.5 million from the Fund for Special Operations (see page 65), will finance 46 per cent of the cost of the program, which includes:

Breeding beef cattle—Credits, for such items as feed and veterinary and sanitary services, will be provided to enable ranchers to reduce the incidence of death among calves less than a year old. This is expected to increase the calf population by 150,000 over a three-year period.

Reproduction—During the same period credits will be extended for the purchase of cattle for reproduction. These include up to 39,000 cows and 3,000 bulls in the domestic market and 2,790 hybrid cows, 600 pure-bred cows and 3,000 bulls in the foreign market.

Breeding and fattening—Under this plan, 50,000 domestic calves will be purchased and financing will be provided for fattening 90,000 animals.

Pasture development—Credits will be granted for the establishment of approximately 77,805 acres of new grazing lands.

Credits will also be provided for other farm installations and agricultural machinery. Up to \$355,000 of the proceeds of this loan may be used to finance technical assistance, including \$100,000 to cover advisory services to the *Banco Nacional de Fomento*, the borrowing agency, and \$255,000 for technical services to the cattle raisers themselves. The loan is guaranteed by the Republic of Nicaragua.

PARTICIPATIONS—Grace National Bank and Irving Trust Company, both of New York, and The First Pennsylvania Banking and Trust Company and The Philadelphia National Bank, both of Philadelphia, are participating in the loan for a total of \$475,000.

Venezuela

INDUSTRIAL DEVELOPMENT

\$10 million 12-year 6% loan of November 12, 1964

(\$5 million and \$5 million in bolívars)

Borrower: CORPORACION VENEZOLANA DE FOMENTO

In 1961 the *Corporación Venezolana de Fomento* (CVF), received one of the first development loans for relending made by the Inter-American Bank—a \$9.2 million credit. That loan helped to finance 57 small and medium industrial projects and one public electric power project. The industrial projects included textiles, foodstuffs, tin plate, furniture, pharmaceuticals and automotive spare parts.

This loan will finance 42 per cent of the cost of a similar industrial development program being carried out by CVF within Venezuela's national development plan for the four-year period 1963-66. The plan calls for a growth of 8 per cent annually in the gross national product. This goal presupposes an annual industrial growth rate of 13.5 per cent. As with the previous loan, in its lending operations, CVF will give priority to industries which contribute most effectively to economic development by replacing imports, diversifying exports, making better use of domestic raw materials or increasing employment.

Up to \$3 million of the loan may be used to lease fixed assets with option to buy to small- and medium-scale entrepreneurs who lack all or a great portion of the resources needed to establish an industry. In addition, up to \$500,000 of the loan may be used to finance pre-investment studies related to projects in the industrial development program.

PARTICIPATIONS—Irving Trust Company, The Marine Midland Trust Company of New York and Meadow Brook National Bank, all of New York; Mellon National Bank and Trust Company, of Pittsburgh; Fidelity-Philadelphia Trust Company, Girard Trust Bank and The First Pennsylvania Banking and Trust Company, all of Philadelphia; Bank of America National Trust and Savings Association and The Bank of California National Association, both of San Francisco; United California Bank, of Los Angeles, and Continental Illinois National Bank and Trust Company of Chicago, are participating in the loan for a total of \$1.5 million.

Loans

C. To Governments And Governmental Entities

Argentina

ELECTRIC POWER

\$4.5 million 15-year 5¾% loan of July 30, 1964

(\$2.5 million and \$2 million in Argentine pesos)

Borrower: EMPRESA PROVINCIAL DE ENERGIA DE CORDOBA

The *Empresa Provincial de Energía de Córdoba* (EPEC) has undertaken a \$61.6-million expansion program designed to meet the power requirements of the Province of Córdoba over the next six years. The company supplies power to some 90 communities in the province but nearly 80 per cent of its energy is consumed in the city of Córdoba and its environs. This area has experienced relatively rapid economic expansion in the past few years thus creating heavy demands on the electric power system.

Since 1954, large plants manufacturing tractors, Diesel motors, railway equipment and automobiles have been established there. These, in turn, have attracted a large number of auxiliary industries, such

as manufacturers of parts, machinery, electrical equipment and steel products. *EPEC's* program is designed to increase generating capacity by 100,000 kilowatts over the present installed capacity of 210,000 kilowatts and strengthen, expand and modernize the transmission and distribution systems.

The first stage of *EPEC's* expansion program, which included the installation of generator plants, transforming stations and distribution centers in the city of Córdoba, was initiated in 1962. The second calls for the construction of such supplementary facilities as the installation of underground 132-kv and 13.2-kv networks in Córdoba; a 132-kv transmission line from Córdoba to Pilar and Villa María; a transformer substation at this point, and a central command and control post. The loan will finance 45 per cent of the cost of this stage. It is guaranteed by the Province of Córdoba.

Brazil

IRON ORE PRODUCTION

\$28.8 million 15-year 6% loan of November 19, 1964
(\$23.8 million and 20 million German marks)¹

Borrower: COMPANHIA VALE DO RIO DOCE

Brazil's iron ore resources are among the largest in the world. At present, the most important iron mining district in the nation is in the State of Minas Gerais, which has reserves estimated at 25 billion tons of ore. The largest producing and exporting company in the nation is the *Companhia Vale do Rio Doce (CVRD)*, a corporation 90 per cent owned by the Brazilian Government, whose mining activities encompass the 35,000-square-mile watershed of the Doce River in Minas Gerais. The company extracts iron ore from its own mines, purchases ore from other producers, operates a 350-mile rail line from the mining area at Itabara to the port of Vitória, in the State of Espírito Santo, and operates its own port facilities at Vitória.

This loan will finance 29.5 per cent of the cost of a three-year \$97.5-million expansion program of *CVRD* which is designed to increase its ore producing capacity from its present 7.6 million tons to 21.6 million tons by 1970. Of this amount, the company plans to export 17.6 million tons as crude ore and 2 million tons as pellets. These exports would

represent foreign exchange earnings in excess of \$150 million per year. The remaining 2 million tons would be allocated to the rapidly expanding domestic steel industry.

The program calls for the improvement of existing mine installations; the expansion of the railroad line and the acquisition of new rolling stock and locomotives; the construction of a new port at Ponta do Tubarão, six miles north of the port of Vitória and the installation of a pellet plant to utilize ore fines. The \$97.5 million investment will be financed and allocated as follows:

(Expressed in millions of dollars)

Purpose	Foreign Bank	Exchange CVRD	Local CVRD	Total
Mining	\$ 5.6	\$ —	\$ 2.0	\$ 7.6
Railroad	4.9	8.9	33.0	46.8
Port facilities	1.5	8.0	7.4	16.9
Pellet Plant:				
Machinery	14.3	—	8.5	22.8
Engineering	2.2	.2	.7	3.1
Control work	.3	—	—	.3
Total	\$28.8	\$17.1	\$51.6	\$97.5

In a later phase of the expansion program to be carried out over a five-year period beginning in 1967, the company plans to invest an additional \$36.5 million, primarily in railroad equipment to meet expected heavy traffic requirements. The loan is guaranteed by the United States of Brazil.

ELECTRIC POWER

\$5,450,000 19-year 6% loan of November 19, 1964

Borrower: CENTRAL ELETRICA CAPIVARI-CACHOEIRA S.A.

Paraná is Brazil's largest coffee producing state, accounting for one-half the nation's and one-third the world's coffee output. Its population, which during the 1950's grew at an average annual rate of 7 per cent, now totals 5.5 million. Due to this rapid population expansion, per capita income has not improved significantly, even though the state has

¹ See conditions applicable to loans containing German marks on page 19.



LARGEST HYDROELECTRIC PLANT in Latin America, being built with aid of a Bank loan, will supply power for industrial São Paulo.

experienced substantial economic growth due to agricultural diversification and industrialization. As a means of strengthening this growth, Paraná has formulated a three-year, \$356-million program of investments in the fields of electric power, transportation, industry, agriculture and social development.

This loan will help to achieve the program by financing 18.5 per cent of the cost of a \$29.4-million hydroelectric project which will almost double the State's installed capacity. The borrowing entity, *Central Elétrica Capivari-Cachoeira S.A. (ELETROCAP)* is a subsidiary of the *Companhia Paranaense de Energia Elétrica (COPEL)*, a public agency which owns 67 per cent of *ELETROCAP*'s stock. The remainder belongs to *ELETROBRAS*, the Brazilian federal electric power company. The project consists of the construction of a 120,000-kilowatt hydroelectric plant and supporting facilities utilizing a 2,500-foot drop on the Cachoeira River some 22 miles east of the state capital of Curitiba. Waters of the nearby Capivari River will be diverted to the Cachoeira River to increase its flow.

The project is designed to provide power for new users, improve existing services and attract new

industry to the state. In addition to increasing the supply in the southeastern portion of the state, *ELETROCAP*'s system will interconnect with projected systems to be built by *COPEL* in the eastern and northern zones. These, in turn, will be integrated with the systems of the State of Santa Catarina, to the south, so that *ELETROCAP*'s excess supply will be distributed within an interstate market. The loan is guaranteed by the State of Paraná.

WATER SUPPLY

\$5 million 20-year 6% loan of December 24, 1964

(\$5 million in cruzeiros)

Borrower: BANCO DO ESTADO DA GUANABARA S.A.

This loan, together with a \$7-million loan from the Fund for Special Operations (see page 68), will help finance the completion of a project, being built at a cost of \$75 million, to improve and expand the water supply system of Rio de Janeiro. The loans supplement two totaling \$24 million made by the Bank in 1962 to help finance the first stage of the project, which is nearing completion. The project is being carried out by the *Superintendência de Urbanização e Saneamento (SURSAN)*, the public agency

in charge of the water and sewage services of the State of Guanabara.

The principal works included in the project are the construction of a 27-mile aqueduct system from the Guandu River to the city and the improvement and expansion of the distribution network. By 1966, when the project will be completed, the system is expected to supply an average of 400 liters of water per capita a day to 80 per cent of the city's population, which now totals 3.8 million persons. Additional improvements to be undertaken by *SURSAN* after 1966 will increase this proportion to 90 per cent by 1975. The improved system is expected to stimulate the establishment of new industries in the area, permit the execution of new housing construction and reduce the incidence of such diseases as typhoid fever and dysentery. The loan is guaranteed by the State of Guanabara.

Chile

IRRIGATION

\$3.5 million 20-year 6% loan of August 6, 1964
(\$1.8 million and \$1.7 million in escudos)
Borrower: REPUBLIC OF CHILE

The domestic demand for farm products in Chile has consistently exceeded local production, while the share of agriculture in the gross domestic product has diminished from 16 per cent in 1950 to 10 per cent in 1962. As a result, food imports, which represented about 20 per cent of all of Chile's imports in 1962, have remained at high levels.

To stimulate the growth of the agricultural sector, which employs 30 per cent of Chile's economically active population, the Chilean Government has assigned 12 per cent of all the contemplated investments in its ten-year economic and social development plan to agriculture. Fifteen per cent of these investments would be for irrigation projects. Under the 10-year plan 988,000 acres will be added to the existing 3,458,000 acres of irrigated lands and the irrigation systems of 1,482,000 acres of the latter will be improved.

This loan will finance 25 per cent of the cost of a \$14-million irrigation project contained in the plan. The project will provide water to about 70,000 acres and would improve the irrigation systems of another 12,000 acres in the Province of Linares

located in Chile's central region. It includes the completion of the 220,000-cubic-meter Digua Dam on the Cato River and the construction of related works. The irrigated lands will be devoted to the production of wheat, dairy and meat products, which are currently imported in substantial quantities.

Once the project is completed, the average yield of the land is expected to double and the value of the area's over-all production is expected to reach \$5 million a year. This is the second irrigation loan extended by the Bank in this area of Chile. The first, a \$2.2 million loan approved in 1962, is helping to finance a similar project now being carried out in nearby Talca Province.

Colombia

ELECTRIC POWER

\$8 million 20-year 6% loan of November 19, 1964
Borrower: INSTITUTO DE APROVECHAMIENTO DE AGUAS Y FOMENTO ELECTRICO

An independent Colombian Government agency responsible for expanding the nation's electric power systems, the *Instituto de Aprovechamiento de Aguas y Fomento Eléctrico (ELECTRAGUAS)*, is a holding company, with investments in 15 affiliated departmental power companies. In 1964 the Bank made two loans to *ELECTRAGUAS*, this one for \$8 million to increase the power capacity of three subsidiaries in the Departments of Tolima, Huila and Cundinamarca, and another for \$3.2 million (see below) to increase power supply in the Department of Norte de Santander. High priority in Colombia's economic and social development plan has been accorded to both projects.

The \$8-million loan will finance 34.5 per cent of the cost of a hydroelectric project on the Prado River in the Department of Tolima. The plant will have an initial generating capacity of 36,000 kilowatts, which would double the supply available in the region. In addition the project will bring about the irrigation nearby of 18,750 acres. Suppliers' credits will cover 14.8 per cent of the cost of the \$20.8-million project; *ELECTRAGUAS* 42 per cent, and the *Instituto Colombiano de Reforma Agraria*, the agrarian reform institute, the remaining 4.8 per cent, which corresponds to irrigation works.

The project calls for the construction of an earth-

work dam and a hydroelectric plant whose initial capacity can be expanded to 51,000 kilowatts; a system of 115-kv transmission lines with reduction stations at Ibagué, Tolima; Neiva, Huila; and Girardot, Cundinamarca; the installation of a 115-kv line that would link the substation at Girardot with the Bogota Electric Power Company in order to meet foreseen power deficits during the four-year construction period, and the installation of several transmission lines in the systems of the Tolima and Huila Departments. Once the Prado River plant is interconnected with the existing plants, the consolidated system is expected to be able to meet the region's requirement until 1973. The loan is guaranteed by the Republic of Colombia.

PARTICIPATIONS—Manufacturers National Bank of Detroit; The Bank of California National Association, San Francisco; The First National Bank of Memphis, and The Marine Midland Trust Company of New York are participating in the loan for a total of \$425,000.

ELECTRIC POWER

\$3.2 million 20-year 6% loan of December 3, 1964
(\$2.9 million and \$300,000 in Colombian pesos)

Borrower: INSTITUTO DE APROVECHAMIENTO DE AGUAS Y FOMENTO ELECTRICO

This loan will finance 65.6 per cent of the cost of a project to increase the electric power supply of the Department of Norte de Santander on the Venezuelan border. The project constitutes one of the most important steps taken in the field of integration of border areas in Latin America. It consists of the expansion of the Tibú electric power plant owned by the *Centrales Eléctricas de Norte de Santander, S.A. (CENS)*, a subsidiary of the *Instituto de Aprovechamiento de Aguas y Fomento Eléctrico*, and its interconnection with three plants in Colombia and another in Venezuela.

At present the Tibú plant has two 6,000-kilowatt gas turbines in operation and a third with the same capacity is being installed. The project will raise installed capacity to 30,000 kilowatts and calls for:

- The installation of an additional gas turbine with capacity of 12,000 kilowatts.
- The interconnection of the Tibú plant with the power stations in Cúcuta and Pamplona, to the south, and the Ocaña system, to the west.

- The interconnection of the *CENS* system with that of Venezuela's *Compañía Anónima de Administración y Fomento Eléctrico* in order to make the systems complementary and enable them to operate jointly.

- The expansion of substations and the extension of the power transmission and distribution networks of the interconnected system, in order to incorporate 20 Colombian towns into the system and feed the agricultural region of the State of Zulia in Venezuela.

The Tibú plant burns natural gas, a by-product of the oil extraction operations in the region, which is available at very low cost. The project is expected to enable *CENS* to meet the rising demand for power from residential consumers, from petroleum companies operating in the region and from the two new rural electrical cooperatives which are being organized. Once the project is completed, production of the system is expected to be double the present output. Forecasts indicate that by 1973 the system would supply the demands of 42,000 consumers. The loan is guaranteed by the Republic of Colombia.

Ecuador

HIGHWAYS

\$6 million 25-year 5¾% loan of May 25, 1964
(\$5.4 million and \$600,000 in sucres)

Borrower: REPUBLIC OF ECUADOR

The Government of Ecuador has initiated a \$62.2-million, five-year highway program calling for the completion of several unfinished roads, the construction of four new arterial highways and the establishment of a highway maintenance program. The World Bank; the International Development Association (IDA), a World Bank affiliate; the Agency for International Development (AID), and the Inter-American Bank have joined together to provide \$39 million to help finance the program. The remaining \$23.2 million will be provided by the Government of Ecuador. The financing of the four agencies includes \$9 million, or 14 per cent of the total, from the World Bank; \$8 million, or 13 per cent, from IDA; \$16 million, or 26 per cent from AID, and \$6 million, or 10 per cent, from the Inter-American Bank.

As an initial step in the program, several roads partially financed by earlier World Bank and U.S.

ORDINARY CAPITAL RESOURCES

Government loans will be finished and a systematic highway maintenance program will be put into effect. Subsequently, four new arterial highways with a total length of 40.4 miles will be built. The Inter-American Bank loan will be devoted to this phase of the program, whose total cost is \$28 million. Also devoted to this phase will be the \$8-million IDA credit, \$8 million of the AID loan and \$6 million provided by the Ecuadorian Government. The World Bank financing will be devoted to the completion of the first part of the highway plan, to the maintenance program and to technical engineering and supervision. The four highways are:

- The 108-mile Esmeraldas-Quininde-Santo Domingo highway which would cross an increasingly important agricultural area near the coast thus providing faster shipment of export products through the port of Esmeraldas.
- The 123-mile Quevedo-Babahoy-Durán highway on the coast which would also pass through fertile lands suitable for the production of cotton, rice, chocolate, sugar, bananas and other tropical products.
- The 92-mile Cajabamba-Bucay-Chilcales high-

way, which would be the most important southern route between the coastal highway system and the Pan American Highway in the Sierra.

- The 81-mile M. J. Calle-Machala highway, which forms part of the coastal trunk road connecting Guayas and El Oro, provinces which are important producers of bananas and cacao for the export markets.

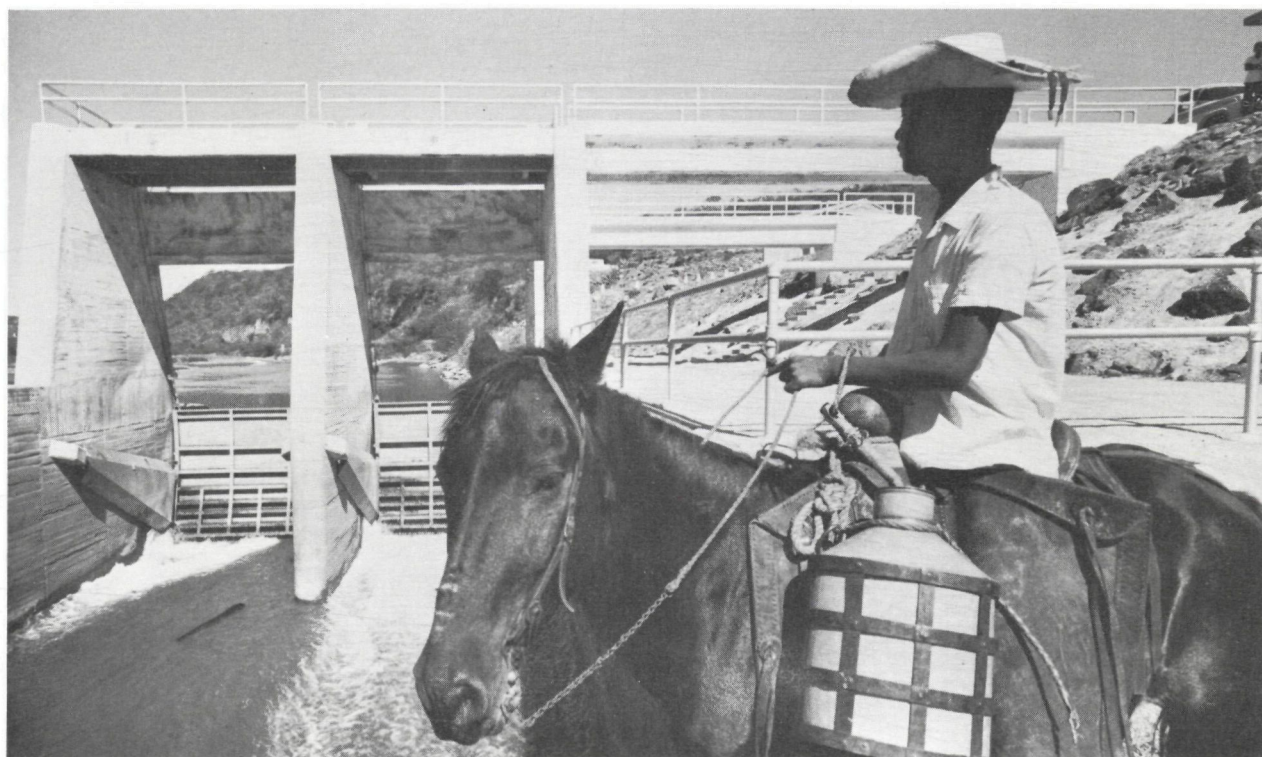
PARTICIPATION—Irving Trust Company, of New York, is participating in the loan to the extent of \$257,143.

Panama

IRRIGATION

\$8.5 million 20-year 5¾ % loan of July 30, 1964
(\$7.6 million and \$900,000 in balboas)
Borrower: REPUBLIC OF PANAMA

In 1960, 46 per cent of the economically active population of Panama was engaged in agriculture, but its output represented only 24 per cent of the



gross domestic product. The reasons given for this low productivity were low fertility due to a land ownership structure marked by small holdings and the nomadic character of a large segment of the rural population.

This loan will finance 51 per cent of the \$16.8-million cost of a project designed to stimulate the development of Panama's agricultural sector through the irrigation of an area of 47,000 acres as a means of raising the production of foodstuffs for domestic consumption and export. The project is located in the La Villa River basin in the Provinces of Herrera and Los Santos. It calls for the construction of a dam on the river, irrigation and drainage systems, access roads and on-farm installations. These improvements are designed to increase the productivity of about 1,200 farm families. Some 27,500 acres will be devoted to agricultural production and the remainder to grasslands.

Once the project is completed, the value of the agricultural production in the area is expected to increase by about \$6.1 million annually. This production will include vegetables, fruits, cassava,

plantains, sweet potatoes, sugar cane and cattle. Panamanian public credit institutions, particularly the Economic Development Institute, will provide credit to farmers for the purchase of seeds, fertilizers, machinery, farm construction and cattle.

PARTICIPATIONS—Continental Illinois National Bank and Trust Company of Chicago; Girard Trust Bank, of Philadelphia, and Manufacturers Hanover Trust Company and Meadow Brook National Bank, both of New York, are participating in the loan for a total of \$375,000.

D. Technical Assistance Loan

Brazil

STEEL PLANT STUDIES

\$1.3 million 7-year 6% loan of November 19, 1964
Borrower: FERRO E AÇO DE VITÓRIA S.A.

Brazil's steel production has been growing steadily since World War II. Output of steel ingots rose from 344,000 tons in 1946 to 2.8 million tons in 1963, and that of steel rolled products from 230,000 tons to 2.1 million tons. This expansion has been brought about by various factors, including the existence of a broad national market, rich iron ore deposits, and the availability of other metals, such as manganese, essential to steel production. However, Brazil must still import large quantities of steel—nearly 25 per cent of its requirements in 1963—particularly of flat steel products for the auto, shipbuilding, machinery, railroad and heavy electrical equipment industries. Demand is expected to continue to rise steadily as Brazil's industrial expansion continues.

This loan will finance 57 per cent of the cost of a final feasibility report and basic engineering studies related to an expansion program contemplated by *Ferro e Aço de Vitória S.A.*, a steel firm owned by the *Banco Nacional do Desenvolvimento Econômico*, which has 93 per cent of the capital stock, and by several minority stockholders, the largest of which is the German firm, *Ferrostaal, A.G.* The proposed program contemplates the construction of a 420,000-

IRRIGATION has received preferential attention in the Bank's lending in Mexico. This project is located at Las Peñitas in Colima.

ton steel ingot plant at Tubarão, in the State of Espírito Santo. It also provides for the expansion of the company's existing steel rolling mill located at Cariacica from the present capacity of 130,000 tons to 380,000 tons a year. The loan will finance the services of a consulting firm which will prepare the report, including studies on costs, location, markets and production methods and requirements, and the basic engineering studies for the expansion program. The loan is guaranteed by the *Banco Nacional do Desenvolvimento Econômico*.

E. Lines of Credit To Finance Exports Of Capital Goods

Argentina

\$3 million 6% credit of April 8, 1964

Borrower: BANCO CENTRAL DE LA REPUBLICA ARGENTINA

Brazil

\$3 million 6% credit of April 8, 1964

Borrower: BANCO DO BRASIL S.A.

Chile

\$2 million 6% credit of April 8, 1964

Borrower: BANCO CENTRAL DE CHILE

Mexico

\$3 million 6% credit of April 8, 1964

Borrower: NACIONAL FINANCIERA, S.A.

In September 1963, the Inter-American Bank adopted a program to help finance exports of capital goods among its Latin American member countries as a means of stimulating the development of the capital goods industries in Latin America and fostering its economic integration by helping to increase regional trade. At that time the Bank's Board of Executive Directors authorized the initial utilization of up to \$30 million from the ordinary capital resources to finance the program, as well as the use of the funds which might be obtained in the capital markets, without the guarantee of the Bank, through the sale of credit documents received under the program.

The Bank in April 1964 authorized four lines of credits totaling \$11 million to help finance exports of capital goods from Argentina, Brazil, Chile and



SYNTHETIC RUBBER PLANT in Brazil's northeast built with a \$3.6 million loan from the ordinary capital resources.

Mexico. The borrowing agencies and the credits are: *Banco Central de la República Argentina*, \$3 million; *Banco do Brasil S.A.*, \$3 million; *Banco Central de Chile*, \$2 million, and *Nacional Financiera S.A.*, of Mexico, \$3 million.

The lines of credit are designed to refinance, in part, credits extended by the national agencies on medium terms for the export of eligible capital goods to other Latin American members of the Bank. The national agencies discount at the Inter-American Bank the credit documents they issue in terms similar to those extended to the importers of capital goods.

To be eligible for refinancing, credits extended by the national agencies must be for terms ranging from 180 days to 5 years, taking into account the conditions and international financing practices usually applied to such goods. To be eligible, goods must originate in the Latin American member country from which they are exported. They are considered to have so originated when they are manufactured with raw materials or parts produced in the respective country or in any other Latin American member country of the Bank.

They are also considered eligible when they are manufactured with imported components obtained from countries which are not Latin American members of the Bank, provided that the final manufac-

turing process is undertaken in the country and that the imported component is less than 50 per cent of the price. Under the program, the Bank may finance up to 70 per cent of the invoice value of any capital goods export.

By the end of 1964, the *Banco Central de la República Argentina* and *Nacional Financiera* had utilized part of their lines of credit to finance three separate export operations. Two involved the export, by a private manufacturer in Argentina, of seamless pipe for the petroleum industry in Chile. The third was for the sale by a Mexican manufacturer of machinery which will enable an industry in El Salvador to make laminated shapes. The resources of the Bank financed 41 per cent of this cost.

Financial Operations

The net income of the ordinary capital resources of the Bank in 1964 amounted to \$4,774,353, compared with \$3,858,936 in 1963. Gross income for 1964 amounted to \$18,936,134. This included \$6,431,380 derived from interest on loans, \$1,648,497 from commitment charges on loans, \$1,329,134 from the 1 per cent commission charged on all loans allocated to the special reserve, \$9,447,008 from short-term investments and \$80,115 from other sources.

By December 31, 1964, the total reserves of the ordinary capital resources, including the general reserve and the special reserve, had risen to \$13,841,429. The general reserve, made up of net earnings, was \$11,919,839, a figure which represented a \$4,774,353 increase over the 1963 figure. The special reserve, which is made up of the 1 per cent commission charged on all loans, had risen to \$1,921,590, as of December 31, 1964, an increase of \$1,329,134, over the December 31, 1963, figure.

Total administrative expenses of the Bank chargeable to the ordinary capital resources amounted to \$5,709,349 and the interest on bonds and the amortization of debt discount and expense was \$7,311,582.

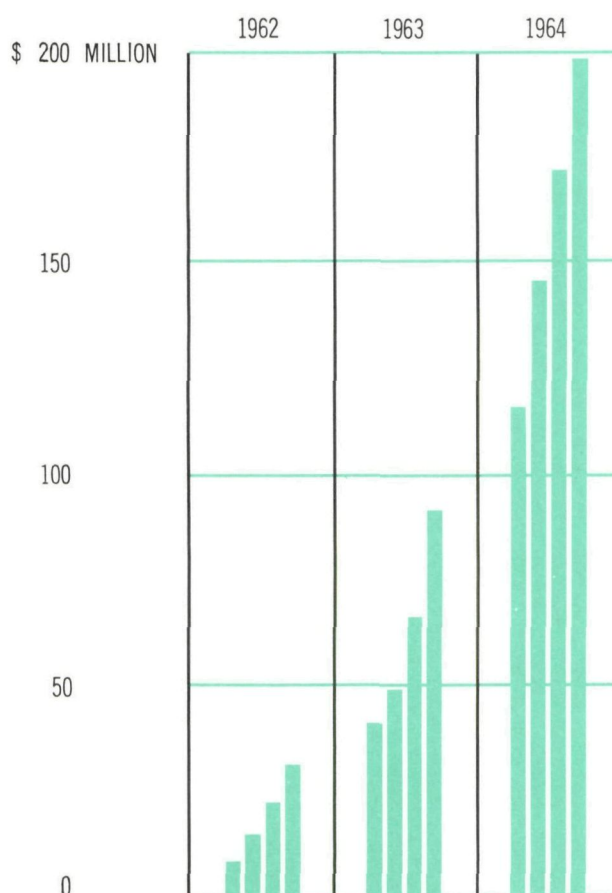
As of December 31, 1964, the Bank's funded debt was \$272,593,548, which consists of two bond issues sold in 1962 and four others sold in 1964. The 1962 issues were for the equivalent of \$24,193,548 in Italy and \$75 million in the United States. The 1964 issues were \$50 million in the United States, the

equivalent of \$15 million in Germany, the equivalent of \$8.4 million in the United Kingdom and \$100 million in the United States.

Disbursements on loans extended from the ordinary capital resources amounted to \$106,624,662, a figure higher than those of the previous three years combined. This brought disbursements as of December 31, 1964, to \$197,618,720. Repayments by borrowers on loans amounted to \$4,764,502 during 1964, bringing total repayments at the end of the year to \$5,362,350, including repayments on participations in loans.

The complete financial statements of the ordinary capital resources of the Bank are contained in the following pages.

Cumulative Disbursements
BY QUARTERS



ORDINARY CAPITAL RESOURCES

**Opinion of Independent Auditor
Ordinary Capital**

**Financial Statements
Ordinary Capital**

1707 L Street, N.W.
Washington, D. C.
February 8, 1965

To: Inter-American Development Bank
Washington, D. C.

In our opinion, the accompanying financial statements (Appendices I-1 to I-7) present fairly, in terms of United States currency, the financial position of Inter-American Development Bank—Ordinary Capital at December 31, 1964, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

PRICE WATERHOUSE & CO.

Price Waterhouse & Co.

	<i>Appendix</i>
Balance Sheet	I-1
Comparative Statement of Income and Expenses	I-2
Investments in United States Treasury Obligations	I-3
Summary Statement of Loans	I-4
Statement of Subscriptions to Capital Stock and Voting Power	I-5
Statement of Currencies and Demand Notes Held by the Bank	I-6
Notes to Financial Statements	I-7

Inter-American Development Bank — Ordinary Capital
Balance Sheet — December 31, 1964
See Notes to Financial Statements — Appendix I-7
Expressed in United States Dollars

APPENDIX I-1

ASSETS**Due from banks** (Appendix I-6) (Note B)

Unrestricted

United States dollars	\$ 542,524	
Member currencies other than United States dollars.....	40,604,166	
Non-member currencies	671,430	\$ 41,818,120

Restricted (Note C)

Member currencies other than United States dollars.....	7,605,704	\$ 49,423,824
---	-----------	---------------

Investments

Government obligations (at cost or amortized cost)

United States (face amount \$67,700,000)		
(Appendix I-3)	67,712,193	

Time deposits maturing within twenty-one months

United States dollars	216,000,000	
Non-member currencies	23,086,760	

Accrued interest

3,969,052	310,768,005
-----------	-------------

Loans outstanding held by Bank (Appendix I-4)

Total loans approved by Bank, less cancellations	544,574,169	
Less principal repayments to Bank	3,278,012	541,296,157

Less loans sold or agreed to be sold	20,261,292	
--	------------	--

Approved loans held by Bank	521,034,865	
-----------------------------------	-------------	--

Less undisbursed balance of approved loans held by Bank.....	340,148,306	180,886,559
--	-------------	-------------

Accrued charges on loans held by Bank

2,213,712

Due from members (Note D)

Non-negotiable, non-interest-bearing demand notes denominated in members' currencies (Appendix I-6)	108,566,441
---	-------------

Receivable from the sale of Sterling Stock (Note H)

5,712,000

Land and building (Note J)

9,834,745

Less reserve for depreciation	93,806	9,740,939
-------------------------------------	--------	-----------

Unamortized debt discount and expense

5,323,849

Other assets

677,267

Special Reserve Fund (Note F)

Due from banks	254,253	
----------------------	---------	--

Investments (United States Government obligations at cost—face amount \$1,298,000)	1,290,336	
--	-----------	--

Accrued loan commissions	377,001	1,921,590
--------------------------------	---------	-----------

Staff Retirement Plan Assets

(Segregated and held in trust)	3,337,432
--------------------------------------	-----------

Total assets	<u>\$678,571,618</u>
--------------------	----------------------

LIABILITIES, RESERVES AND CAPITAL**Liabilities**

Accrued interest on borrowings	\$ 2,345,061
--------------------------------------	--------------

Accrued expenses and accounts payable	226,698
---	---------

Mortgage payable (Note J)	4,647,450
---------------------------------	-----------

Funded debt (Note H)	272,593,548
----------------------------	-------------

Special Reserve (Note F)

1,921,590

Staff Retirement Plan Reserve

3,337,432

Capital

Capital Stock (Appendix I-5) (Note D)

Authorized 215,000 shares of \$10,000 par value each

Subscribed 128,498½ shares

\$1,284,985,000

Less—Callable portion

903,405,000

\$381,580,000

General reserve (Notes E and I)	11,919,839	393,499,839
---------------------------------------	------------	-------------

Total liabilities, reserves and capital	<u>\$678,571,618</u>
---	----------------------

Inter-American Development Bank—Ordinary Capital
Comparative Statement of Income and Expenses
For the Years Ended December 31, 1963 and December 31, 1964
See Notes to Financial Statements—Appendix I-7
Expressed in United States Dollars

APPENDIX I-2

	Year ended December 31,	
	1963	1964
Income		
From loans		
Interest	\$2,226,050	\$6,431,380
Commitment charges	1,182,070	1,648,497
Commissions	467,372	1,329,134
	\$ 3,875,492	\$ 9,409,011
From investments	9,430,771	9,447,008
From other sources	30,533	80,115
Gross income	13,336,796	18,936,134
Deduct commissions allocated to Special Reserve (Note F)	467,372	1,329,134
Gross income less reserve deduction	12,869,424	17,607,000
Expenses		
Administrative expenses (Note G)		
Board of Governors		
Annual meeting	138,908	124,766
Board of Executive Directors		
Salaries	206,430	230,638
Other compensation and benefits	67,970	47,515
Travel	45,469	48,613
Staff		
Salaries	2,342,254	3,052,925
Other compensation and benefits	887,758	1,059,506
Travel	227,575	415,251
Other administrative expenses		
Communications	141,454	224,488
Office occupancy	497,310	432,377
Publications and printing	97,411	119,197
Supplies and equipment (1)	174,809	239,972
Miscellaneous	299,147	343,108
Field offices	338,099	538,078
	5,464,594	6,876,434
Depreciation (See Appendix II-8, Note F)	—	72,231
	5,464,594	6,948,665
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B)	941,422	1,239,316
Total administrative expenses including depreciation	4,523,172	5,709,349
Interest on borrowings	4,397,177	7,106,709
Amortization of debt discount and expense	90,139	204,873
	9,010,488	13,020,931
Net income for the year before special addition	3,858,936	4,586,069
Addition to income arising from retroactive adjustment of rate used in charging Social Progress Trust Fund for indirect and overhead expenses (See Appendix III-6, Note B)	—	188,284
Net income for the year—allocated to general reserve (Note E)	\$ 3,858,936	\$ 4,774,353

(1) Amount reported as "Supplies and equipment" for the year ended December 31, 1963 includes \$23,179 previously reported as "Publications and printing" for that year.

**Inter-American Development Bank — Ordinary Capital
Investments in United States Treasury Obligations
December 31, 1964****APPENDIX I-3**

<u>Maturity date</u>	<u>Face amount</u>
March 11, 1965	\$ 500,000
March 18, 1965	7,200,000
February 15, 1966	1,000,000
May 15, 1966	4,000,000
February 15, 1967	9,000,000
August 15, 1967	42,000,000
November 15, 1967	4,000,000
	<u>\$67,700,000</u>
Cost or amortized cost	<u>\$67,712,193</u>

Inter-American Development Bank—Ordinary Capital
Summary Statement of Loans
December 31, 1964

APPENDIX I-4

See Notes to Financial Statements—Appendix I-7
Expressed in United States Dollars

<i>Member in whose territory loans have been made (1)</i>	<i>Total loans approved by Bank, less cancellations (2)</i>	<i>Principal repayments to Bank</i>	<i>Loans sold or agreed to be sold</i>	<i>Approved loans held by Bank</i>			<i>Currency in which disbursed portion of approved loans held by Bank is repayable</i>		
				<i>Total</i>	<i>Undisbursed</i>	<i>Disbursed</i>	<i>United States dollars</i>	<i>Member's currency</i>	<i>Non-member currency</i>
Argentina ..	\$ 91,698,873	\$ 318,300	\$ 1,506,437	\$ 89,874,136	\$ 48,057,220	\$ 41,816,916	\$ 27,100,730	\$ 9,490,878	\$ 5,225,308
Brazil	134,740,000	413,130	122,094	134,204,776	105,516,325	28,688,451	24,131,635	3,783,592	773,224
Chile	60,534,423	354,038	2,375,800	57,804,585	28,763,193	29,041,392	20,979,290	2,740,900	5,321,202
Colombia ..	51,245,399	461,427	1,652,125	49,131,847	29,696,500	19,435,347	10,717,895	4,047,052	4,670,400
Costa Rica ..	11,501,631	85,000	1,163,125	10,253,506	5,908,505	4,345,001	3,678,254	666,747	—
Dominican Republic..	6,000,000	—	200,000	5,800,000	5,395,473	404,527	404,527	—	—
Ecuador	8,343,000	204,050	257,143	7,881,807	7,249,527	632,280	476,770	155,510	—
El Salvador..	3,959,375	40,000	63,000	3,856,375	1,464,820	2,391,555	2,200,046	191,509	—
Guatemala ..	8,437,804	114,280	850,000	7,473,524	5,644,064	1,829,460	1,712,481	116,979	—
Honduras ..	510,000	310,047	60,000	139,953	49,526	90,427	90,427	—	—
Mexico	80,464,003	551,253	4,887,137	75,025,613	48,662,809	26,362,804	16,925,816	9,436,988	—
Nicaragua ..	8,930,000	50,000	725,000	8,155,000	7,157,594	997,406	997,406	—	—
Panama	8,500,000	—	375,000	8,125,000	8,125,000	—	—	—	—
Paraguay	2,749,996	55,000	269,911	2,425,085	480,891	1,944,194	1,746,194	198,000	—
Peru	16,772,618	37,722	1,008,125	15,726,771	6,856,580	8,870,191	6,949,705	1,920,486	—
Uruguay	19,443,000	—	951,395	18,491,605	13,258,879	5,232,726	4,258,352	974,374	—
Venezuela ..	30,744,047	283,765	3,795,000	26,665,282	17,861,400	8,803,882	7,041,150	1,762,732	—
Total	\$544,574,169	\$3,278,012	\$20,261,292	\$521,034,865(3)	\$340,148,306(4)	\$180,886,559	\$129,410,678	\$35,485,747	\$15,990,134

(1) The Bank makes loans to its members or political subdivisions of its members or to private enterprises located in the territory of its members. For loans to borrowers other than members, the Bank in many instances has received either the member's guarantee or other security deemed appropriate by the Bank.

(2) All of the loans have been approved by the Bank, but certain loans have not become effective and disbursements thereunder will not begin until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.

(3) Of the total approved loans held by the Bank, loans aggregating \$366,007,008 had become effective (i.e. eligible for disbursement) as of December 31, 1964 (see (2) above).

(4) Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse \$17,843,814.

ORDINARY CAPITAL RESOURCES

Inter-American Development Bank—Ordinary Capital Statement of Subscriptions to Capital Stock and Voting Power December 31, 1964

APPENDIX I-5

See Notes to Financial Statements—Appendix I-7
Expressed in United States Dollars

Member	Shares	Percent of total	Total subscribed capital	Amount received			Callable portion of subscribed capital	Number of votes	Percent of total
				United States dollars	Member currency	Non-negotiable, non-interest- bearing demand notes			
Argentina	16,381	12.75	\$ 163,810,000	\$ 25,785,000	\$ 9,768,267	\$ 16,016,733	\$112,240,000	16,516	12.60
Bolivia	1,315	1.03	13,150,000	2,070,000	70,000	2,000,000	9,010,000	1,450	1.11
Brazil	16,381	12.75	163,810,000	25,785,000	25,785,000		112,240,000	16,516	12.60
Chile	4,498	3.50	44,980,000	7,080,000	7,080,000		30,820,000	4,633	3.53
Colombia	4,494½	3.50	44,945,000	7,075,000	7,075,000		30,795,000	4,629½	3.53
Costa Rica	657½	.51	6,575,000	1,035,000	1,035,000		4,505,000	792½	.60
Dominican Republic	877	.68	8,770,000	1,380,000	1,380,000		6,010,000	1,012	.77
Ecuador	877	.68	8,770,000	1,380,000	1,380,000		6,010,000	1,012	.77
El Salvador	657½	.51	6,575,000	1,035,000	1,035,000		4,505,000	792½	.60
Guatemala	877	.68	8,770,000	1,380,000	1,380,000		6,010,000	1,012	.77
Haiti	657½	.51	6,575,000	1,035,000	1,035,000		4,505,000	792½	.60
Honduras	657½	.51	6,575,000	1,035,000	1,035,000		4,505,000	792½	.60
Mexico	10,530	8.20	105,300,000	16,575,000	16,575,000		72,150,000	10,665	8.13
Nicaragua	657½	.51	6,575,000	1,035,000	1,035,000		4,505,000	792½	.60
Panama	657½	.51	6,575,000	1,035,000	105,000	930,000	4,505,000	792½	.60
Paraguay	657½	.51	6,575,000	1,035,000	1,035,000		4,505,000	792½	.60
Peru	2,195	1.71	21,950,000	3,455,000	2,086,820	1,368,180	15,040,000	2,330	1.78
United States	55,588	43.26	555,880,000	75,000,000		75,000,000	405,880,000	55,723	42.47
Uruguay	1,106	.86	11,060,000	2,765,000	1,015,000	1,750,000	5,530,000	1,241	.95
Venezuela	8,776½	6.83	87,765,000	13,815,000	2,313,472	11,501,528	60,135,000	8,911½	6.79
Total	128,498½	100.00	\$1,284,985,000	\$190,790,000	\$82,223,559	\$108,566,441	\$903,405,000	131,198½	100.00

Inter-American Development Bank — Ordinary Capital
Statement of Currencies and Demand Notes Held by the Bank
December 31, 1964

APPENDIX I-6

See Notes to Financial Statements — Appendix I-7

Member	Unit of currency	Exchange rate (1)	Due from banks		Non-negotiable, non-interest-bearing demand notes		Total	
			Amount in local currency	Expressed in United States dollars	Amount in local currency	Expressed in United States dollars	Amount in local currency	Expressed in United States dollars
Argentina.....	Peso	82.525	1,826,927	\$ 22,138	1,321,780,891	\$ 16,016,733	1,323,607,818	\$ 16,038,871
Argentina.....	Peso	143.16	210,731	1,472			210,731	1,472
Argentina.....	Peso	134.27	75,592,757	562,994			75,592,757	562,994
Bolivia.....	Peso Boliviano	11.875	269,749	22,716	23,750,000	2,000,000	24,019,749	2,022,716
Brazil.....	Cruzeiro	18.50	403,496,529	21,810,623			403,496,529	21,810,623
Brazil.....	Cruzeiro	1,171.24	621,446,780	530,588			621,446,780	530,588
Chile.....	Escudo	2.70	12,224,434	4,527,568			12,224,434	4,527,568
Colombia.....	Peso	9.00	26,551,652	2,950,184			26,551,652	2,950,184
Colombia.....	Peso	9.50	3,865	407			3,865	407
Colombia.....	Peso	9.84	3,627,485	368,565			3,627,485	368,565
Costa Rica.....	Colon	6.63	2,517,182	379,846			2,517,182	379,846
Dominican Republic.....	Peso	1.00	1,377,076	1,377,076			1,377,076	1,377,076
Ecuador.....	Sucre	18.00	21,881,828	1,215,657			21,881,828	1,215,657
El Salvador.....	Colon	2.50	2,109,217	843,687			2,109,217	843,687
Guatemala.....	Quetzal	1.00	1,259,245	1,259,245			1,259,245	1,259,245
Haiti.....	Gourde	5.00	5,130,692	1,026,138			5,130,692	1,026,138
Honduras.....	Lempira	2.00	1,990,012	995,006			1,990,012	995,006
Mexico (Note C)	Peso	12.50	95,071,300	7,605,704			95,071,300	7,605,704
Nicaragua.....	Cordoba	7.00	7,232,695	1,033,242			7,232,695	1,033,242
Panama.....	Balboa	1.00	13,499	13,499	930,000	930,000	943,499	943,499
Paraguay.....	Guarani	122.00	96,526,765	791,203			96,526,765	791,203
Paraguay.....	Guarani	126.00	5,589,226	44,359			5,589,226	44,359
Peru.....	Sol	26.81	2,062,681	76,956	36,680,905	1,368,180	38,743,586	1,445,136
Peru.....	Sol	26.82	4,757,329	177,384			4,757,329	177,384
United States.....	Dollar	1.00	542,524	542,524	75,000,000	75,000,000	75,542,524	75,542,524
Uruguay.....	Peso	16.50	1,501,605	91,139	28,875,000	1,750,000	30,376,605	1,841,139
Venezuela.....	Bolivar	4.50	2,173,630	482,474	51,756,875	11,501,528	53,930,505	11,984,002
Total expressed in United States dollars				<u>48,752,394</u>		<u>108,566,441</u>		<u>157,318,835</u>
<i>Non-member</i>								
England.....	Pound Sterling	.357	100	280			100	280
Germany.....	Deutsche Mark	4.00	93,679	23,420			93,679	23,420
Italy.....	Lira	620.00	401,593,337	647,730			401,593,337	647,730
Total expressed in United States dollars				<u>671,430</u>				<u>671,430</u>
Grand total expressed in United States dollars				<u>\$49,423,824</u>		<u>\$108,566,441</u>		<u>\$157,990,265</u>

(1) See Appendix I-7, Notes A, B and D.

Inter-American Development Bank — Ordinary Capital
Notes to Financial Statements
December 31, 1964

APPENDIX I-7

Note A

Amounts in member currencies other than United States dollars have been translated into United States dollars at the rates at which the amounts were received or loaned by the Bank, except for the undisbursed balances and accrued charges on certain loans denominated in member currencies other than United States dollars which have been translated into United States dollars at the approximate market rates of exchange existing at December 31, 1964. Italian lire, German deutsche marks and British pounds sterling have been translated into United States dollars at the rate of 620 lire to the dollar, 4 deutsche marks to the dollar and .357 pounds to the dollar (2.80 dollars to one pound), respectively, the approximate market rates of exchange at the time the currencies were obtained. Amounts of loans approved and loans sold or agreed to be sold which are denominated in other non-member currencies have been translated into United States dollars at the approximate market rates of exchange existing at December 31, 1964. No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates.

Note B

In accordance with Article V, Section 3, of the Agreement Establishing the Bank, each member is required, if the par value of its currency is reduced or if the foreign exchange value of its currency depreciates to a significant extent, to pay to the Bank (Ordinary Capital) an additional amount of its own currency sufficient to maintain the value of all the currency of the member held by the Bank, excepting currency derived from borrowings by the Bank; likewise the Bank (Ordinary Capital) is required, if the par value of a member's currency is increased or the foreign exchange value of such member's currency has appreciated to a significant extent, to pay to such member an amount of its currency equal to the increase in value of such member's currency which is held by the Bank, excepting currency derived from borrowings by the Bank. The standard of value for these purposes shall be the United States dollar of the weight and fineness in effect on January 1, 1959.

Note C

In accordance with the provisions of Article V, Section 1, the use of these funds by the Bank or any recipient from the Bank has been restricted by the member to making payments for goods and services produced in its territory.

Note D

The original authorized ordinary capital of the Bank was \$850,000,000 in terms of United States dollars of the weight and fineness in effect on January 1, 1959. Of the total original authorized capital, \$400,000,000 was "paid-in" capital and \$450,000,000 was "callable" capital.

On January 28, 1964 the Board of Governors approved an increase of \$1,000,000,000 in authorized callable capital at the subscription price of \$10,000 per share. As of December 31, 1964, 19 member countries had agreed to sub-

scribe \$943,650,000 of the increase. Each member has until December 31, 1964 to effect its subscription to one-half of its pro rata share of the increase in authorized callable capital and until December 31, 1965 to effect its subscription to the other half. Each installment of the subscription of each member will become effective only upon the fulfillment of a number of conditions, including the subscription by members of at least 75 per cent of the total of the respective installments of all members. On January 28, 1964 the Board of Governors also approved a further \$300,000,000 increase in authorized capital, of which \$75,000,000 is "paid-in" and \$225,000,000 is "callable", such capital to be available in the case of expansion of the Bank's membership.

As of December 31, 1964, 19 member countries had subscribed to a total of 47,182½ additional shares of callable capital equal to \$471,825,000 or 98.64% of the total of the respective installments of all members required to be subscribed by December 31, 1964. These subscriptions to additional shares of callable capital raised the total of subscribed capital to \$1,284,985,000, of which \$381,580,000 is "paid-in" capital and \$903,405,000 is "callable" capital. In addition, 18 member countries had taken the action necessary as of December 31, 1964 to subscribe \$265,945,000 of the installment required to be subscribed by December 31, 1965. These subscriptions will not become effective unless subscriptions totalling \$471,825,000 are received.

As of December 31, 1964 no new members had been admitted to the Bank and the Bank had not received any subscriptions to the further increase in authorized capital of \$300,000,000.

The subscribed "paid-in" capital has been paid 50% in gold and/or United States dollars and 50% in the currency of the respective member except that non-negotiable, non-interest-bearing demand notes have been accepted, as permitted under the provisions of Article V, Section 4, in lieu of part of the payment required to be made in the member's currency. The "callable" portion of the authorized ordinary capital shall be called only when required to meet the obligations of the Bank created by borrowing or by guaranteeing loans with respect to the ordinary capital and is payable at the option of the member either in gold, United States dollars or the currency required to discharge the obligation of the Bank for the purpose for which the call is made.

Note E

Pursuant to actions of the Board of Governors the net income from the ordinary capital resources of the Bank for each of the years ended December 31, through 1962 has been allocated in the following year to a general reserve for possible future losses; and pursuant to action of the Board of Governors in April, 1963 the net income from the ordinary capital resources of the Bank for the years ended after December 31, 1962 has been allocated and, until further action by the Board of Governors, the net income of each year will be allocated automatically to such reserve.

Note F

The amount of commissions received by the Bank on loans made out of or by commitment of the ordinary capital resources is required under Article III, Section 13, to be set aside as a special reserve to be kept available for meeting the Bank's obligations created by borrowing or by guaranteeing loans. On all loans granted to date the rate of commission is 1% per annum.

Note G

Article III, Section 3(b) provides: "Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses pertaining directly to special operations shall be charged to the resources of the Fund (for Special Operations). Other expenses shall be charged as the Bank determines." For each of the years ended December 31, through 1963 expenses which have been deemed to be not identifiable as pertaining directly to either the Ordinary Capital or the Fund for Special Operations have been distributed, pursuant to the decisions of the Board of Executive Directors, in the same proportions which have existed between the amounts received from member countries for the "paid-in" capital of the Ordinary Capital and for contributions to the Fund for Special Operations. Until February 28, 1963 the administrative expenses of the Technical Assistance Division were charged directly to the Fund. Thereafter it was considered appropriate that these expenses be charged through the allocation formula specified by the Board of Executive Directors.

Pursuant to the decision of the Board of Executive Directors expenses during the year 1964 which have been deemed to be not identifiable as pertaining directly to either the Ordinary Capital or the Fund for Special Operations have been charged 77% to the income of the Ordinary Capital and 23% to the income of the Fund for Special Operations, such percentages having been determined in the proportion which existed at December 31, 1963 between the amounts received from member countries for (a) the "paid-in" capital of the Ordinary Capital plus the aggregate dollar equivalent of resources derived from borrowings for the Ordinary Capital and (b) contributions to the Fund for Special Operations.

Note H

Funded debt (Expressed in United States dollars)

Payable in United States dollars:

4¼ % Twenty-Year Bonds of 1962, due December 15, 1982, subject to sinking fund requirements to redeem \$5,000,000 of the bonds on or before December 15 in each of the years 1968 through 1981 \$ 75,000,000

4½ % Twenty-Year Bonds of 1964, due April 1, 1984, subject to sinking fund requirements to redeem \$2,700,000 of the bonds on or before April 1 in each of the years 1970 through 1983..... 50,000,000

4½ % Twenty-Year Bonds of 1964, due November 1, 1984, subject to sinking

fund requirements to redeem \$5,400,000 of the bonds on or before November 1 in each of the years 1970 through 1983 100,000,000

Payable in non-member currencies:

5% Italian Lire Bonds of 1962, due April 1, 1982 (Lit. 15,000,000,000) 24,193,548

5½ % German Deutsche Mark Bonds of 1964, due July 1, 1979, payable in ten equal annual installments on July 1 of each of the years 1970 through 1979 (DM60,000,000) 15,000,000

5½ % English Sterling Stock of 1964, due October 1, 1984, redeemable by the operation of a fixed annual sinking fund of £200,000 commencing in the year ending October 1, 1970, the first payment to be made no later than September 1, 1970 (£3,000,000) 8,400,000

Total \$272,593,548

Each issue is subject to redemption prior to maturity at the option of the Bank at the prices and upon the conditions stated in the respective bonds. Pursuant to the terms of the Agreement for the issue of Sterling Stock, £750,000 (\$2,100,000) was paid on September 4, 1964 and the balance of the face amount of the Stock, £2,250,000 (\$6,300,000) less discount of £210,000 (\$588,000) is to be paid on or before March 3, 1965.

Note I

Under the provisions of Article VI the Bank may, at the request of any member or members or of private firms that may obtain loans from it, provide technical advice and assistance.

At December 31, 1964 the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,882,390. Pursuant to resolutions passed by the Board of Executive Directors all technical assistance expenditures after January 1, 1963 are to be charged first to the net income of the Fund for Special Operations, including such income accumulated in the general reserve of that Fund, and thereafter to the net income of the Ordinary Capital.

Note J

On April 30, 1964 the Bank purchased the twelve story building in Washington, D. C. in which its principal offices are located for a total purchase price of \$9,690,000 which included the assumption by the Bank of the then existing first mortgage indebtedness of \$4,721,926 on the property.

Note K

As of December 31, 1963 one of the Bank's borrowers, a private enterprise in Brazil, had instituted arbitration proceedings under the loan contract, claiming that in disbursing cruzeiros inadequate rates of exchange were used in determining the amounts of such disbursements. This matter has been settled with no adverse effect on the Bank.

ORDINARY CAPITAL RESOURCES Inter-American Development Bank
Statement of Approved Loans as of December 31, 1964

APPENDIX I-8

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
ARGENTINA										
Banco de la Provincia de Entre Ríos Banco Provincial de Santa Fé Banco de la Provincia de Córdoba <i>Mixed entities</i>	Agricultural, mining and industrial development	7/31/61 contract signed 8/18/61	Pesos ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,000,000 14,000,000 15,000,000 100,000 14,900,000	487,323 5,406,866 5,894,189 5,894,189	512,677 8,593,134 9,105,811 100,000 9,005,811		512,677 8,593,134 9,105,811 100,000 9,005,811	5¾	16 semiannual beginning 1/1/66
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina) <i>Public entity</i>	Technical assistance	8/3/61 contract signed 8/28/61	Pesos ¹ U.S. dollars Total in U.S. dollars	252,000 378,000 630,000	 378,000 630,000	252,000 108,000 162,000 270,000		144,000 216,000 360,000	5¾	7 semiannual beginning 8/28/63
Tool Research Argentina, Sociedad Anónima Industrial y Comercial (Banco Provincial de Santa Fé) <i>Private entity</i>	Auto components plant	10/5/61 contract signed 12/13/61	U.S. dollars Less: Participations Net total in U.S. dollars	252,000 25,200 226,800	 25,200 226,800	252,000 25,200 226,800	25,200	226,800	5¾	20 semiannual beginning 6/1/64
Vialsa, S.A. <i>Private entity</i>	Prefabricated housing plant	12/14/61 contract signed 12/15/61	U.S. dollars	2,200,000	41,427	2,158,573		2,158,573	5¾	19 semiannual beginning 12/15/64
Sociedad Anónima "La Merced" (Garovaglio y Zorraquin, Ltda.) <i>Private entity</i>	Irrigation	12/21/61 contract signed 3/5/62	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	13,280,000 470,000 568,201 52,222 515,979	6,058,500 40,294 80,550 80,550	7,221,500 429,706 487,651 52,222 435,429		7,221,500 429,706 487,651 52,222 435,429	5¾	18 semiannual beginning 9/5/65
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina) <i>Public entity</i>	Electric power	12/21/61 contract signed 3/22/62	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	232,400,000 8,000,000 9,671,966 150,000 9,521,966	123,625 3,955,664 3,956,486 50,000 3,906,486	232,276,375 4,044,336 5,715,480 100,000 5,615,480		232,276,375 4,044,336 5,715,480 100,000 5,615,480	5¾	24 semiannual beginning 4/1/66
Corporación Entrerriana de Citrus, Sociedad Anónima de Economía Mixta, Industrial, Comercial y Financiera (Province of Entre Ríos) <i>Mixed entity</i>	Citrus fruit processing plant	2/21/62 contract signed 4/6/62	Pesos ¹ U.S. dollars Total in U.S. dollars	337,000 1,300,000 1,637,000	 1,300,000 1,637,000	337,000 1,300,000 1,637,000	48,300 48,300	288,700 1,300,000 1,588,700	5¾	24 semiannual beginning 10/15/64

Armetal, Industria Argentina de Metales, S.A. (Banco Industrial de la República Argentina) <i>Private entity</i>	Auto components plant	3/8/62 contract signed 5/31/62	Pesos ¹ Italian lire U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	170,000 293,878,955 848,002 1,492,000 437,279 1,054,721	 154,187,998 248,690 248,690	170,000 139,690,957 848,002 1,243,310 437,279 806,031	 103,946 103,946 103,946	170,000 139,690,957 744,056 1,139,364 333,333 806,031	5¾ ²	12 semiannual beginning 11/15/64
COMINCO, Sociedad Anónima, Comercial, Industrial, Inmobiliaria y Financiera (Banco Industrial de la República Argentina) <i>Private entity</i>	Chipboard plant	2/21/63 contract signed 8/13/63	Pesos ¹ U.S. dollars Total in U.S. dollars	29,000 201,706 230,706	 201,706 230,706	29,000 201,706 230,706		29,000 201,706 230,706	5¾	11 semiannual beginning 2/12/65
Banco de la Nación Argentina <i>Public entity</i>	Agricultural mechanization	4/16/63 contract signed 6/27/63	Pesos ¹ Italian lire U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	7,500,000 3,100,000,000 12,500,000 25,000,000 321,736 24,678,264	1,000,000 3,113,000 4,113,000 4,113,000	6,500,000 3,100,000,000 9,387,000 20,887,000 321,736 20,565,264		6,500,000 3,100,000,000 9,387,000 20,887,000 321,736 20,565,264	5¾ ²	23 semiannual beginning 7/3/67
Compañía Sudamericana de Cemento Portland Juan Minetti e Hijos Ltda., S.A. (Banco Industrial de la República Argentina) <i>Private entity</i>	Cement plant	4/16/63 contract signed 1/23/64	U.S. dollars	7,000,000	7,000,000				5¾	13 semiannual beginning 7/23/66
CARBOCLOR, Industrias Químicas, S.A.I.C. (Banco Industrial de la República Argentina) <i>Private entity</i>	Petrochemical plant	6/20/63 contract signed 7/12/63	U.S. dollars	2,500,000	2,500,000				5¾	13 semiannual beginning 1/12/67
Wilson y Compañía, S.A.I.C. (Banco Industrial de la República Argentina) <i>Private entity</i>	Meat packing plant	12/17/63 contract signed 12/18/63	Pesos ¹ U.S. dollars Total in U.S. dollars	189,000 1,328,000 1,517,000	71,588 848,661 920,249	117,412 479,339 596,751		117,412 479,339 596,751	5¾	15 semiannual beginning 12/15/66
Banco Central de la República Argentina <i>Public entity</i>	Capital goods exports	4/8/64 contract signed 4/15/64	U.S. dollars	3,000,000	2,772,629	227,371		227,371	6	Repayable in periods and conditions specified in credit documents issued by the borrower
Empresa Provincial de Energía de Córdoba (Province of Córdoba) <i>Public entity</i>	Electric power	7/30/64	Pesos ¹ U.S. dollars Total in U.S. dollars	2,000,000 2,500,000 4,500,000	2,000,000 2,500,000 4,500,000				5¾	24 semiannual beginning 42 months after date of contract

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
ARGENTINA (Cont'd)										
ADAMAS, Sociedad Anónima, Industrial, Comercial e Inmobiliaria (Banco Industrial de la República Argentina) Private entity	Paper plant	10/15/64	German marks	3,000,000	3,000,000				6 2	15 semiannual beginning 36 months after date of contract
			U.S. dollars	750,000	750,000					
			Total in U.S. dollars	1,500,000	1,500,000					
Banco de la Nación Argentina Public entity	Agricultural mechanization	12/10/64 contract signed 12/11/64	Pesos 1	3,000,000	3,000,000				6 2	25 semiannual beginning 7/3/67
			German marks	24,000,000	24,000,000					
			U.S. dollars	6,000,000	6,000,000					
			Total in U.S. dollars	15,000,000	15,000,000					
			Less: Participations	420,000	420,000					
			Net total in U.S. dollars	14,580,000	14,580,000					
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				91,698,873	48,527,220	43,171,653	447,446	42,724,207		
Less: Participations				1,506,437	470,000	1,036,437	129,146	907,291		
Net total loans to Argentina expressed in U.S. dollars				90,192,436	48,057,220	42,135,216	318,300	41,816,916		
BRAZIL										
Lutcher S.A. Celulose e Papel Private entity	Pulp mill	3/31/61 contract signed 6/14/61	Cruzeiros 1	2,200,000		2,200,000	132,000	2,068,000	5¾	24 semiannual beginning 12/15/63
			U.S. dollars	2,500,000		2,500,000	150,000	2,350,000		
			Total in U.S. dollars	4,700,000		4,700,000	282,000	4,418,000		
Lutcher S.A. Celulose e Papel Private entity	Pulp mill	4/17/64 contract signed 5/1/64	U.S. dollars	4,000,000	45,648	3,954,352		3,954,352	5¾	8 semiannual beginning 12/15/71
Sifco do Brasil S.A. Private entity	Auto components plant	6/28/61 contract signed 11/21/61	Cruzeiros 1	180,000		180,000	51,408	128,592	5¾	14 semiannual beginning 4/1/63
			U.S. dollars	570,000		570,000	162,792	407,208		
			Total in U.S. dollars	750,000		750,000	214,200	535,800		
			Less: Participations	122,094		122,094	122,094			
			Net total in U.S. dollars	627,906		627,906	92,106	535,800		
Industria Brasileira de Equipamentos S.A. (Directors of the Borrower) Private entity	Oil-drilling tool plant	10/19/61 contract signed 1/24/62	Cruzeiros 1	87,000		87,000		87,000	5¾	16 semiannual beginning 7/15/64
			U.S. dollars	528,000	16,101	511,899	19,024	492,875		
			Total in U.S. dollars	615,000	16,101	598,899	19,024	579,875		

Papel e Celulose Catarinense Ltda. (Klabin Irmãos & Cia.) <i>Private entity</i>	Pulp and paper mill	12/14/61 contract signed 1/22/62	U.S. dollars	5,000,000	2,594,263	2,405,737	2,405,737	5¾	9 semiannual beginning 1/15/65
Centrais Elétricas de Minas Gerais S.A. (Banco Mineiro da Produção S.A.) <i>Public entity</i>	Electric power	12/14/61 contract signed 6/5/62	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	1,500,000 3,500,000 5,000,000	1,691,819 1,808,181 3,308,181	1,500,000 1,808,181 3,308,181	1,500,000 1,808,181 3,308,181	5¾	20 semiannual beginning 12/5/66
Fundação Tupy S.A. <i>Private entity</i>	Auto components plant	2/15/62 contract signed 5/16/62	U.S. dollars	560,000		560,000	20,000	5¾	12 semiannual beginning 11/15/64
Companhia Agrícola, Imobiliária e Colonizadora (Banco Mineiro da Produção S.A.) <i>Public entity</i>	Agricultural mechanization	6/28/62 contract signed 12/6/62	Italian lire U.S. dollars Total in U.S. dollars	620,000,000 3,500,000 4,500,000	140,600,899 9,474 236,250	479,399,101 3,490,526 4,263,750	479,399,101 3,490,526 4,263,750	5¾ ²	12 semiannual beginning 6/6/65
Companhia Pernambucana de Borracha Sintética (Banco Nacional do Desenvol- vimento Econômico) <i>Public entity</i>	Synthetic rubber plant	7/5/62 contract signed 11/9/62	U.S. dollars	3,615,000	305,071	3,309,929	3,309,929	5¾	14 semiannual beginning 5/15/66
Companhia Hidro Elétrica do São Francisco (United States of Brazil) <i>Public entity</i>	Electric power	8/9/62 contract signed 12/12/62	Italian lire U.S. dollars Total in U.S. dollars	1,860,000,000 12,000,000 15,000,000	1,860,000,000 9,003,951 12,003,951	2,996,049 2,996,049	2,996,049 2,996,049	5¾ ²	28 semiannual beginning 7/10/66
Centrais Elétricas de Urubupungá S.A. (United States of Brazil) <i>Public entity</i>	Electric power	11/14/63 contract signed 11/20/63	U.S. dollars	13,250,000	10,873,222	2,376,778	2,376,778	5¾	32 semiannual beginning 5/20/68
Companhia de Eletricidade do Estado da Bahia (Estado da Bahia) <i>Public entity</i>	Electric power	12/31/63 contract signed 12/31/64	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	640,000 2,560,000 3,200,000	640,000 2,560,000 3,200,000			5¾	28 semiannual beginning 6/30/68
Banco do Brasil S.A. <i>Public entity</i>	Capital goods exports	4/8/64 contract signed 7/9/64	U.S. dollars	3,000,000	3,000,000			6	Repayable in periods and conditions specified in credit documents issued by the borrower
Banco Nacional do Desenvol- vimento Econômico <i>Public entity</i>	Industrial development	7/30/64 contract signed 12/23/64	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	15,000,000 12,000,000 27,000,000	15,000,000 12,000,000 27,000,000			5¾	23 semiannual beginning 1/3/69
Magnesita S.A. (Banco do Bahia S.A. Banco de Minas Gerais S.A.) <i>Private entity</i>	Refractories plant	7/30/64 contract signed 9/29/64	U.S. dollars	4,000,000	4,000,000			5¾	14 semiannual beginning 3/29/68
Ferro e Aço de Vitória S.A. (Banco Nacional do Desenvol- vimento Econômico) <i>Private entity</i>	Steel feasibility studies	11/19/64	U.S. dollars	1,300,000	1,300,000			6	10 semiannual beginning 30 months after date of contract

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
BRAZIL (Cont'd)										
Companhia Vale do Rio Doce (Banco Nacional do Desenvol- vimento Econômico) <i>Public entity</i>	Iron ore production	11/19/64	German marks	20,000,000	20,000,000				6 ½	24 semiannual beginning 42 months after date of contract
			U.S. dollars	23,800,000	23,800,000					
			Total in U.S. dollars	28,800,000	28,800,000					
Central Elétrica Capivari-Cachoeira S.A. (State of Paraná) <i>Public entity</i>	Electric power	11/19/64	U.S. dollars	5,450,000	5,450,000				6	30 semiannual beginning 54 months after date of contract
Banco do Estado da Guanabara S.A. (State of Guanabara) <i>Public entity</i>	Water supply	12/24/64 contract signed 12/31/64	Cruzeiros ¹	5,000,000	5,000,000				6	35 semiannual beginning 1/3/68
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				134,740,000	105,516,325	29,223,675	535,224	28,688,451		
Less: Participations				122,094		122,094	122,094			
Net total loans to Brazil expressed in U.S. dollars				134,617,906	105,516,325	29,101,581	413,130	28,688,451		
CHILE										
Corporación de Fomento de la Producción <i>Public entity</i>	Industrial, mining and fishery development	4/9/61 contract signed 8/19/61	Escudos ¹	1,500,000		1,500,000	174,534	1,325,466	5¾	20 semiannual beginning 12/15/63
			U.S. dollars	4,500,000		4,500,000	523,602	3,976,398		
			Total in U.S. dollars	6,000,000		6,000,000	698,136	5,301,864		
			Less: Participations	344,098		344,098	344,098			
Net total in U.S. dollars				5,655,902		5,655,902	354,038	5,301,864		
Republic of Chile <i>Public entity</i>	Water supply	11/22/61 contract signed 5/16/62	U.S. dollars	1,050,000	767,954	282,046		282,046	5¾	32 semiannual beginning 11/16/66
Corporación de Fomento de la Producción <i>Public entity</i>	Fishery project	12/7/61 contract signed 3/29/62	U.S. dollars	5,000,000	219,706	4,780,294		4,780,294	5¾	18 semiannual beginning 7/15/65
			Less: Participations	250,000		250,000		250,000		
			Net total in U.S. dollars	4,750,000	219,706	4,530,294		4,530,294		
Republic of Chile <i>Public entity</i>	Irrigation	2/8/62 contract signed 5/16/62	Escudos	1,350,000	271,823	1,078,177		1,078,177	5¾	32 semiannual beginning 11/16/66
			U.S. dollars	1,575,000	548,358	1,026,642		1,026,642		
			Total in U.S. dollars	2,224,423	649,034	1,575,389		1,575,389		

Compañía Manufacturera de Papeles y Cartones, S.A. <i>Private entity</i>	Pulp plant	11/8/62 contract signed 11/23/62	Escudos ¹	1,600,000	733,313	866,687	866,687	5¾ ²	25 semiannual beginning 11/23/65
			Italian lire	4,960,000,000	1,775,879,682	3,184,120,318	3,184,120,318		
			U.S. dollars	6,400,000	1,796,139	4,603,861	4,603,861		
			Total in U.S. dollars	16,000,000	5,393,774	10,606,226	10,606,226		
			Less: Participations	450,000		450,000	450,000		
			Net total in U.S. dollars	15,550,000	5,393,774	10,156,226	10,156,226		
Maderas Aglomeradas Pinihue, S.A. (Corporación de Fomento de la Producción) <i>Private entity</i>	Chipboard plant	2/7/63 contract signed 2/8/63	Italian lire	207,700,000	61,674,910	146,025,090	146,025,090	5¾ ²	18 semiannual beginning 8/8/65
			U.S. dollars	900,000	186,378	713,622	713,622		
			Total in U.S. dollars	1,235,000	285,854	949,146	949,146		
Empresa de Agua Potable (Republic of Chile) <i>Public entity</i>	Water supply	4/4/63 contract signed 5/24/63	Escudos ¹	1,500,000	1,500,000			5¾	32 semiannual beginning 11/24/67
			U.S. dollars	3,625,000	3,478,173	146,827	146,827		
			Total in U.S. dollars	5,125,000	4,978,173	146,827	146,827		
Empresa Nacional del Petróleo (Corporación de Fomento de la Producción) <i>Public entity</i>	Oil refinery	10/24/63 contract signed 11/5/63	U.S. dollars	10,718,298	6,188,046	4,530,252	4,530,252	5¾	20 semiannual beginning 5/5/66
			Swiss francs	1,000,000		1,000,000	1,000,000		
			Belgian francs	2,500,000		2,500,000	2,500,000		
			Total in U.S. dollars	11,000,000	6,188,046	4,811,954	4,811,954		
			Less: Participations	1,131,702		1,131,702	1,131,702		
			Net total in U.S. dollars	9,868,298	6,188,046	3,680,252	3,680,252		
Corporación de Fomento de la Producción <i>Public entity</i>	Industrial, mining and fishery development	3/12/64 contract signed 3/17/64	U.S. dollars	6,000,000	3,380,652	2,619,348	2,619,348	5¾	18 semiannual beginning 9/17/67
			Less: Participations	200,000		200,000	200,000		
			Net total in U.S. dollars	5,800,000	3,380,652	2,419,348	2,419,348		
Banco Central de Chile <i>Public entity</i>	Capital goods exports	4/8/64 contract signed 4/15/64	U.S. dollars	2,000,000	2,000,000			6	Repayable in periods and conditions specified in credit documents issued by the borrower
Republic of Chile <i>Public entity</i>	Irrigation	8/6/64 contract signed 8/12/64	Escudos ¹	1,700,000	1,700,000			6	32 semiannual beginning 2/12/69
			U.S. dollars	1,800,000	1,800,000				
			Total in U.S. dollars	3,500,000	3,500,000				
Compañía Manufacturera de Papeles y Cartones, S.A. <i>Private entity</i>	Pulp mill	10/8/64 contract signed 10/9/64	German marks	5,600,000	5,600,000			6 ²	25 semiannual beginning 11/23/65
			Total in U.S. dollars	1,400,000	1,400,000				
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				60,534,423	28,763,193	31,771,230	698,136	31,073,094	
Less: Participations				2,375,800		2,375,800	344,098	2,031,702	
Net total loans to Chile expressed in U.S. dollars				58,158,623	28,763,193	29,395,430	354,038	29,041,392	

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
COLOMBIA										
Corporación Financiera Colombiana de Desarrollo Industrial <i>Private entity</i>	Industrial development	4/9/61 contract signed 9/8/61	Pesos	4,000,000		4,000,000	500,000	3,500,000	5¾	16 semiannual beginning 3/15/64
			U.S. dollars	203,653		203,653	61,500	142,153		
			Total in U.S. dollars	658,682		658,682	118,376	540,306		
			Less: Participations	61,500		61,500	61,500			
			Net total in U.S. dollars	597,182		597,182	56,876	540,306		
Empresas Públicas de Medellín (Republic of Colombia) <i>Public entity</i>	Water supply	4/9/61 contract signed 6/3/61	Pesos	19,950,000	3,630,818	16,319,182		16,319,182	5¾	32 semiannual beginning 12/1/65
			U.S. dollars	3,300,000	918,305	2,381,695		2,381,695		
			Total in U.S. dollars	5,256,717	1,201,299	4,055,418		4,055,418		
			Less: Participations	103,125		103,125		103,125		
			Net total in U.S. dollars	5,153,592	1,201,299	3,952,293		3,952,293		
Empresas Públicas Municipales de Cartagena (Republic of Colombia) <i>Public entity</i>	Water and sewage systems	6/15/61 contract signed 10/17/61	Pesos ¹	3,800,000	1,847,578	1,952,422		1,952,422	5¾	32 semiannual beginning 4/17/66
			U.S. dollars	2,200,000	522,096	1,677,904		1,677,904		
			Total in U.S. dollars	6,000,000	2,369,674	3,630,326		3,630,326		
			Less: Participations	137,500		137,500		137,500		
			Net total in U.S. dollars	5,862,500	2,369,674	3,492,826		3,492,826		
Republic of Colombia <i>Public entity</i>	Technical assistance	9/6/61 contract signed 10/14/61	Pesos ¹	200,000	172,695	27,305	4,551	22,754	5¾	6 semiannual beginning 4/1/64
			U.S. dollars	300,000	300,000					
			Total in U.S. dollars	500,000	472,695	27,305	4,551	22,754		
Celulosa y Papel de Colombia, S.A. (Instituto de Fomento Industrial) <i>Private entity</i>	Pulp plant	1/18/62 contract signed 3/2/62	U.S. dollars	1,000,000	340,894	659,106		659,106	5¾	14 semiannual beginning 9/2/65
			Less: Participations	100,000		100,000		100,000		
			Net total in U.S. dollars	900,000	340,894	559,106		559,106		
Instituto Nacional de Fomento Municipal (Republic of Colombia) <i>Public entity</i>	Water supply	7/12/62 contract signed 8/21/62	U.S. dollars	400,000		400,000	400,000		5¾	Repaid
Republic of Colombia <i>Public entity</i>	Sodium carbonate plant	4/9/63 contract signed 9/18/63	Italian lire	3,534,000,000	638,352,000	2,895,648,000		2,895,648,000	5¾ ²	24 semiannual beginning 3/18/67
			U.S. dollars	6,300,000	702,338	5,597,662		5,597,662		
			Total in U.S. dollars	12,000,000	1,731,938	10,268,062		10,268,062		
Banco de la República <i>Public entity</i>	Industrial and agricultural development	10/10/63 contract signed 10/30/63	U.S. dollars	3,000,000	2,400,000	600,000		600,000	5¾	20 semiannual beginning 4/30/66

Empresa Puertos de Colombia (Republic of Colombia) <i>Public entity</i>	Port improvement	12/5/63 contract signed 12/10/63	U.S. dollars Less: Participations Net total in U.S. dollars	10,000,000 825,000 <u>9,175,000</u>	9,450,000 275,000 <u>9,175,000</u>	550,000 550,000 <u>550,000</u>	550,000 550,000 <u>550,000</u>	5¾	23 semiannual beginning 12/10/67
Industrial Agraria La Palma, S.A. (Corporación Financiera Colombiana de Desarrollo Industrial) <i>Private entity</i>	Oil palm cultivation	8/28/64	Pesos ¹ U.S. dollars Total in U.S. dollars	334,000 896,000 <u>1,230,000</u>	334,000 896,000 <u>1,230,000</u>			6	13 semiannual beginning 48 months after date of contract
Instituto de Aprovechamiento de Aguas y Fomento Eléctrico <i>Public entity</i>	Electric power	11/19/64	U.S. dollars Less: Participations Net total in U.S. dollars	8,000,000 425,000 <u>7,575,000</u>	8,000,000 425,000 <u>7,575,000</u>			6	32 semiannual beginning 54 months after date of contract
Instituto de Aprovechamiento de Aguas y Fomento Eléctrico (Republic of Colombia)	Electric power	12/3/64	Pesos ¹ U.S. dollars Total in U.S. dollars	300,000 2,900,000 <u>3,200,000</u>	300,000 2,900,000 <u>3,200,000</u>			6	32 semiannual beginning 54 months after date of contract
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				51,245,399	30,396,500	20,848,899	522,927	20,325,972	
Less: Participations				1,652,125	700,000	952,125	61,500	890,625	
Net total loans to Colombia expressed in U.S. dollars				<u>49,593,274</u>	<u>29,696,500</u>	<u>19,896,774</u>	<u>461,427</u>	<u>19,435,347</u>	
COSTA RICA									
Banco Nacional de Costa Rica <i>Public entity</i>	Livestock development	11/30/61 contract signed 1/15/62	Colones ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	600,000 2,400,000 <u>3,000,000</u> 150,000 <u>2,850,000</u>	115,356 1,705,334 <u>1,820,690</u> 150,000 <u>1,820,690</u>	484,644 694,666 <u>1,179,310</u> 150,000 <u>1,029,310</u>	15,000 75,000 <u>90,000</u> 75,000 <u>15,000</u>	469,644 619,666 <u>1,089,310</u> 75,000 <u>1,014,310</u>	5¾ 20 semiannual beginning 7/15/64
Industria Nacional de Cemento, S.A. <i>Private entity</i>	Cement plant	1/11/62 contract signed 3/2/62	U.S. dollars Less: Participations Net total in U.S. dollars	2,800,000 560,000 <u>2,240,000</u>		2,800,000 560,000 <u>2,240,000</u>	70,000 <u>70,000</u>	2,730,000 560,000 <u>2,170,000</u>	5¾ 20 semiannual beginning 9/2/64
Banco de Costa Rica <i>Public entity</i>	Industrial development	8/9/62 contract signed 11/15/62	Colones U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	2,660,000 2,600,000 <u>3,001,631</u> 200,000 <u>2,801,631</u>	1,355,175 1,718,126 <u>1,922,654</u> 200,000 <u>1,922,654</u>	1,304,825 881,874 <u>1,078,977</u> 200,000 <u>878,977</u>		1,304,825 881,874 <u>1,078,977</u> 200,000 <u>878,977</u>	5¾ 19 semiannual beginning 11/15/65
Instituto Costarricense de Electricidad (Republic of Costa Rica) <i>Public entity</i>	Electric power	8/9/62 contract signed 9/14/62	U.S. dollars Less: Participations Net total in U.S. dollars	2,700,000 253,125 <u>2,446,875</u>	2,165,161 253,125 <u>2,165,161</u>	534,839 253,125 <u>281,714</u>		534,839 253,125 <u>281,714</u>	5¾ 32 semiannual beginning 9/20/66
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				11,501,631	5,908,505	5,593,126	160,000	5,433,126	
Less: Participations				1,163,125		1,163,125	75,000	1,088,125	
Net total loans to Costa Rica expressed in U.S. dollars				<u>10,338,506</u>	<u>5,908,505</u>	<u>4,430,001</u>	<u>85,000</u>	<u>4,345,001</u>	

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
DOMINICAN REPUBLIC										
Banco Agrícola (Dominican Republic) Public entity	Livestock and agricultural development	8/15/63	Pesos ¹	1,100,000	1,100,000				5¾	18 semiannual beginning 3/1/67
		contract	U.S. dollars	4,900,000	4,295,473	604,527		604,527		
		signed	Total in U.S. dollars	6,000,000	5,395,473	604,527		604,527		
		8/29/63	Less: Participations	200,000		200,000		200,000		
			Net total in U.S. dollars	5,800,000	5,395,473	404,527		404,527		
TOTAL LOANS TO THE DOMINICAN REPUBLIC EXPRESSED IN U.S. DOLLARS				6,000,000	5,395,473	604,527		604,527		
Less: Participations				200,000		200,000		200,000		
Net total loans to the Dominican Republic expressed in U.S. dollars				5,800,000	5,395,473	404,527		404,527		
ECUADOR										
Sistema de Crédito de Fomento (Republic of Ecuador) Public entity	Wool production	8/10/61	Sucres ¹	717,000	498,806	218,194	62,684	155,510	5¾	20 semiannual beginning 6/15/63
		contract	U.S. dollars	1,626,000	1,007,864	618,136	141,366	476,770		
		signed	Total in U.S. dollars	2,343,000	1,506,670	836,330	204,050	632,280		
		10/31/61								
Republic of Ecuador Public entity	Highways	5/25/64	Sucres ¹	600,000	600,000				5¾	42 semiannual beginning 11/26/68
		contract	U.S. dollars	5,400,000	5,400,000					
		signed	Total in U.S. dollars	6,000,000	6,000,000					
		5/26/64	Less: Participations	257,143	257,143					
			Net total in U.S. dollars	5,742,857	5,742,857					
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				8,343,000	7,506,670	836,330	204,050	632,280		
Less: Participations				257,143	257,143					
Net total loans to Ecuador expressed in U.S. dollars				8,085,857	7,249,527	836,330	204,050	632,280		
EL SALVADOR										
Pan Lido, S.A. Private entity	Bakery expansion	6/29/61	U.S. dollars	199,375		199,375	40,000	159,375	5¾	18 semiannual beginning 1/15/63
		contract signed 7/12/61								
Banco Central de Reserva (Republic of El Salvador) Public entity	Industrial and agricultural development	8/10/61	Colones	2,000,000	1,521,226	478,774		478,774	5¾	20 semiannual beginning 4/25/65
		contract	U.S. dollars	1,700,000	852,192	847,808		847,808		
		signed	Total in U.S. dollars	2,500,000	1,460,683	1,039,317		1,039,317		
		10/25/61	Less: Participations	63,000		63,000		63,000		
			Net total in U.S. dollars	2,437,000	1,460,683	976,317		976,317		

Banco Central de Reserva (Republic of El Salvador) <i>Public entity</i>	Water supply	8/10/61 contract signed 11/17/61	U.S. dollars	1,260,000	4,137	1,255,863	1,255,863	5¾	32 semiannual beginning 5/17/66
---	--------------	---	--------------	-----------	-------	-----------	-----------	----	------------------------------------

TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS
Less: Participations

Net total loans to El Salvador expressed in U.S. dollars

3,959,375	1,464,820	2,494,555	40,000	2,454,555
63,000		63,000		63,000
<u>3,896,375</u>	<u>1,464,820</u>	<u>2,431,555</u>	<u>40,000</u>	<u>2,391,555</u>

GUATEMALA

Industria y Comercio Textiles Rex, S.A. <i>Private entity</i>	Textile mill	6/22/61 contract signed 8/10/61	U.S. dollars	125,000		125,000	50,000	75,000	5¾	10 semiannual beginning 2/10/63
---	--------------	--	--------------	---------	--	---------	--------	--------	----	------------------------------------

Banco de Guatemala <i>Public entity</i>	Industrial, agricultural and livestock development	8/10/61 contract signed 9/6/61	Quetzales ¹	1,350,000	1,185,021	164,979	48,000	116,979	5¾	10 annual beginning 9/6/64
			U.S. dollars	3,650,000	1,755,202	1,894,798	255,000	1,639,798		
			Total in U.S. dollars	<u>5,000,000</u>	<u>2,940,223</u>	<u>2,059,777</u>	<u>303,000</u>	<u>1,756,777</u>		
			Less: Participations	580,000		580,000	255,000	325,000		
			Net total in U.S. dollars	<u>4,420,000</u>	<u>2,940,223</u>	<u>1,479,777</u>	<u>48,000</u>	<u>1,431,777</u>		

Hidroeléctricas del Atlántico, S.A. <i>Private entity</i>	Water supply	9/28/61 contract signed 2/27/62	U.S. dollars	162,804		162,804	16,280	146,524	5¾	10 semiannual beginning 8/27/64
--	--------------	--	--------------	---------	--	---------	--------	---------	----	------------------------------------

Instituto Nacional de Electrificación (Republic of Guatemala) <i>Public entity</i>	Electric power	12/19/63 contract signed 6/18/64	U.S. dollars	3,150,000	2,973,841	176,159		176,159	5¾	35 semiannual beginning 6/18/67
			Less: Participations	270,000	270,000					
			Net total U.S. dollars	<u>2,880,000</u>	<u>2,703,841</u>	<u>176,159</u>		<u>176,159</u>		

TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS

Less: Participations

Net total loans to Guatemala expressed in U.S. dollars

8,437,804	5,914,064	2,523,740	369,280	2,154,460
850,000	270,000	580,000	255,000	325,000
<u>7,587,804</u>	<u>5,644,064</u>	<u>1,943,740</u>	<u>114,280</u>	<u>1,829,460</u>

HONDURAS

Molinos de Honduras (Jacobo D. Kattan Industrial, S.A.) <i>Private entity</i>	Flour mill	6/15/61 contract signed 7/27/61	U.S. dollars	150,000	49,526	100,474	10,047	90,427	5¾	10 semiannual beginning 7/15/64
---	------------	--	--------------	---------	--------	---------	--------	--------	----	------------------------------------

Químicas Dinant de Centroamérica S.A. de C.V. <i>Private entity</i>	Chemical plant	7/27/61 contract signed 8/8/61	U.S. dollars	360,000		360,000	360,000		5¾	Repaid
			Less: Participations	60,000		60,000	60,000			
			Net total in U.S. dollars	<u>300,000</u>		<u>300,000</u>	<u>300,000</u>			

TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS

Less: Participations

Net total loans to Honduras expressed in U.S. dollars

510,000	49,526	460,474	370,047	90,427
60,000		60,000	60,000	
<u>450,000</u>	<u>49,526</u>	<u>400,474</u>	<u>310,047</u>	<u>90,427</u>

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
MEXICO										
Nacional Financiera, S.A. <i>Public entity</i>	Industrial development	8/10/61 contract signed 10/19/61	Pesos ¹	1,000,000		1,000,000		1,000,000	5¾	12 semiannual beginning 4/20/66
			U.S. dollars	2,000,000		2,000,000		2,000,000		
			Total in U.S. dollars	3,000,000		3,000,000		3,000,000		
			Less: Participations	796,667		796,667		796,667		
			Net total in U.S. dollars	2,203,333		2,203,333		2,203,333		
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Irrigation	9/7/61 contract signed 11/14/61	Pesos	52,750,000		52,750,000		52,750,000	5¾	34 semiannual beginning 5/14/65
			U.S. dollars	8,780,000	115,466	8,664,534		8,664,534		
			Total in U.S. dollars	13,000,000	115,466	12,884,534		12,884,534		
			Less: Participations	774,000		774,000		774,000		
			Net total in U.S. dollars	12,226,000	115,466	12,110,534		12,110,534		
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Irrigation	1/25/62 contract signed 4/16/62	Pesos	34,300,000		34,300,000		34,300,000	5¾	34 semiannual beginning 10/16/65
			U.S. dollars	3,000,000		3,000,000		3,000,000		
			Total in U.S. dollars	5,744,000		5,744,000		5,744,000		
			Less: Participations	176,470		176,470		176,470		
			Net total in U.S. dollars	5,567,530		5,567,530		5,567,530		
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Irrigation	11/27/62 contract signed 6/6/63	Pesos	6,000,000	6,000,000				5¾	36 semiannual beginning 12/6/65
			U.S. dollars	720,000	720,000					
			Total in U.S. dollars	1,200,000	1,200,000					
Química del Rey, S.A. (Metalúrgica Mexicana Peñoles, S.A.) <i>Private entity</i>	Sodium sulfate plant	1/17/63 contract signed 4/17/63	Pesos	4,125,000		4,125,000	257,813	3,867,187	5¾	16 semiannual beginning 10/17/64
			U.S. dollars	170,000		170,000	10,625	159,375		
			Total in U.S. dollars	500,000		500,000	31,250	468,750		
Negromex, S.A. <i>Private entity</i>	Carbon black plant	2/27/63 contract signed 6/21/63	Pesos	4,850,296		4,850,296	4,850,296		5¾	Repaid
			U.S. dollars	131,980		131,980	131,980			
			Total in U.S. dollars	520,003		520,003	520,003			
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Land settlement	6/20/63 contract signed 9/19/63	Pesos ¹	5,250,000	5,250,000				5¾	34 semiannual beginning 3/19/67
			U.S. dollars	20,250,000	20,250,000					
			Total in U.S. dollars	25,500,000	25,500,000					
			Less: Participations	1,630,000	1,630,000					
			Net total in U.S. dollars	23,870,000	23,870,000					
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Industrial development	10/24/63 contract signed 10/31/63	U.S. dollars	5,000,000	1,583,743	3,416,257		3,416,257	5¾	14 semiannual beginning 4/30/67

Industria del Hierro, S.A. de C.V. (Sociedad Mexicana de Crédito Industrial, S.A.) <i>Private entity</i>	Heavy equipment plant	12/19/63 contract signed 1/7/64	Pesos ¹ U.S. dollars Total in U.S. dollars	1,700,000 1,300,000 3,000,000	536,387 388,713 925,100	1,163,613 911,287 2,074,900	1,163,613 911,287 2,074,900	5¾	17 semiannual beginning 1/7/66
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Irrigation	12/31/63 contract signed 4/15/64	U.S. dollars Less: Participations Net total in U.S. dollars	20,000,000 1,510,000 18,490,000	18,000,000 1,510,000 18,000,000	2,000,000 1,510,000 490,000	2,000,000 1,510,000 490,000	5¾	35 semiannual beginning 4/15/67
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Capital goods exports	4/8/64 contract signed 4/15/64	U.S. dollars	3,000,000	2,968,500	31,500	31,500	6	Repayable in periods and conditions specified in credit documents issued by the borrower
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				80,464,003	50,292,809	30,171,194	551,253	29,619,941	
Less: Participations				4,887,137	1,630,000	3,257,137		3,257,137	
Net total loans to Mexico expressed in U.S. dollars				75,576,866	48,662,809	26,914,057	551,253	26,362,804	
NICARAGUA									
Instituto de Fomento Nacional (Republic of Nicaragua) <i>Public entity</i>	Industrial development	3/31/61 contract signed 7/11/61	U.S. dollars Less: Participations Net total in U.S. dollars	2,000,000 250,000 1,750,000	702,594 250,000 702,594	1,297,406 250,000 1,047,406	300,000 250,000 50,000	997,406 997,406	5¾ 20 semiannual beginning 7/15/65
Instituto de Fomento Nacional (Republic of Nicaragua) <i>Public entity</i>	Agricultural and livestock development	7/30/64 contract signed 9/14/64	Cordobas ¹ U.S. dollars Total in U.S. dollars	928,000 1,402,000 2,330,000	928,000 1,402,000 2,330,000			5¾	44 semiannual beginning 3/14/68
Banco Nacional de Nicaragua (Republic of Nicaragua) <i>Public entity</i>	Livestock development	12/31/64	Cordobas ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	100,000 4,500,000 4,600,000 475,000 4,125,000	100,000 4,500,000 4,600,000 475,000 4,125,000			6	24 semiannual beginning 42 months after date of contract
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS				8,930,000	7,632,594	1,297,406	300,000	997,406	
Less: Participations				725,000	475,000	250,000	250,000		
Net total loans to Nicaragua expressed in U.S. dollars				8,205,000	7,157,594	1,047,406	50,000	997,406	

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
PANAMA										
Republic of Panama <i>Public entity</i>	Irrigation	7/30/64 contract signed 8/26/64	Balboas ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	900,000 7,600,000 8,500,000 375,000 8,125,000	900,000 7,600,000 8,500,000 375,000 8,125,000				5¾	32 semiannual beginning 2/26/69
TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS				8,500,000	8,500,000					
Less: Participations				375,000	375,000					
Net total loans to Panama expressed in U.S. dollars				8,125,000	8,125,000					
PARAGUAY										
Compañía Algodonera Paraguaya, S.A. (Consortio Coplata, S.A.) <i>Private entity</i>	Cotton, tobacco and industrial oil processing facilities	9/28/61 contract signed 10/31/61	Guaraníes ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	220,000 329,996 549,996 115,500 434,496		220,000 329,996 549,996 115,500 434,496	22,000 33,000 55,000 55,000	198,000 296,996 494,996 115,500 379,496	5¾	20 semiannual beginning 5/1/64
Manufactura de Pilar, S.A. (Banco Nacional de Fomento) <i>Private entity</i>	Textile and oil producing facilities	4/11/63 contract signed 6/6/63	U.S. dollars Less: Participations Net total in U.S. dollars	2,200,000 154,411 2,045,589	480,891 154,411 480,891	1,719,109 154,411 1,564,698		1,719,109 154,411 1,564,698	5¾	17 semiannual beginning 6/6/65
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				2,749,996	480,891	2,269,105	55,000	2,214,105		
Less: Participations				269,911		269,911		269,911		
Net total loans to Paraguay expressed in U.S. dollars				2,480,085	480,891	1,999,194	55,000	1,944,194		
PERU										
Corporación de Saneamiento de Arequipa (Republic of Peru) <i>Public entity</i>	Water supply and sewage system	2/3/61 contract signed 6/2/61	Soles U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	66,000,000 1,450,000 3,910,899 145,000 3,765,899	22,142,901 460,735 1,286,347 145,000 1,286,347	43,857,099 989,265 2,624,552 145,000 2,479,552		43,857,099 989,265 2,624,552 145,000 2,479,552	5¾	20 semiannual beginning 12/1/65

Compañía Peruana de Cemento Portland, S.A. (Banco Popular del Perú) <i>Private entity</i>	Cement plant	10/5/61 contract signed 12/15/61	Soles U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	6,750,000 1,250,000 1,501,719 238,125 1,263,594		6,750,000 1,250,000 1,501,719 238,125 1,263,594	844,064 156,250 187,722 150,000 37,722	5,905,936 1,093,750 1,313,997 88,125 1,225,872	5¾	16 semiannual beginning 6/1/64
Banco Industrial del Perú (Republic of Peru) <i>Mixed entity</i>	Industrial development	10/18/62 contract signed 11/23/62	U.S. dollars Less: Participations Net total in U.S. dollars	2,500,000 375,000 2,125,000		2,500,000 375,000 2,125,000		2,500,000 375,000 2,125,000	5¾	20 semiannual beginning 5/15/65
PERUINVEST Peruano-Suiza de Fomento e Inversiones, S.A. <i>Private entity</i>	Industrial and agricultural development	11/5/63 contract signed 11/8/63	U.S. dollars	750,000	502,615	247,385		247,385	5¾	15 semiannual beginning 11/8/66
Banco Industrial del Perú (Republic of Peru) <i>Mixed entity</i>	Industrial development	12/12/63 contract signed 12/13/63	U.S. dollars Less: Participations Net total in U.S. dollars	5,000,000 250,000 4,750,000	2,283,666	2,716,334 250,000 2,466,334		2,716,334 250,000 2,466,334	5¾	20 semiannual beginning 6/13/66
Compañía Irrigadora Pativilca, S.A. (Republic of Peru) <i>Private entity</i>	Irrigation	12/12/63 contract signed 12/16/63	Soles ¹ U.S. dollars Total in U.S. dollars	335,000 1,075,000 1,410,000	270,048 813,904 1,083,952	64,952 261,096 326,048		64,952 261,096 326,048	5¾	19 semiannual beginning 12/16/66
Irrigadora Chimbote, S.A. (Republic of Peru) <i>Private entity</i>	Irrigation	3/24/64 contract signed 3/26/64	Soles ¹ U.S. dollars Total in U.S. dollars	450,000 1,250,000 1,700,000	450,000 1,250,000 1,700,000				5¾	24 semiannual beginning 9/26/67
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				16,772,618	6,856,580	9,916,038	187,722	9,728,316		
Less: Participations				1,008,125		1,008,125	150,000	858,125		
Net total loans to Peru expressed in U.S. dollars				15,764,493	6,856,580	8,907,913	37,722	8,870,191		

URUGUAY

Republic of Uruguay <i>Public entity</i>	Water supply	8/3/61 contract signed 10/9/61	Pesos ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	2,750,000 2,993,000 5,743,000 358,395 5,384,605	1,775,626 708,867 2,484,493	974,374 2,284,133 3,258,507 358,395 2,900,112		974,374 2,284,133 3,258,507 358,395 2,900,112	5¾	33 semiannual beginning 10/10/65
Administración Nacional de Combustibles, Alcohol y Portland <i>Public entity</i>	Oil refinery and cement plant	6/14/62 contract signed 8/23/62	U.S. dollars Less: Participations Net total in U.S. dollars	4,600,000 593,000 4,007,000	1,765,661	2,834,339 593,000 2,241,339		2,834,339 593,000 2,241,339	5¾	20 semiannual beginning 2/23/65
Republic of Uruguay <i>Public entity</i>	Highway construction	11/15/62 contract signed 3/5/63	U.S. dollars	4,100,000	4,008,725	91,275		91,275	5¾	25 semiannual beginning 3/1/66

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms Principal Installments
URUGUAY (Cont'd)										
Banco de la República Oriental del Uruguay (Republic of Uruguay) <i>Public entity</i>	Agricultural and industrial development	12/19/63 contract signed 4/1/64	U.S. dollars	5,000,000	5,000,000				5¾	18 semiannual beginning 10/1/67
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				19,443,000	13,258,879	6,184,121		6,184,121		
Less: Participations				951,395		951,395		951,395		
Net total loans to Uruguay expressed in U.S. dollars				18,491,605	13,258,879	5,232,726		5,232,726		
VENEZUELA										
Corporación Venezolana de Fomento <i>Public entity</i>	Industrial development	5/18/61 contract signed 8/11/61	Bolivares U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	13,375,000 6,250,000 9,214,047 762,500 8,451,547	4,234,723 1,910,553 2,851,602 762,500 2,851,602	9,140,277 4,339,447 6,362,445 762,500 5,599,945	1,177,300 661,000 921,265 637,500 283,765	7,962,977 3,678,447 5,441,180 125,000 5,316,180	5¾	20 semiannual beginning 2/15/64
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) <i>Public entity</i>	Water supply	8/2/62 contract signed 8/24/62	U.S. dollars Less: Participations Net total in U.S. dollars	6,000,000 402,500 5,597,500	2,639,798 402,500 2,639,798	3,360,202 402,500 2,957,702		3,360,202 402,500 2,957,702	5¾	30 semiannual beginning 2/24/66
Banco Agrícola y Pecuario (Republic of Venezuela) <i>Public entity</i>	Livestock development	4/16/63 contract signed 4/18/63	U.S. dollars Less: Participations Net total in U.S. dollars	5,530,000 1,130,000 4,400,000	5,000,000 1,130,000 3,870,000	530,000 402,500 530,000		530,000 402,500 530,000	5¾	15 semiannual beginning 4/18/66
Corporación Venezolana de Fomento <i>Public entity</i>	Industrial development	11/12/64	Bolivares ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	5,000,000 5,000,000 10,000,000 1,500,000 8,500,000	5,000,000 5,000,000 10,000,000 1,500,000 8,500,000				6	20 semiannual beginning 30 months after date of contract
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				30,744,047	20,491,400	10,252,647	921,265	9,331,382		
Less: Participations				3,795,000	2,630,000	1,165,000	637,500	527,500		
Net total loans to Venezuela expressed in U.S. dollars				26,949,047	17,861,400	9,087,647	283,765	8,803,882		

NET TOTAL ACTIVE LOANS EXPRESSED IN U.S. DOLLARS
ADD: PARTICIPATIONS

524,312,877	340,148,306	184,164,571	3,278,012	180,886,559
20,261,292	6,807,143	13,454,149	2,084,338	11,369,811
544,574,169	<u>346,955,449</u>	<u>197,618,720</u>	<u>5,362,350</u>	<u>192,256,370</u>
9,449,022				
<u>554,023,191</u>				

ADD: LOAN CANCELLATIONS

TOTAL APPROVED LOANS EXPRESSED IN U.S. DOLLARS

Notes:

A. The interest rate on loans includes the special commission of 1% required by Article III, Section 12, of the Agreement Establishing the Bank. In addition to the interest rates shown, loans extended before August 6, 1964, carry a commitment fee of $\frac{3}{4}$ of 1 per cent on undisbursed balances; those made after that date carry a commitment fee of 1 per cent. However, the revolving lines of credit to finance exports of capital goods carry no commitment fee.

B. All of the loans have been approved by the Bank, but certain loans have not become effective and disbursements thereunder will not begin until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.

C. Interest and amortization are payable in the currencies loaned.

D. Of the undisbursed balance of loans held by the Bank, the Bank has entered into irrevocable commitments to disburse \$17,843,814.

¹ Expressed in U.S. dollar equivalent.

² In addition to the interest rate and commitment fee noted in Note A, loans payable in Italian lire are subject to a service commission of 1% and an extra commitment fee of $\frac{3}{4}$ of 1% while loans payable in German marks are subject to a service commission of $1\frac{1}{2}\%$ and an extra commitment fee of $\frac{3}{4}$ of 1%.

BOLIVIA'S TIN MINES
are being rehabilitated
with joint financing
provided by the Bank
and the Governments of
the United States and
the Federal Republic
of Germany.



Part II

FUND FOR SPECIAL OPERATIONS

Operations/Fiscal Year 1964

Resources

Along with the action taken to augment its ordinary capital resources, the Bank in 1964 received an increase in contributions to the Fund for Special Operations. At the same time the Bank took steps looking toward a much greater increase in the Fund's resources over the next three years and an expansion in the scope of its activities.

As indicated in the Fourth Annual Report, a measure calling for an increase of 50 per cent in the existing quotas of the Fund for Special Operations entered into effect on January 28, 1964. This sum amounted to \$73,158,000. By December 31, 1964, 19 member countries had paid in contributions totaling \$72,605,000 of this sum. Thus the total con-

FUND FOR SPECIAL OPERATIONS

tributions to the Fund for Special Operations had risen to \$218,921,000. Contributions by member countries to the Fund for Special Operations are shown in the accompanying table.

Contributions/Fund for Special Operations

(Expressed in United States dollars)

In view of the need of providing additional resources to expand the activities of the Fund for Special Operations, the Board of Governors, at its Fifth Annual Meeting in Panama City in April 1964, approved a resolution recommending that the member nations take such action as might be necessary to increase the resources of the Fund by the equivalent of \$900 million through additional contributions by the member countries, as indicated in the accompanying table.

Proposed Contributions to \$900 Million Increase in Fund for Special Operations

(Expressed in United States dollars)

Country	Amount
Argentina	\$ 15,471,000
Bolivia	1,242,000
Brazil	15,471,000
Chile	4,248,000
Colombia	4,245,000
Costa Rica	621,000
Dominican Republic	828,000
Ecuador	828,000
El Salvador	621,000
Guatemala	828,000
Haiti	621,000
Honduras	621,000
Mexico	9,945,000
Nicaragua	621,000
Panama	621,000
Paraguay	621,000
Peru	2,073,000
United States	150,000,000
Uruguay	1,106,000
Venezuela	8,289,000
Total	\$218,921,000

Argentina	\$ 33,402,000
Bolivia	2,682,000
Brazil	33,402,000
Chile	9,171,000
Colombia	9,165,000
Costa Rica	1,341,000
Dominican Republic	1,788,000
Ecuador	1,788,000
El Salvador	1,341,000
Guatemala	1,788,000
Haiti	1,341,000
Honduras	1,341,000
Mexico	21,474,000
Nicaragua	1,341,000
Panama	1,341,000
Paraguay	1,341,000
Peru	4,473,000
United States	750,000,000
Uruguay	3,582,000
Venezuela	17,898,000
Total	\$900,000,000

According to the resolution the contributions were to be made in the currencies of the respective member countries in three equal installments payable by December 31, 1964, 1965 and 1966, or such later dates as the Board of Executive Directors might establish. The contributions would be payable only after at least 14 member nations whose increased contributions totaled not less than \$860 million had formally agreed to it by December 31, 1964, or such later date as the Board of Executive Directors might establish. On December 31, 1964, the Executive Directors extended to June 30, 1965, the date for agreement by the member countries, as well as the time within which the first installment should be paid. The contribution of the United States to the increase would be \$750 million and that of the Latin American member countries, the equivalent of \$150 million.

By December 31, 1964, eighteen member nations of the Bank had taken the necessary measures to subscribe their portions of the increase. They were Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua,

Panama, Paraguay, Peru and Venezuela. The subscriptions of these eighteen countries represent the equivalent of \$146,418,000.

The Fund for Special Operations was established when the Bank was created in 1959 in recognition of the need for resources for loans on terms and conditions adapted to meeting special circumstances which might arise in specific countries or with respect to specific projects.

The resolution of the Governors specified that in the future, the Bank would include in the operations of the Fund "financing for social development purposes including those heretofore financed through the Social Progress Trust Fund." It also stated that in establishing financing policies for the Fund, the Board of Directors should take into consideration the policies which have guided the operations of the Social Progress Trust Fund.

It might be pointed out that the two Funds have much in common. Loans from both are made on liberal terms at low interest rates, are usually repayable in the currency of the borrower, and are extended for projects for which the Bank's ordinary capital resources cannot be devoted. Sufficient flexi-

VAST WATER SUPPLY and sewage program for which the Bank has provided loans totaling \$47 million temporarily changes Rio de Janeiro's skyline.



bility exists in the Bank's Agreement to permit the financing, with the resources of the Fund for Special Operations, of the types of projects now aided through the Social Progress Trust Fund.

Loans

During 1964 the Bank authorized loans totaling \$49,420,000 from the Fund for Special Operations, including an increase of \$2,150,000 in a loan approved in 1963. This compares with 9 loans totaling \$32,513,927 authorized from the Fund in 1963. The 14 loans approved during 1964 brought the cumulative total as of December 31, 1964, to 51 amounting to \$170,912,794.¹

Disbursements rose significantly over previous years, amounting to \$24,594,435, compared with \$15,306,849 in 1963. In 1964 they were almost as large as those of the combined first three years of the Bank's operations. At year end the cumulative figure had risen to \$51,243,816.

Lending for the year was concentrated in the field of infrastructure and in loans to development agencies which relend the proceeds primarily for private enterprise projects.

Four of the loans totaling \$17,700,000 were extended to such development banks. One was made to the Central American Bank for Economic Integration and the others went to development agencies in Nicaragua, Panama and Paraguay.

Six of the loans totaling \$28,260,000 were extended to governments or governmental enterprises

for water supply in Argentina, Brazil and Haiti; for electric power in Bolivia; for irrigation in Mexico, and for a milk cooperative in Uruguay.

The remaining four loans amounting to \$1,310,000 were for technical assistance studies of an iron and steel enterprise in Argentina, a water supply system in Guatemala, a pulp mill in Honduras and highways in Peru.

The cumulative cost of the projects financed with the help of the loans extended from the Fund for Special Operations was \$419 million as of December 31, 1964. The Bank's lending financed 40 per cent of this figure; the remaining 60 per cent came primarily from resources of the borrowing entities.

Description of Loans

This section describes loans authorized during 1964 by the Bank from the Fund for Special Operations. They are grouped in these three categories:

- A. Development Loans for Relending to Private Enterprise.
- B. Loans to Governments and Governmental Entities.
- C. Technical Assistance Loans.

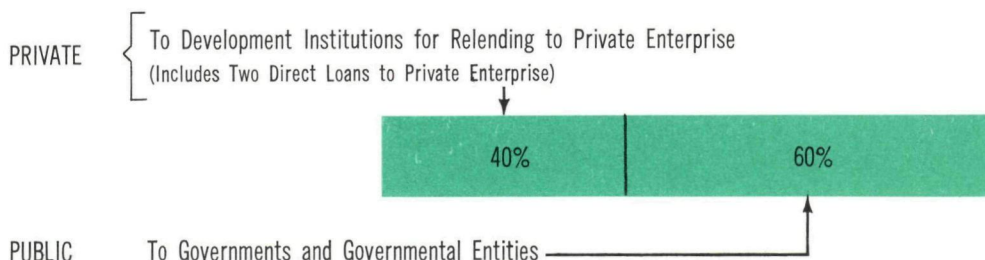
The rate of interest during 1964 was generally 4 per cent annually and amortization periods were from 14 to 25 years for infrastructure and development loans for relending and between 5 and 10 years for technical assistance loans.

Loans to national governments and some governmental agencies were extended on the basis of the general credit of the borrower; specific guarantees or securities of various types were obtained in all other cases.

¹ Net of cancellations and exchange adjustments.

Destination of Loans

Up to December 31, 1964



Distribution of Loans and Total Cost of Projects

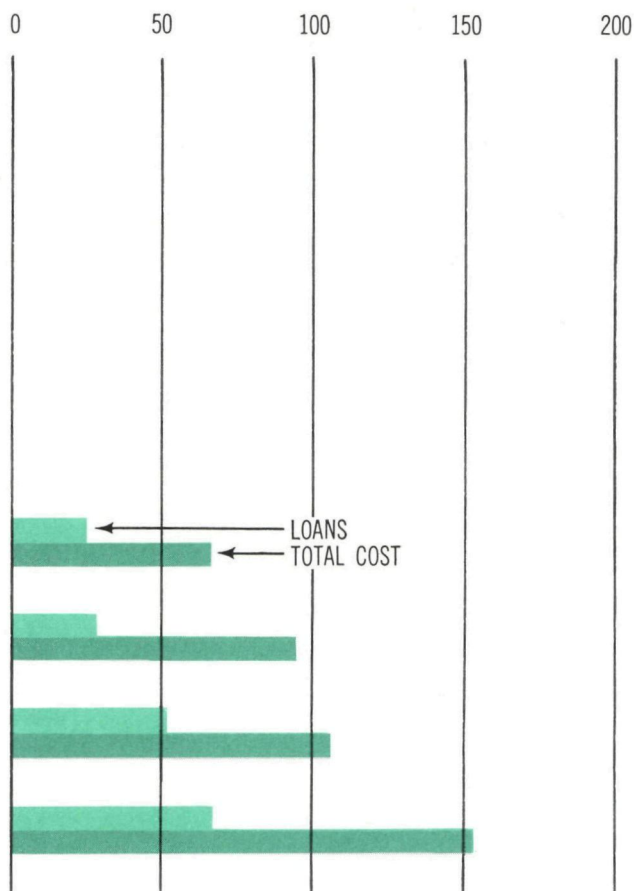
(In millions of dollars)
Up to December 31, 1964

ELECTRIC POWER AND TRANSPORT

WATER AND SEWAGE SYSTEMS

INDUSTRY AND MINING

AGRICULTURE



A. Development Loans For Relending To Private Enterprise

Nicaragua

LIVESTOCK DEVELOPMENT

\$4.5 million 15-year 4% loan of December 31, 1964

Borrower: BANCO NACIONAL DE NICARAGUA

This loan, together with one for \$4.6 million from the ordinary capital resources (see page 24), will help to finance a \$19,430,000 program for livestock development in Nicaragua. As a result of the program the production of beef for export is expected to increase substantially in future years.

As indicated in the description of the ordinary capital resources loan, the Bank's funds will be used to purchase breeding cattle, to expand and improve pastures, to build farm installations, to acquire agricultural machinery and for technical assistance de-

signed to ensure the success of the program. The loan is guaranteed by the Republic of Nicaragua.

Panama

INDUSTRIAL DEVELOPMENT

\$1 million 14-year 4% loan of December 10, 1964

Borrower: BANCO NACIONAL DE PANAMA

One of the chief obstacles to the development of Panama's manufacturing sector has been the lack of medium- and long-term credit facilities to finance the capital goods needed to expand or modernize existing plants or to establish new industries. The nation is capable of processing many goods locally that are imported now, since it has the required raw materials.

This loan will finance 60 per cent of the cost of a program which will enable the *Banco Nacional de Panama* to extend credits to private enterprises to help them purchase machinery and equipment for

specific industrial development projects. In its credit plan, the borrower will give priority to industrial activities related to the processing of agricultural products such as meats, fats, vegetables and fruits; marine products such as shrimp, lobster and fish; the manufacture of textiles and clothing, and the production of leather and plastic products.

Up to \$50,000 of the proceeds of the loan may be used for technical assistance connected with the organization of a special department which the *Banco* will create to manage the credit program, with the establishment of a system to select and evaluate projects, and with the training of personnel. Part of the loan may also be used to finance pre-investment studies of specific projects. The credit program forms part of the national economic and social development plan of Panama for the 1965-70 period. The loan is guaranteed by the Republic of Panama.

Paraguay

INDUSTRIAL DEVELOPMENT

\$4 million 15-year 4% loan of July 30, 1964

(\$3.5 million and \$500,000 in guaraníes)

Borrower: BANCO NACIONAL DE FOMENTO

Increasing agricultural production and ample forests provide Paraguay with substantial quantities of raw materials to raise industrial output. In addition Paraguay has an abundant supply of labor. However, the scarcity of capital has been a serious obstacle to the achievement of greater industrialization.

This loan, which supplements another for \$3 million extended by the Bank in 1961 and now completely disbursed, will help Paraguay overcome that scarcity by providing credits to private enterprises for the purchase of machinery and equipment. It will finance 55.5 per cent of the cost of a new industrial development program being carried out by the *Banco Nacional de Fomento (BNF)*, the nation's development agency. The remainder will be financed with domestic resources. Priority under the program will be given to industries which utilize domestic raw materials and to those that increase exports or replace imports.

BNF has made a preliminary selection of 12 industrial groups whose development is considered of high priority and toward which the loan proceeds will be channeled. These are food processing; textiles;

leather; industrial and aromatic oils; pharmaceutical products; soaps, glycerine and acids; containers; wood products; agricultural tools; fertilizers; paper and cardboard, and cigar production for export.

The program is expected to help expand the nation's industrial base and to strengthen its balance of payments by replacing imports and increasing exports, particularly to members of the Latin American Free Trade Association (LAFTA). Because of its status as a country of less relative development within the framework of LAFTA, Paraguay has been given the opportunity of marketing its manufactured products under favorable conditions among the more advanced members of the group.

Up to \$200,000 of the loan may be used for technical assistance related to the promotion, formulation and evaluation of industrial projects, and for giving advanced training to *BNF* personnel. The loan is guaranteed by the Republic of Paraguay.

Central America

INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT

\$8.2 million 20-year 4% loan of December 24, 1964

(\$7.8 million, \$80,000 in Costa Rican colones, \$100,000 in Salvadoran colones, \$120,000 in quetzales and \$100,000 in córdobas)

Borrower: CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION

The Central American Bank for Economic Integration (CABEI), whose members are El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica, was established in 1960 to promote economic integration and balanced development in the area.

The Inter-American Bank has supported the Central American Bank since it was established, first with technical assistance for its organization and later with a \$6-million loan extended in 1963 to help finance projects of a regional character. That loan represented a substantial portion of the funds used by the Central American Bank in helping to meet the credit needs of the private sector in the area. The 14 credits granted by CABEI from the proceeds of the loan made up about 21 per cent of the loans granted by the agency through mid-1964.

This new loan will help finance another program being carried out by the Central American Bank at a total cost of \$13.6 million. Credits will be pro-

vided for industrial and infrastructure projects that require a broader market than that offered by the five countries individually.

About 75 per cent of the proceeds of the new loan will be devoted to projects in such industries as food processing, textiles, metals, chemicals and pharmaceuticals for the market of two or more countries in the region. The remaining 25 per cent will be used to finance such infrastructure works as roads, electric power and grain storage installations which directly benefit regional industries. Up to \$200,000 may be used to finance technical assistance related to the execution of projects financed with the resources of this loan.

Loans

B. To Governments And Governmental Entities

Argentina

WATER SUPPLY

\$2 million 19-year 4% loan of July 30, 1964
(\$2 million in Argentine pesos)

Borrower: ADMINISTRACION GENERAL DE OBRAS
SANITARIAS DE LA NACION

Heavy migration from the interior of Argentina to the Greater Buenos Aires area brought about by a search for better employment opportunities has exerted pressure on the city's housing, sanitary and other social services. Various efforts, particularly in the field of water supply, are being made to ease this pressure. The *Administración General de Obras Sanitarias de la Nación*, the nation's water supply and urban sanitation authority has been carrying out a program during the last few years at a cost of 25 billion pesos to increase the water supply available to the entire area.

This loan, together with one for \$3.5 million from the Social Progress Trust Fund (see page 107), will finance 52 per cent of the cost of a project to improve the water supply system of two suburbs of Buenos Aires—Avellaneda and Lanús—which have a combined population of 800,000 inhabitants. Some 180,000 of these have no water service at all and the

supply to the remainder is deficient, falling short of normal requirements.

In addition to the benefits to Avellaneda and Lanús, some 770,000 residents of the suburbs of Quilmes, Florencio Varela, Almirante Brown and Lomas de Zamora will benefit indirectly from the project, since water now going to the Avellaneda-Lanús distribution system will be diverted to serve these other suburbs once the new project is completed. The new project specifically provides for: the construction of a reinforced concrete underground water tunnel more than six miles long with a capacity of 700,000 cubic meters per day; the installation of a new pumping station to lift water to the distribution systems of the two suburbs, and the installation of an adequate distribution network to supply consumers in both suburbs. The loan is guaranteed by the Republic of Argentina.

Bolivia

ELECTRIC POWER

\$3.5 million 25-year 4% loan of July 23, 1964
(\$3.1 million and \$400,000 in Bolivian pesos)
Borrower: REPUBLIC OF BOLIVIA

Bolivia has favorable natural conditions to produce electric energy and thus increase its power utilization index, which is among the lowest in the hemisphere. The nation's principal consuming centers—the tin mines and the large urban centers—suffer a chronic shortage of electric power. To meet this situation, the Bolivian Government in its ten-year national economic and social development plan has programmed various power projects which would more than double present capacity.

Two of these projects are being financed with this \$3.5-million loan and with two credits totaling \$15 million extended simultaneously by the International Development Association (IDA), an affiliate of the World Bank. The projects will provide Bolivia with an additional 38,000 kilowatts of installed capacity.

This loan, together with a \$10-million IDA credit, will help finance a hydroelectric project on the Corani River about 28 miles from Cochabamba. The project is being carried out by the *Empresa Nacional de Electricidad*, the recently established subsidiary of the *Corporación Boliviana de Fomento*, which is responsible for constructing and operating

electric power installations in Bolivia. The plant's initial capacity will be 27,000 kilowatts, but its design provides for eventual expansion to 40,000 kilowatts. The city of Cochabamba and the tin mines in the Catavi area will be the plant's principal consumers.

The project includes the installation of transmission and distribution facilities, as well as an interconnection at Catavi with the system of the Bolivian Power Company, a private firm, which will use the proceeds of the second IDA credit—one for \$5 million—to build a \$7.7-million hydroelectric plant at Chururaqui to supply the city of La Paz. The total cost of the Corani project is \$15.5 million. The Bank will finance 22.6 per cent; IDA, 64.5 per cent, and the Bolivian Government, 12.9 per cent.

Brazil

WATER SUPPLY

\$7 million 20-year 4% loan of December 24, 1964
(\$4 million and \$3 million in cruzeiros)

Borrower: BANCO DO ESTADO DA GUANABARA S.A.

This loan, together with another for \$5 million from the ordinary capital resources (see page 27), will help to finance the completion of a \$75-million project to improve and expand the water supply system of the city of Rio de Janeiro.

Some \$1.3 million of this loan, along with all of the loan from the ordinary capital resources, will be used to finish the 27-mile-long aqueduct being built to bring water to the city from the Guandú River. The remainder will be used for the distribution system, including inter-conduit connections, reservoirs and pumping stations, secondary conduits and pipelines. The city's low-income districts will benefit particularly from these installations. The loan is guaranteed by the State of Guanabara.

Haiti

WATER SUPPLY

\$2,360,000 27-year 2% loan of March 5, 1964
(\$2,170,000 and \$190,000 in gourdes)

Borrower: BANQUE NATIONALE DE LA REPUBLIQUE D'HAITI

Port-au-Prince and its surrounding area, the most important urban center in Haiti, has a population of

235,000 persons and is the site of most of the country's industrial, commercial and tourist activity. The city's water system is inadequate and inefficient, supplying only about 38 per cent of the population. This situation hinders the social and economic development of the city and contributes to the incidence of diseases and epidemics.

This loan will contribute to a solution of the problem by helping to finance the first stage of a program to improve and expand the water supply system of the city and nearby areas. The loan is being accompanied by reimbursable technical assistance for \$190,000 to finance advisory services, engage technicians and train personnel for a new autonomous agency which will operate the water service for the capital city area.

The first stage of the program includes the preparation of designs and specifications and the construction of works to improve and expand the sources of supply and the transmission and distribution systems. It also includes the preparation of plans for later stages of expansion, as well as a program to install meters and flow reducers in order to regulate the volume of water distributed and permit effective billing and administration of the newly established water supply service. The loan is guaranteed by the Republic of Haiti.

Mexico

IRRIGATION

\$9.8 million 25-year 4% loan of October 22, 1964
(\$9.3 million and \$500,000 in Mexican pesos)

Borrower: NACIONAL FINANCIERA, S.A.

The Lerma-Chapala-Santiago basin, which embraces parts of nine states in west central Mexico, contains 6.5 per cent of the nation's territory and 20 per cent of its population. Its population density is second only to that of the Federal District. Agriculture, the predominant activity in the basin, provides employment for about 64 per cent of the economically active population. A substantial share of the nation's output of corn, wheat and barley is produced in this region, which accounts for 33 per cent of the nation's cultivated area. However, owing to scant rainfall, productivity in rural areas which are not irrigated is quite low and the population lives largely on a subsistence level.

A five-year program for the development of the basin envisages the execution of agricultural, industrial and road construction projects with a total value of \$150 million. Specific projects, particularly in the field of irrigation, are being prepared by technical agencies of the Lerma-Chapala-Santiago Commission with the aid of a \$3.8-million technical assistance loan made by the Bank in 1963.

This loan will finance 50 per cent of the cost of nine irrigation projects, within the program, which will supply water to more than 3,000 farms with a total area of 53,550 acres and a population of more than 15,000 persons. The largest, located in Begoña in the Celaya Valley, State of Guanajuato, will irrigate 32,880 acres. The other eight are: Los Arcos, 2,100 acres in Corregidora, Querétaro State; San Miguel de Tlaxcaltepec, 692 acres in Amealco, Querétaro; Lagunillas, 4,577 acres in Acatic, Jalisco State; La Red, 2,618 acres in the Calderón Valley, Jalisco; Cuquío, 3,144 acres in the town of the same name in Jalisco; San Antonio, 4,829 acres in Teocaltiche, Jalisco; Achimec, 919 acres in Huejaca, Jalisco, and La Codorniz, 1,976 acres in Calvillo, State of Aguascalientes.

The project also includes financing of on-farm investments, such as canals, drainage, access roads, stables and fences, as well as the purchase of farm equipment. Once the systems are in operation, the value of production in the irrigated areas is expected to rise steadily from the present 34 million Mexican pesos a year to about 183 million pesos. Mexico's Department of Hydraulic Resources will be responsible for the construction of the systems and the Department of Agriculture for the on-farm public credit and extension services in the irrigated districts. The loan is guaranteed by the United States of Mexico.

Paraguay

ELECTRIC POWER

\$2,150,000 25-year 4% loan of April 1, 1964
(Increase in loan of April 18, 1963)

Borrower: ADMINISTRACION NACIONAL DE ELECTRICIDAD

In 1963, the Bank authorized a \$12-million loan to the *Administración Nacional de Electricidad*, (ANDE), Paraguay's national electric power agency,

to help finance a 45,000-kilowatt hydroelectric plant on the Acaray River. In 1964, the Bank increased the loan by \$2,150,000 to a total of \$14,150,000 to enable ANDE to proceed with the project which is also being financed with suppliers' credits as well as its own funds.

In addition to the construction of the plant, the project includes the installation of a 195-mile transmission line to Asunción, the improvement and expansion of the city's distribution system, and the modernization of the existing thermal plant in the capital.

Asunción and the surrounding area, which has a population of 350,000, is the principal electric power market in the country. Only about 50 per cent of the population is served by the existing system. Rates are high due to the costs of imported fuels and of domestic wood to operate the thermal plant. Besides stimulating industrial activity in the Asunción area, the project is expected to hasten the electrification of eastern Paraguay, a region of fertile lands on the Alto Parana River where land settlement efforts are being carried out. The loan is guaranteed by the Republic of Paraguay.

Uruguay

DAIRY INDUSTRY

\$3.6 million 16-year 4% loan of November 5, 1964

Borrower: COOPERATIVA NACIONAL DE PRODUCTORES DE LECHE

The *Cooperativa Nacional de Productores de Leche (CONAPROLE)*, which supplies milk to Montevideo, is engaged in a \$5.9-million expansion program designed to raise the productivity of its facilities and thus expand output for domestic and export markets. A cooperative, CONAPROLE purchases its milk from about 2,000 producers located within a radius of 62 miles from the city. In 1963 it purchased 66.4 million gallons of milk from its suppliers, selling 63 per cent of this production in liquid form and the remainder in the form of powdered milk, cheese, butter, casein and other by-products. The firm exports butter to England and casein to the United States.

This loan will finance 61 per cent of the cost of the program, which provides for the installation of four new milk receiving centers and two modern



EXTENSION SERVICE for farmers in Paraguay made possible by financing from the Fund for Special Operations.

cheese factories; the purchase of 120 milk shipping tanks with refrigerating units, several isothermic tanks for the preservation of pasteurized milk, and the construction of other supplementary facilities to process milk by-products.

As a result of the program, it is estimated that milk production in the basin will rise over the next 10 years by nearly 30 million gallons a year. The additional production will be allocated to both domestic and export markets, the latter particularly to member countries of the Latin American Free Trade Association, most of whom import milk and milk products. The loan is guaranteed by the *Banco de la República Oriental del Uruguay*.

C. Technical Assistance Loans

Argentina

IRON AND STEEL STUDIES

\$400,000 7-year 5¾ % loan of April 8, 1964

Borrower: MINERA Y SIDERURGICA PATAGONICA-SIERRA GRANDE, S.A.

Minera y Siderúrgica Patagónica-Sierra Grande, S.A. (MISIPA) is a private Argentine corporation organized in 1960 to study and explore iron ore

deposits in the Province of Rio Negro, and to prepare and carry out a plan for their exploitation. These deposits, estimated at 48 million tons, are under the control of an official Argentine agency—the *Dirección General de Fabricaciones Militares*.

This loan will finance 38 per cent of the cost of several pre-investment studies related to the development of the deposits and the eventual establishment of an additional steel complex in Argentina. The studies will analyze capital needs; transportation, marketing and production systems; power supplies, and industrial locations.

Execution of the project would have a favorable effect on Argentina's balance of payments by replacing imports. Argentina has been importing between 300,000 and 400,000 tons of iron ore annually in recent years to meet the demand of its steel mills. The project would also provide an important stimulus to the industrialization of Patagonia, a region hitherto primarily devoted to sheep and livestock. The loan is guaranteed by *Acindar*, *Industria Argentina de Aceros, S.A.*; *Minera Aluminé, S.A.* and *S.E.T., Sociedad de Responsabilidad Limitada*, owners of more than 90 per cent of *MISIPA's* stock.

Guatemala

WATER SUPPLY STUDIES

\$235,000 5-year 4% loan of July 30, 1964

Borrower: REPUBLIC OF GUATEMALA

This loan will be used by the *Instituto Nacional de Fomento Municipal* to finance a series of studies related to the expansion of the water supply system of Guatemala City. The studies will deal with the city's geology and topography, with water transmission and distribution requirements, and with construction costs and water rates. The loan will finance 67 per cent of the cost of the project; the remaining 33 per cent will come from domestic resources.

Expansion of the city's system is urgently needed since the water supply deficit, now estimated at 14 million liters a day, is growing steadily as the population expands. Current population of 428,000 inhabitants is expected to reach one million by 1990. The technical assistance will make possible the drafting of the necessary plans for the construction and operation of the first phase of the expansion program, whose cost is estimated at \$8.9 million.

Honduras

PULP AND PAPER STUDIES

\$200,000 10-year 4% loan of November 19, 1964

Borrower: REPUBLIC OF HONDURAS

Honduras has large forestry reserves suitable for the production of paper and cardboard, but it lacks facilities for processing its forest products. In recent years several studies have been made for the establishment of such an industry. This loan will enable the Honduran Government to engage a firm of consultants to advise it in evaluating proposals for the establishment of a pulp and paper industry in its territory.

The consulting firm will carry out the necessary technical and economic studies, including the final evaluation on products and markets, characteristics of forestry development, location and technical requirements of the plant, and the cost, financing and legal aspects of the project. The firm will analyze the consequences of the infestation of turpentine beetles which currently affect a large part of the pine forest areas in Honduras and the possibility of effectively controlling them.

The evaluation of the proposals for the establishment of a pulp and paper industry is considered particularly opportune at this time due to the fact that Central America is making growing use of corrugated cardboard boxes for the shipment of bananas. The establishment of such an industry would exert a favorable impact on Central America's balance of payment through the replacement of imports and the establishment of a new line of exports.

Peru

HIGHWAY STUDIES

\$475,000 10-year 4% loan of August 20, 1964

(\$360,000 and \$115,000 in soles)

Borrower: REPUBLIC OF PERU

The Peruvian Government has drafted a national highway plan for the 1965-68 period which includes 13 projects for the construction or repair of highways with a total length of more than 1,700 miles to accelerate the integration of rural areas into the national economy. The total cost of the highway construction program is estimated at \$130 million of which up to 60 per cent would come from local sources and the remainder from international sources

of funds. Before the latter financing is secured, however, technical and economic feasibility studies must be undertaken for the projects.

This loan will finance 85 per cent of the cost of pre-investment studies related to two of these projects, the 66-mile Jaén-San Ignacio road in northern Peru and the 115-mile road between the Inambari bridge and Puerto Maldonado, in southeast Peru. Seven other projects will be studied by the World Bank and four by the Agency for International Development.

The two roads link potentially productive areas in the interior of Peru with coastal consumer markets. There are more than 2.5 million acres of cultivable lands along the Inambari bridge-Puerto Maldonado stretch, of which only about 2,500 are being farmed and only 25,000 are devoted to grazing. The area through which the Jaén-San Ignacio road would pass also has potentially large agricultural lands. The Cajamarca Department, which includes the Jaén Province through which one of the roads would pass, has more than 3.2 million acres suitable for agriculture, of which 650,000 are under cultivation, 1.2 million are natural pasture lands, and the remainder are totally undeveloped.

Technical Assistance

During 1964 the Bank authorized \$7,517,197 from its own resources to finance technical assistance to its members countries.¹ This figure is 18 per cent greater than the \$6,357,315 authorized for the same purpose in 1963.

The technical assistance authorized in 1964 included \$6,247,900 extended on a reimbursable basis, either with or without interest, and \$1,269,297 extended on a grant basis.

These authorizations brought the total amount committed for technical assistance from the Bank's own resources—ordinary capital resources and Fund for Special Operations—to \$24,137,980, of which \$18,923,942 is reimbursable and \$5,214,038 is grant aid. All the grant aid which the Bank has extended for technical assistance since it began oper-

ations has come from the net income of the Fund for Special Operations.

The largest portion of this technical assistance was authorized for operations in individual member nations of the Bank. The remainder was devoted to projects of a regional nature, that is those benefiting two or more countries.

At the country level, the Bank committed \$6,457,900 for operations in 18 member nations for planning, pre-investment and research studies; preparation and execution of projects, and personnel training and institutional re-organization. The Bank also authorized \$1,059,297 to finance technical assistance activities at the regional level.

Following is a summary statement of the technical assistance operations authorized during the year at the country and regional level:

I. Reimbursable Technical Assistance

Activities in Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela	\$6,047,900
Central American Bank for Economic Integration	200,000
Total Reimbursable	<u>6,247,900</u>

II. Non-Reimbursable Technical Assistance

Country Activities	\$410,000
Regional Activities	859,297
Total Non-Reimbursable	1,269,297
GRAND TOTAL	<u>\$7,517,197</u>

The technical assistance operations authorized in 1964 were devoted to:

- The creation or re-organization of institutions contributing to the economic and social development of the Latin American member countries.
- The financing of pre-investment studies and the preparation and execution of projects and programs.
- The dissemination of development skills through training programs, fellowships, seminars and related means.
- Stimulating the exchange of ideas and methods among Latin American development institutions, and supporting the preparation of research studies in development fields.
- Fostering the process of regional integration.

¹ In addition to the technical assistance extended from the Bank's own resources the Bank in 1964 authorized \$2,810,136 for technical assistance from the resources of the Social Progress Trust Fund (see page 114).

Country Activities

ARGENTINA

The Bank extended a \$400,000 loan from the Fund for Special Operations on April 8, 1964, to *Minera y Siderúrgica Patagónica-Sierra Grande, S.A.*, a private corporation organized in 1960 to explore iron ore deposits, to help finance pre-investment studies for the possible establishment of an enterprise to mine iron ore and produce steel at Sierra Grande in the Province of Rio Negro (see page 70).

BOLIVIA

The *Banco Minero* of Bolivia, the development agency that extends credit to private mining enterprises, received \$50,000 in non-reimbursable assistance on February 11, 1964, for advisory services related to its organization and the selection of its personnel.

Up to \$50,000 of a loan made to the Republic of Bolivia on July 23, 1964, for the Corani hydroelectric project (see page 67) is for technical assistance related to the organization of the *Empresa Nacional de Electricidad*, the agency which will carry out the project, and to the establishment and application of electric power rates.

The *Corporación Minera de Bolivia*, the nation's mining agency, was allotted \$40,000 in reimbursable technical assistance on July 27, 1964, for advice related to the appraisal of its program to rehabilitate its tin mines.

The Bank authorized a \$150,000 grant on December 28, 1964, to finance its share of the 1965 phase of a program, in effect since 1962, under which the Bank, the Federal Republic of Germany and the U.S. Agency for International Development have joined with Bolivia in providing \$1 million yearly in non-reimbursable technical assistance to enable an independent advisory body to prepare final studies of specific projects contained in the nation's development plan.

BRAZIL

Up to \$1,350,000 of a \$27-million loan extended to the *Banco Nacional do Desenvolvimento Econômico* on July 30, 1964, for the development of medium- and small-scale industries (see page 23)

may be used for technical assistance related to the execution of the program.

A loan of \$1.3 million from the ordinary capital resources approved November 19, 1964, is helping a Brazilian steel company, *Ferro e Aço de Vitória S.A.* (see page 31), to prepare pre-investment studies related to the establishment of a steel mill.

CHILE

The Bank extended \$10,000 in reimbursable technical assistance to the *Corporación de Fomento de la Producción* on October 12, 1964, to finance economic and technical feasibility studies of projects related to the development plan of Chiloé Island in south central Chile.

COLOMBIA

The Bank extended \$20,900 in reimbursable technical assistance to the *Caja de Crédito Agrario, Industrial y Minero* on February 24, 1964, to help modernize its accounting system and for advice connected with the distribution and sale of products and equipment.

Up to \$326,000 of the \$1,230,000 loan extended from the ordinary capital resources to *Industrial Agraria La Palma, S.A.*, on August 28, 1964, (see page 21) may be used for technical assistance expenditures related to a project for the cultivation, processing and marketing of the product of the African oil palm.

COSTA RICA

The Bank made three technical assistance grants to the *Oficina de Planificación de la Presidencia de la República*, the planning agency of the executive branch of the Costa Rican Government.

The first, \$25,000 authorized March 13, 1964, will be used for assistance in the formulation of an industrial policy for the country; the second, \$12,000 authorized June 23, 1964, will provide assistance for the modernization of the Government's accounting system, and the third, \$25,000 authorized October 12, 1964, will be devoted to a study of the economic consequences of the eruption of the Irazú Volcano.

The Bank provided a \$5,000 grant on September 8, 1964, for a continuation of advisory services to the Ministry of Economy for an evaluation of the national banking system.

DOMINICAN REPUBLIC

The Bank authorized \$95,000 in reimbursable technical assistance to the *Instituto Nacional de Agua Potable y Alcantarillado* on February 6, 1964, for studies related to the improvement and expansion of the water supply system of the city of Santo Domingo.

A \$25,000 grant was made on April 11, 1964, for the continuation of the work of the OAS-IDB-ECLA Tripartite Mission which is helping to prepare a national economic and social development program for the Dominican Republic.

A total of \$90,000 in reimbursable technical assistance was extended July 17, 1964, to the *Corporación Azucarera de la República Dominicana*, a sugar industry, for advisory services connected with its financial and operational structure.

ECUADOR

On September 11, 1964, the Bank authorized the use of \$50,000 of a \$2,365,000 loan extended to the *Sistema de Crédito de Fomento* for technical assistance connected with its organization and operations. The loan, which was authorized in 1961, is helping to finance a project for the cultivation of the African oil palm.

The Bank approved \$50,000 in reimbursable technical assistance on October 22, 1964, to the *Comisión Nacional de Valores*, a credit agency, to provide advice for its re-organization as a national financing corporation.

An additional \$8,000 was granted November 16, 1964, for the office of the consultant who coordinates the Bank's technical assistance mission in Ecuador.

EL SALVADOR

A \$7,000 grant was extended June 1, 1964, to the *Banco Central de la Reserva* to continue a program of advisory services initiated by the Bank in 1961.

GUATEMALA

A loan of \$235,000 from the Fund for Special Operations was extended July 30, 1964, to the Republic of Guatemala for studies related to the improvement and expansion of the water system of Guatemala City (see page 71).

HAITI

In addition to a \$2,360,000 loan extended from the Fund for Special Operations to the *Banque Nationale de la République d'Haiti* to improve and expand the water system of Port-au-Prince (see page 68), the Bank authorized \$190,000 in reimbursable technical assistance on March 5, 1964, to finance advisory services, engage technicians and train personnel for a new autonomous agency that will be in charge of the water service.

HONDURAS

The Bank authorized \$13,000 in non-reimbursable technical assistance on April 24, 1964, to continue advisory services to the *Banco Nacional de Fomento*, the nation's development agency.

The Bank made a \$200,000 loan from the Fund for Special Operations to the Republic of Honduras on November 19, 1964, to help finance a study for the possible establishment of a pulp and paper industry in that country (see page 71).

NICARAGUA

The Bank authorized \$49,000 in reimbursable technical assistance to the *Instituto de Fomento Nacional* on November 9, 1964, to finance advisory services related to the re-organization of its Department of Credit and Investments, to the training of personnel, and to the preparation of feasibility studies.

Up to \$355,000 of a loan made to the *Banco Nacional de Nicaragua* for a livestock development program on December 31, 1964, (see page 24) may be used to finance technical assistance to cattlemen and advisory services to the *Banco*.

PANAMA

Up to \$50,000 of a \$1-million loan from the Fund for Special Operations to the *Banco Nacional de Panama* authorized on December 10, 1964, (see page 65) may be used to finance advisory services connected with the organization of a department which will administer the industrial credit program, the preparation of regulations for granting credits, the adoption of a selection and evaluation system for industrial projects and the training of personnel.

PARAGUAY

The Bank authorized \$47,000 in non-reimbursable aid on April 27, 1964, for the OAS-IDB-ECLA Tripartite Mission which is helping to prepare a national economic and social development program for Paraguay.

Up to \$200,000 of a \$4-million loan made from the Fund for Special Operations to the *Banco Nacional de Fomento* on July 30, 1964, for an industrial development program (see page 66) may be used to finance technical assistance related to the promotion, as well as the formulation and evaluation, of industrial projects.

PERU

The Bank approved a \$43,000 grant on April 27, 1964, for the work of the OAS-IDB-ECLA Tripartite Mission which is helping to prepare a national economic and social development program for Peru.

The Bank made a \$475,000 loan from the Fund for Special Operations to the Republic of Peru on August 20, 1964, to help finance feasibility studies for the construction of two highways in the country (see page 71).

URUGUAY

The Bank made a \$10,000 grant to the *Administración de Obras Sanitarias del Estado* on May 18, 1964, to help finance feasibility studies of a water supply project at Laguna del Sauce.

An additional grant of \$8,000 was approved on May 25, 1964, for the OAS-IDB-ECLA Tripartite Mission which is advising Uruguay on the preparation of a national economic and social development plan.

VENEZUELA

Up to \$500,000 of a \$10-million loan extended on November 12, 1964, from the ordinary capital resources to the *Corporación Venezolana de Fomento* for an industrial development program (see page 25) may be used to finance feasibility studies of industrial projects.

Regional Activities

Of the \$1,059,297 authorized by the Bank in 1964 for technical assistance at the regional level,

FINE TOBACCO for cigars being grown under shade in the Dominican Republic with the help of Bank financing.



13 per cent was allocated to training activities, 35 per cent to planning, pre-investment and research activities, and 52 per cent to promoting integration.

All of these commitments were in the form of grants, with the exception of \$200,000 allocated to finance technical assistance in connection with the utilization of an \$8.2-million loan to the Central American Bank for Economic Integration.

TRAINING

A training program, initiated in 1963 to acquaint officials of Latin American development institutions with the operations and policies of the Bank and other international financing agencies, was continued at the Bank's headquarters during the year. A total of 53 officials from 19 Latin American countries participated in the three courses which were held. The Bank allocated \$41,500 for the courses on February 17, 1964, and also earmarked an additional \$10,000 for an ad hoc training program at Bank headquarters.

In addition 63 Latin American officials participated in two courses of a similar nature undertaken jointly by the Bank and the Center for Latin American Monetary Studies in Mexico. Since the courses were initiated a total of 237 persons have participated in them. During 1964, the Bank authorized \$38,992.50 for the program—\$18,750 on February 11, \$2,242.50 on March 30 and \$18,000 on June 29.

The Bank joined the UN Economic Commission for Latin America in sponsoring a course in Mexico on planning techniques in which 30 officials from the five Central American countries and Panama participated. The Bank allocated \$10,500 for this purpose August 10, 1964.

On March 9, 1964, the Bank authorized \$2,000 to finance 20 fellowships for a course on international institutions, economic policy and social problems sponsored in Buenos Aires by the Office of Orientation for International Functions, an organization whose headquarters are in Paris.

The Bank supported several courses conducted by development institutions in their own countries. These included one sponsored by the Planning Office of the Presidency of the Republic of Costa Rica to which the Bank allocated \$5,150 on March 30, 1964, and another of the *Banco Central de Reserva* of El Salvador to which the Bank allocated

\$5,955 on July 2, 1964. On March 30, 1964, the Bank assigned \$11,100 to help finance a third course which is to be held early in 1965 under the sponsorship of the *Comisión de Inversiones y Desarrollo Económico* of Uruguay.

A technical assistance grant of \$10,100 was extended on March 30, 1964, for a seminar for managers of industrial firms held by the *Banco Nacional de Fomento* of Paraguay.

PLANNING AND RESEARCH

At a regional level technical assistance was allocated to finance planning, pre-investment and research activities, as follows:

- A \$50,000 grant authorized April 11, 1964, from the Fund for Special Operations along with a \$100,000 grant from the Social Progress Trust Fund, for the OAS-IDB-ECLA Tripartite Mission in Central America, which since 1963 has been helping prepare economic and social development programs in countries of the region.

- Up to \$200,000 of an \$8.2-million loan extended on December 24, 1964, to the Central American Bank for Economic Integration to finance industrial and infrastructure projects in Central America was for technical assistance related to the execution of projects to be financed with the resources of the loan.

- A \$25,000 grant authorized on March 17, 1964, to help finance a study being undertaken by the UN Food and Agriculture Organization and ECLA on methods of raising agricultural productivity in Latin America.

- A \$42,000 grant extended on December 28, 1964, for studies carried out by the Pan American Health Organization on public health in Latin America.

INTEGRATION

In a further measure to support economic integration, the Bank in 1964 took steps to establish an Institute for Latin American Integration. On December 3, 1964, the Board of Executive Directors authorized the use of up to \$463,000 from the Bank's Fund for Special Operations and a similar amount from the Social Progress Trust Fund to finance the first four years' of operations of the new institute, which will be located in Buenos Aires. The

institute will seek to analyze the problems of integration, train personnel in the field of integration, and carry out research on integration projects.

On July 2, 1964, the Bank authorized a \$30,000 grant for a study, in which ECLA and the Latin American Institute for Economic and Social Planning are also participating, on industrial integration, tariff policies and national development plans.

The Bank also provided a \$25,000 grant on July 2, 1964, for a study of the integration of basic Latin American industries within the framework of the Latin American Free Trade Association. The study will be carried out by 10 Latin American institutes, the Brookings Institution and the Ford Foundation.

A \$25,000 grant was authorized August 10, 1964, for a study of the obstacles encountered by Ecuador and Paraguay in increasing their trade with the other member countries of the Latin American Free Trade Association.

The Bank granted \$30,000 on December 9, 1964, for a study of the possibilities of bringing about integrated development in the Colombian-Ecuadorian frontier region. Assistance was given in 1963 for a similar study of the Colombian-Venezuelan border area.

The Bank allocated \$7,500 on July 20, 1964, for a seminar on the institutional and legal aspects of the Central American Integration Plan held in Miami in August under the sponsorship of the University of Miami.

It also authorized \$10,000 on July 20, 1964, for a meeting which analyzed the possibilities of coordinating integration programs among the various Latin American institutions interested in the problems.

Financial Operations

The net earnings of the Fund for Special Operations in 1964 amounted to \$2,280,824, before deducting charges for technical assistance which amounted to \$1,154,617. These figures compared with a net income of \$939,942 and technical assistance expenditures of \$1,023,102 in 1963.

Gross income for 1964 was \$3,913,226, compared with \$2,704,231 in 1963. The year's gross income consisted of \$1,581,914 derived from interest on loans, \$1,019 derived from commitment charges on

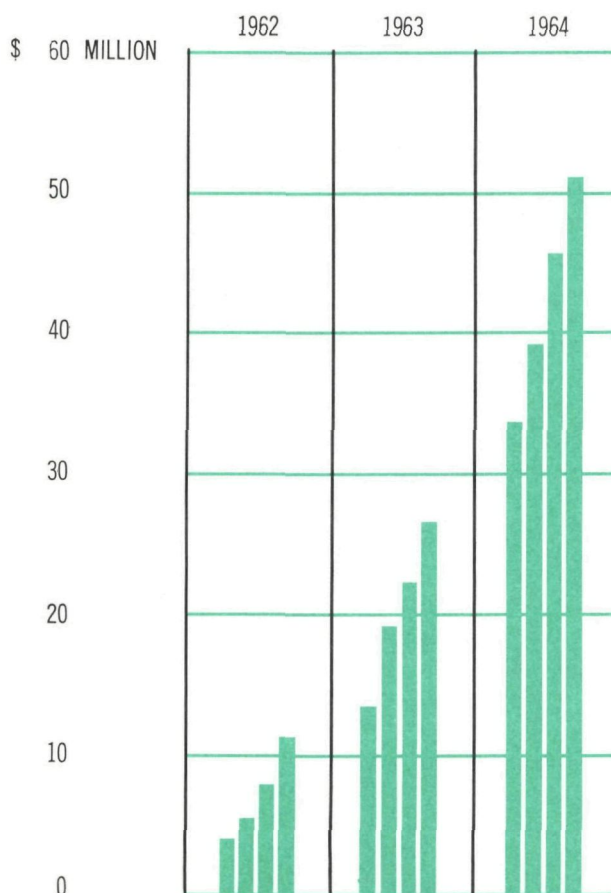
loans, \$2,306,915 derived from short-term investments and \$23,378 derived from other sources. At the end of 1964 the general reserve of the Fund for Special Operations had risen to \$1,430,509, compared with \$304,302 at the end of 1963.

Total administrative expenses chargeable to the Fund for Special Operations were \$1,705,624.

During 1964 disbursements on loans extended from the Fund amounted to \$24,594,435, compared with disbursements of \$15,306,849 in 1963. This brought cumulative disbursements at the end of the year to \$51,243,816. Repayments on loans amounted to \$894,228, including repayments on participations in loans.

The financial statements of the Fund for Special Operations are contained in the following pages.

Cumulative Disbursements
BY QUARTERS



**Opinion of Independent Auditor
Fund for Special Operations**

**Financial Statements
Fund for Special Operations**

1707 L Street, N.W.
Washington, D. C.
February 8, 1965

To: Inter-American Development Bank
Washington, D. C.

In our opinion, the accompanying financial statements (Appendices II-1 to II-8) present fairly, in terms of United States currency, the financial position of Inter-American Development Bank—Fund for Special Operations at December 31, 1964, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

PRICE WATERHOUSE & CO.

Price Waterhouse & Co.

	<i>Appendix</i>
Balance Sheet	II-1
Comparative Statement of Income and Expenses	II-2
Statement of Disposition of Net Income and of Changes in General Reserve	II-2
Statement of Technical Assistance Expenditures	II-3
Investments in United States Treasury Obligations	II-4
Summary Statement of Loans	II-5
Statement of Contribution Quotas	II-6
Statement of Currencies and Demand Notes Held by the Bank	II-7
Notes to Financial Statements	II-8

Inter-American Development Bank — Fund for Special Operations
Balance Sheet — December 31, 1964

APPENDIX II-1

See Notes to Financial Statements—Appendix II-8
 Expressed in United States Dollars

ASSETS**Due from banks** (Appendix II-7) (Note B)

Unrestricted			
United States dollars	\$	528,009	
Member currencies other than United States dollars		<u>34,670,784</u>	\$ 35,198,793
Restricted (Note C)			
Member currencies other than United States dollars			<u>10,910,652</u> \$ 46,109,445

Investments

Government obligations (at cost or amortized cost)			
United States (face amount \$18,700,000)			
(Appendix II-4)			18,648,411
Time deposits maturing within six months			
United States dollars			44,000,000
Accrued interest			<u>890,834</u> 63,539,245

Loans outstanding held by Bank (Appendix II-5)

Total loans approved by Bank, less cancellations	170,912,794		
Less principal repayments to Bank	<u>798,228</u>	170,114,566	
Less loans sold		<u>1,645,058</u>	
Approved loans held by Bank		168,469,508	
Less undisbursed balance of approved loans held by Bank		<u>119,668,978</u>	48,800,530

Accrued charges on loans held by Bank			401,354
---	--	--	---------

Due from members (Note D)

Non-negotiable, non-interest-bearing demand notes denominated in members' currencies (Appendix II-7)			88,392,831
--	--	--	------------

Other assets			<u>330,002</u>
Total assets			<u>\$247,573,407</u>

LIABILITIES AND FUND BALANCE**Liabilities**

Accrued expenses and accounts payable		\$	284,898
Funds held in trust (Note D)			26,937,000

Fund balance

Contribution quotas (Appendix II-6) (Notes D and E)			
Total quotas subscribed		\$218,921,000	
General reserve (Note G)		<u>1,430,509</u>	220,351,509
Total liabilities and Fund balance			<u>\$247,573,407</u>

Inter-American Development Bank — Fund for Special Operations
Comparative Statement of Income and Expenses
For the Years Ended December 31, 1963 and December 31, 1964

APPENDIX II-2

See Notes to Financial Statements—Appendix II-8
Expressed in United States Dollars

	Year ended December 31,	
	1963	1964
Income		
From loans		
Interest	\$ 769,217	\$1,581,914
Commitment charges	—	1,019
From investments	1,925,375	2,306,915
From other sources	9,639	23,378
Gross income	2,704,231	3,913,226
Expenses		
Administrative expenses (Note F)		
Board of Governors		
Annual meeting	54,020	37,267
Board of Executive Directors		
Salaries	80,278	68,892
Other compensation and benefits	26,433	14,193
Travel	17,682	14,521
Staff		
Salaries	925,674	911,912
Other compensation and benefits	348,241	316,476
Travel	89,790	124,036
Other administrative expenses		
Communications	55,101	67,288
Office occupancy	193,398	129,152
Publications and printing	37,882	35,604
Supplies and equipment (1)	67,981	71,680
Miscellaneous	102,435	102,489
Field offices	131,483	160,724
	2,130,398	2,054,234
Depreciation (Note F)	—	21,575
	2,130,398	2,075,809
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B)	366,109	370,185
Total administrative expenses including depreciation	1,764,289	1,705,624
Net income for the year before special addition	939,942	2,207,602
Addition to income arising from retroactive adjustment of rate used in charging Social Progress Trust Fund for indirect and overhead expenses (See Appendix III-6, Note B)	—	73,222
Net income for the year	<u>\$ 939,942</u>	<u>\$2,280,824</u>

(1) Amount reported as "Supplies and equipment" for the year ended December 31, 1963 includes \$9,014 previously reported as "Publications and printing" for that year.

Statement of Disposition of Net Income and of Changes in General Reserve

	Year ended December 31,	
	1963	1964
Net income for the year	<u>\$ 939,942</u>	<u>\$2,280,824</u>
Disposition:		
Expenditures for technical assistance (Appendix II-3) (Note H)	\$1,023,102	\$1,154,617
Addition to or (deduction from) general reserve (Notes G and H)	(83,160)	1,126,207
	<u>\$ 939,942</u>	<u>\$2,280,824</u>

Inter-American Development Bank — Fund for Special Operations
Statement of Technical Assistance Expenditures (Note H)
January 1 to December 31, 1964

APPENDIX II-3

See Notes to Financial Statements—Appendix II-8
 Expressed in United States Dollars

Bolivia	\$ 172,716
Brazil	53,300
Colombia	7,647
Costa Rica	40,725
Dominican Republic	54,460
Ecuador	71,810
El Salvador	12,850
Haiti	49,770
Honduras	92,391
Panama	3,465
Paraguay	70,701
Peru	34,454
Uruguay	21,304
Central American Bank for Economic Integration	28,182
Central America—Tripartite Mission	93,393
Central America—Secretariat for Economic Integration	10,000
Intern training in the Bank	34,488
Program of fellowships	45,893
Substantive studies	169,579
Courses and seminars	110,163
Training units	1,044
	<u>1,178,335</u>
Less refunds and reimbursements	23,718
	<u>\$1,154,617</u>

Inter-American Development Bank — Fund for Special Operations
Investments in United States Treasury Obligations
December 31, 1964

APPENDIX II-4

<i>Maturity date</i>	<i>Face amount</i>
February 18, 1965	\$ 1,000,000
February 25, 1965	700,000
March 4, 1965	2,000,000
November 15, 1965	4,500,000
February 15, 1967	7,000,000
August 15, 1967	3,500,000
	<u>\$18,700,000</u>
Cost or amortized cost	<u>\$18,648,411</u>

Inter-American Development Bank — Fund for Special Operations
Summary Statement of Loans
December 31, 1964

APPENDIX II-5

See Notes to Financial Statements—Appendix II-8
Expressed in United States Dollars

Member in whose territory loans have been made (1)	Total loans approved by Bank, less cancellations(2)	Principal repayments to Bank	Approved loans held by Bank				Currency in which disbursed portion of approved loans held by Bank is repayable	
			Loans sold	Total	Undisbursed	Disbursed	United States dollars(5)	Members' currencies(6)
Argentina	\$ 8,597,240		\$ 67,740	\$ 8,529,500	\$ 8,289,955	\$ 239,545	\$ 200,000	\$ 39,545
Bolivia	26,560,000	\$364,268		26,195,732	10,135,843	16,059,889	10,651,271	5,408,618
Brazil	31,915,000	10,433		31,904,567	21,041,355	10,863,212	7,925,683	2,937,529
Chile	8,708,950		663,158	8,045,792	4,332,138	3,713,654	1,436,842	2,276,812
Colombia	3,162,949		115,384	3,047,565	2,632,434	415,131	123,523	291,608
Costa Rica	1,000,000			1,000,000	850,000	150,000		150,000
Ecuador	8,462,000	83,446		8,378,554	5,512,554	2,866,000	2,635,813	230,187
El Salvador	182,728			182,728		182,728	123,802	58,926
Guatemala	535,000			535,000	535,000			
Haiti	5,860,000			5,860,000	5,328,420	531,580		531,580
Honduras	9,410,000		798,776	8,611,224	4,696,036	3,915,188	2,465,842	1,449,346
Mexico	13,600,000			13,600,000	12,449,809	1,150,191	93,507	1,056,684
Nicaragua	4,500,000			4,500,000	4,500,000			
Panama	4,200,000			4,200,000	2,434,212	1,765,788	1,659,639	106,149
Paraguay	22,600,000	311,938		22,288,062	19,356,184	2,931,878	56,400	2,875,478
Peru	475,000			475,000	475,000			
Uruguay	4,240,000	28,143		4,211,857	4,043,000	168,857	168,857	
Venezuela	2,700,000			2,700,000	2,700,000			
Central American Countries — Central American Bank for Economic Integration	14,203,927			14,203,927	10,357,038	3,846,889	3,607,082	239,807
Total	\$170,912,794	\$798,228	\$1,645,058	\$168,469,508(3)	\$119,668,978(4)	\$48,800,530	\$31,148,261	\$17,652,269

(1) The Bank makes loans to its members or political subdivisions of its members or to private enterprises located in the territory of its members. For loans to borrowers other than members, the Bank in many instances has received either the member's guarantee or other security deemed appropriate by the Bank.

(2) All of the loans have been approved by the Bank, but certain loans have not become effective and disbursements thereunder will not begin until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.

(3) Of the total approved loans held by the Bank, loans aggregating \$97,471,508 had become effective (i.e. eligible for disbursement) as of December 31, 1964 (see (2) above).

(4) Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse \$865,680.

(5) Amounts include loan balances of \$721,416 which, subject to the Bank's approval, may be repaid in members' currencies and \$87,937 which, at the option of the borrower, may be repaid in members' currencies.

(6) Amounts include loan balances of \$2,250,184 which, at the option of the borrowers, may be repaid in United States dollars.

Inter-American Development Bank — Fund for Special Operations
Statement of Contribution Quotas
December 31, 1964

APPENDIX II-6

See Notes to Financial Statements — Appendix II-8
Expressed in United States Dollars

Member	Percent of total	Total subscribed quota	Contributions received		
			United States dollars	Member currency	Non-negotiable, non-interest- bearing demand notes
Argentina	7.07	\$ 15,471,000	\$ 7,735,500	\$ 168,045	\$ 7,567,455
Bolivia .....	.57	1,242,000	621,000	54,000	567,000
Brazil	7.07	15,471,000	7,735,500	7,735,500	
Chile	1.94	4,248,000	2,124,000	2,124,000	
Colombia	1.94	4,245,000	2,122,500	2,122,500	
Costa Rica .....	.28	621,000	310,500	310,500	
Dominican Republic .....	.38	828,000	414,000	414,000	
Ecuador .....	.38	828,000	414,000	414,000	
El Salvador .....	.28	621,000	310,500	310,500	
Guatemala .....	.38	828,000	414,000	414,000	
Haiti .....	.28	621,000	310,500	310,500	
Honduras .....	.28	621,000	310,500	310,500	
Mexico	4.54	9,945,000	4,972,500	4,972,500	
Nicaragua .....	.28	621,000	310,500	310,500	
Panama .....	.28	621,000	310,500	142,564	167,936
Paraguay .....	.28	621,000	310,500	310,500	
Peru .....	.95	2,073,000	1,036,500	452,410	584,090
United States	68.52	150,000,000	75,000,000		75,000,000
Uruguay .....	.51	1,106,000	553,000	53,000	500,000
Venezuela	3.79	8,289,000	4,144,500	138,150	4,006,350
Total	100.00	\$218,921,000	\$109,460,500	\$21,067,669	\$88,392,831

Inter-American Development Bank — Fund for Special Operations
Statement of Currencies and Demand Notes Held by the Bank
December 31, 1964

APPENDIX II-7

See Notes to Financial Statements — Appendix II-8

Member	Unit of currency	Exchange rate(1)	Due from banks		Non-negotiable, non-interest-bearing demand notes		Total	
			Amount in local currency	Expressed in United States dollars	Amount in local currency	Expressed in United States dollars	Amount in local currency	Expressed in United States dollars
Argentina	Peso	82.525	6,678,965	\$ 80,933	624,504,236	\$ 7,567,455	631,183,201	\$ 7,648,388
Argentina	Peso	135.06	252,873	1,872			252,873	1,872
Bolivia	Peso Boliviano	11.875	9,955,682	838,373	6,733,125	567,000	16,688,807	1,405,373
Brazil	Cruzeiro	18.50	332,175,492	17,955,432			332,175,492	17,955,432
Brazil	Cruzeiro	1,163.12	17,786,322	15,292			17,786,322	15,292
Chile	Escudo	2.70	13,340,929	4,941,085			13,340,929	4,941,085
Colombia	Peso	9.00	43,909,387	4,878,821			43,909,387	4,878,821
Colombia	Peso	9.85	3,144	319			3,144	319
Colombia	Peso	9.98	103,438	10,364			103,438	10,364
Costa Rica	Colon	6.62	4,941,296	746,263			4,941,296	746,263
Dominican Republic	Peso	1.00	964,599	964,599			964,599	964,599
Ecuador	Sucre	18.00	13,910,903	772,828			13,910,903	772,828
El Salvador	Colon	2.50	257,121	102,849			257,121	102,849
Guatemala	Quetzal	1.00	289,992	289,992			289,992	289,992
Haiti	Gourde	5.00	1,500,562	300,112			1,500,562	300,112
Honduras	Lempira	2.00	1,241,038	620,519			1,241,038	620,519
Mexico (Note C)	Peso	12.50	136,383,154	10,910,652			136,383,154	10,910,652
Nicaragua	Cordoba	7.00	5,292,188	756,027			5,292,188	756,027
Panama	Balboa	1.00	11,082	11,082	167,936	167,936	179,018	179,018
Paraguay	Guarani	122.00	36,365,587	298,079			36,365,587	298,079
Paraguay	Guarani	126.00	66,907,986	531,016			66,907,986	531,016
Peru	Sol	26.81			9,170,226	342,045	9,170,226	342,045
Peru	Sol	26.82	11,496,922	428,692			11,496,922	428,692
Peru	Sol	26.95			6,523,113	242,045	6,523,113	242,045
United States	Dollar	1.00	528,009	528,009	75,000,000	75,000,000	75,528,009	75,528,009
Uruguay	Peso	16.50	692,801	41,988	8,250,000	500,000	8,942,801	541,988
Venezuela	Bolivar	4.50	379,114	84,247	18,028,575	4,006,350	18,407,689	4,090,597
Total expressed in United States dollars				<u>\$46,109,445</u>		<u>\$88,392,831</u>		<u>\$134,502,276</u>

(1) See Appendix II-8, Notes A, B and D.

Inter-American Development Bank — Fund for Special Operations
Notes to Financial Statements
December 31, 1964

APPENDIX II-8

Note A

Amounts in member currencies other than United States dollars have been translated into United States dollars at the rates at which the amounts were received or loaned by the Bank, except for the undisbursed balances and accrued charges on certain loans denominated in member currencies other than United States dollars which have been translated into United States dollars at the approximate market rates of exchange existing at December 31, 1964. No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates.

Note B

In accordance with Article V, Section 3, of the Agreement Establishing the Bank, each member is required, if the par value of its currency is reduced or if the foreign exchange value of its currency depreciates to a significant extent, to pay to the Bank (Fund for Special Operations) an additional amount of its own currency sufficient to maintain the value of all the currency of the member held in the Fund, excepting currency derived from borrowings by the Fund; likewise the Bank (Fund for Special Operations) is required, if the par value of a member's currency is increased or the foreign exchange value of such member's currency has appreciated to a significant extent, to pay to such member an amount of its currency equal to the increase in value of such member's currency which is held in the Fund, excepting currency derived from borrowings by the Fund. The standard of value for these purposes shall be the United States dollar of the weight and fineness in effect on January 1, 1959.

Note C

In accordance with the provisions of Article V, Section 1, the use of these funds by the Fund or any recipient from the Fund has been restricted by the member to making payments for goods and services produced in its territory.

Note D

The original authorized contribution quotas of the Fund were \$150,000,000 in terms of United States dollars of the weight and fineness in effect on January 1, 1959.

On January 28, 1964 the Board of Governors approved an increase of 50% in the authorized contribution quotas of members. As of December 31, 1964, 19 member countries, which had subscribed 96.8% of the initial contribution quotas of the Fund, have subscribed and paid the increases in their contribution quotas.

The original and increased contribution quotas have been paid 50% in gold and/or United States dollars and 50% in the currency of the respective member except that non-negotiable, non-interest-bearing demand notes have been accepted, as permitted under the provisions of Article V, Section 4, in lieu of part of the payment required to be made in the member's currency.

On April 16, 1964 the Board of Governors approved a resolution recommending that members take such action as may be necessary and appropriate to give effect to an increase in the equivalent of US\$900 million in the resources of the Fund for Special Operations. This increase would be payable by the members in their respective currencies in three equal annual installments. Pursuant to the proposed resolution none of the additional contributions shall become payable unless at least 14 members whose increased contributions total not less than the equivalent of US\$860 million shall each have deposited with the Bank an appropriate instrument setting forth their agreement to their making the contribution to the increase in the Fund for Special Operations. The resolution provided that the three installments would be payable on or before December 31 of each of the years 1964, 1965 and 1966 and the deposit of the appropriate instrument with the Bank would be made on or before December 31, 1964 or such later date as the Board of Executive Directors may determine. As of December 31, 1964, 9 member countries had deposited in the accounts of the Bank the equivalent of US\$26,937,000 as advance payment of their portion of the first installment of the additional contributions and such funds are held in trust by the Bank. On December 31, 1964 the Board of Executive Directors approved a resolution extending the time for the approval of the increase and payment of the initial installments and the deposit of the appropriate instruments from December 31, 1964 to June 30, 1965. The Board of Governors proposed resolution relating to the increase in the resources of the Fund for Special Operations specified that the Bank in the future shall include in the operations of the Fund financing for social development purposes, including those heretofore financed through the Social Progress Trust Fund taking into consideration the financing policies which have guided the operations of the Social Progress Trust Fund.

Note E

In making decisions concerning operations of the Fund, the number of votes and percent of total vote for each member are the same as shown on page 40, Appendix I-5 to the financial statements of the Ordinary Capital. All such decisions shall be adopted by at least a two-thirds majority of the total voting power.

Note F

Article III, Section 3(b) provides: "Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses pertaining directly to special operations shall be charged to the resources of the Fund (for Special Operations). Other expenses shall be charged as the Bank determines." For each of the years ended December 31, through 1963 expenses which have been deemed to be not identifiable as pertaining directly to either the Ordinary Capital or the Fund for Special Operations have been distributed, pursuant to the decisions of the Board of Executive Directors, in the same proportions which

have existed between the amounts received from member countries for the "paid-in" capital of the Ordinary Capital and for contributions to the Fund for Special Operations. Until February 28, 1963 the administrative expenses of the Technical Assistance Division were charged directly to the Fund. Thereafter it was considered appropriate that these expenses be charged through the allocation formula specified by the Board of Executive Directors.

Pursuant to the decision of the Board of Executive Directors expenses during the year 1964 which have been deemed to be not identifiable as pertaining directly to either the Ordinary Capital or the Fund for Special Operations have been charged 77% to the income of the Ordinary Capital and 23% to the income of the Fund for Special Operations, such percentages having been determined in the proportion which existed at December 31, 1963 between the amounts received from member countries for (a) the "paid-in" capital of the Ordinary Capital plus the aggregate dollar equivalent of resources derived from borrowings for the Ordinary Capital and (b) contributions to the Fund for Special Operations.

On April 30, 1964 the Bank purchased the twelve story building in Washington, D.C. in which its principal offices are located. The cost of the land and building less the reserve for depreciation is included in the assets of the Ordinary Capital of the Bank. Monthly depreciation charges have been made under the allocation formula specified by the Board of Executive Directors; accordingly, depreciation has been charged since May 1, 1964, 77% to the income of the Ordinary Capital and 23% to the income of the Fund for Special Operations.

Note G

Pursuant to actions of the Board of Governors the excess of expenditures or income after deduction of technical assistance expenditures of the Fund for Special Operations for each of the years ended December 31, through 1962 has been allocated in the following year to a general reserve for possible future losses. Pursuant to action of the Board of Governors in April, 1963 the future net income less technical assistance expenditures of the Fund for Special Operations will, until further action by the Board of Governors, be allocated automatically to such reserve each year.

Note H

Under the provisions of Article VI the Bank may, at the request of any member or members or of private firms that may obtain loans from it, provide technical advice and assistance.

At December 31, 1964 the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,882,390. Pursuant to resolutions passed by the Board of Executive Directors all technical assistance expenditures after January 1, 1963 are to be charged first to the net income of the Fund for Special Operations, including such income accumulated in the general reserve of that Fund, and thereafter to the net income of the Ordinary Capital.

The accumulated technical assistance expenditures made by the Fund as of December 31, 1964 include \$62,508 which may be reimbursed to the Fund if loans are granted as a result of the technical assistance projects.

FUND FOR SPECIAL OPERATIONS Inter-American Development Bank

APPENDIX II-9

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
ARGENTINA										
Republic of Argentina <i>Public entity</i>	Technical assistance	2/28/62 contract signed 6/29/62	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	25,000,000 500,000 669,240 67,740 601,500	19,519,083 232,260 361,955 361,955	5,480,917 267,740 307,285 67,740 239,545		5,480,917 267,740 307,285 67,740 239,545	4	7 semiannual beginning 1/15/65 (Interest and principal payable in currencies loaned)
Province of Rio Negro <i>Public entity</i>	Colonization and agri- cultural and industrial development	7/31/62 contract signed 5/10/63	Pesos ¹ U.S. dollars Total in U.S. dollars	2,845,000 2,683,000 5,528,000	2,845,000 2,683,000 5,528,000				4	30 semiannual beginning 11/30/68 (Interest and principal payable in currencies loaned)
Minera y Siderúrgica Patagónica Sierra Grande, S.A. (Acindar, Industria Argentina de Acero, S.A. Minera Aluminé, S.A. S.E.T., Sociedad de Responsabilidad Limitada) <i>Private entity</i>	Steel studies	4/8/64 contract signed 6/1/64	U.S. dollars	400,000	400,000				5¾	10 semiannual beginning 11/30/66 (Interest and principal payable in currencies loaned)
Administración General de Obras Sanitarias de la Nación (Republic of Argentina) <i>Public entity</i>	Water supply	7/30/64 contract signed 10/7/64	Pesos ¹	2,000,000	2,000,000				4	30 semiannual beginning 4/7/69 (Interest and principal payable in pesos)
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				8,597,240	8,289,955	307,285		307,285		
Less: Participations				67,740		67,740		67,740		
Net total loans to Argentina expressed in U.S. dollars				8,529,500	8,289,955	239,545		239,545		
BOLIVIA										
Corporación Boliviana de Fomento (Banco Central de Bolivia) <i>Public entity</i>	Industrial and agricultural development	2/24/61 contract signed 5/11/61	U.S. dollars	10,000,000	2,485,844	7,514,156	364,268	7,149,888	4½	20 semiannual beginning 11/11/64 (First 16 interest and first 10 principal payments in pesos; the remainder in dollars)
Corporación Minera de Bolivia (Banco Central de Bolivia) <i>Public entity</i>	Mining	7/14/61 contract signed 8/31/61	U.S. dollars	4,500,000		4,500,000		4,500,000	4	14 semiannual beginning 3/1/65 (Interest and principal payable in dollars)

Corporación Boliviana de Fomento (Banco Central de Bolivia) <i>Public entity</i>	Farm settlement	12/28/62 contract signed 1/24/63	U.S. dollars	2,600,000	2,600,000			4	25 semiannual beginning 1/15/66 (Interest and principal payable in pesos or dollars at election of borrower)
Corporación Minera de Bolivia (Banco Central de Bolivia) <i>Public entity</i>	Mining	2/14/63 contract signed 3/15/63	Pesos ¹ U.S. dollars Total in U.S. dollars	400,000 4,460,000 4,860,000	323,904 162,602 486,506	76,096 4,297,398 4,373,494	76,096 4,297,398 4,373,494	4	15 semiannual beginning 4/1/66 (Interest and principal payable in pesos, except that one- half the dollar portion of loan is payable in dollars)
Republic of Bolivia <i>Public entity</i>	Agricultural credit	10/31/63 contract signed 1/16/64	U.S. dollars	1,100,000	1,100,000			4	25 semiannual beginning 1/16/67 (Interest pay- able in dollars and principal payable in pesos or dollars, at election of borrower)
Republic of Bolivia <i>Public entity</i>	Electric power	7/23/64 contract signed 7/24/64	Pesos ¹ U.S. dollars Total in U.S. dollars	400,000 3,100,000 3,500,000	395,030 3,068,463 3,463,493	4,970 31,537 36,507	4,970 31,537 36,507	4	41 semiannual beginning 7/24/69 (Interest and principal payable in currencies loaned, except that principal may be repaid in pesos at election of borrower)

TOTAL LOANS TO BOLIVIA EXPRESSED IN U.S. DOLLARS

26,560,000 10,135,843 16,424,157 364,268 16,059,889

BRAZIL

Banco do Nordeste do Brasil <i>Public entity</i>	Industrial and agricultural development	4/9/61 contract signed 8/3/61	U.S. dollars	10,000,000	7,280,000	2,720,000		2,720,000	4½	24 semiannual beginning 12/15/65 (Interest and principal payable in dollars)
Fundação Comissão de Planejamento Econômico da Bahia <i>Public entity</i>	Technical assistance	2/21/62 contract signed 8/9/62	Cruzeiros ¹	265,000	129,367	135,633	10,433	125,200	4	13 semiannual beginning 8/9/64 (Interest and principal payable in cruzeiros)
Banco do Estado da Guanabara S.A. (State of Guanabara) <i>Public entity</i>	Water supply	3/13/62 contract signed 5/5/62	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	2,500,000 9,000,000 11,500,000	1,785,882 1,696,106 3,481,988	714,118 7,303,894 8,018,012		714,118 7,303,894 8,018,012	4	50 semiannual beginning 11/5/67 (First 20 principal payments, including corresponding interest, in cruzeiros; balance in currencies loaned)
Departamento Municipal de Agua e Esgotos (Banco do Estado do Rio Grande do Sul) <i>Public entity</i>	Water supply and sewage system	12/19/63 contract signed 9/17/64	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	1,500,000 1,650,000 3,150,000	1,500,000 1,650,000 3,150,000				4	42 semiannual beginning 3/17/69 (Interest and principal payable in currencies loaned)

FUND FOR SPECIAL OPERATIONS

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
BRAZIL (Cont'd)										
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Water supply	12/24/64 contract signed 12/31/64	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	3,000,000 4,000,000 7,000,000	3,000,000 4,000,000 7,000,000				4	35 semiannual beginning 1/3/68 (Interest payable in currencies loaned; principal payable in cruzeiros, except that principal repayments on the dollar portion may be made in dollars, at election of borrower)
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				31,915,000	21,041,355	10,873,645	10,433	10,863,212		
CHILE										
Corporación de Fomento de la Producción Corporación de la Reforma Agraria Public entities	Farm settlement	12/21/61 contract signed 5/2/62	Escudos U.S. dollars Total in U.S. dollars	1,470,000 5,657,000 6,343,950	1,070,033 3,743,429 4,139,738	399,967 1,913,571 2,204,212		399,967 1,913,571 2,204,212	4	27 annual beginning 5/2/66 (Interest and principal payable in escudos or in curren- cies loaned, at elec- tion of borrower)
Corporación de Fomento de la Producción Corporación de la Reforma Agraria Public entities	Technical assistance	12/21/61 contract signed 5/12/62	U.S. dollars	265,000	192,400	72,600		72,600	4	7 annual beginning 5/2/65 (Interest and principal payable in escudos or in dollars, at election of borrower)
Corporación de Fomento de la Producción Public entity	Aerial photogrametric survey	10/18/62 contract signed 12/20/62	U.S. dollars Less: Participations Net total in U.S. dollars	2,100,000 663,158 1,436,842		2,100,000 663,158 1,436,842		2,100,000 663,158 1,436,842	4	19 semiannual beginning 1/15/66 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				8,708,950	4,332,138	4,376,812		4,376,812		
Less: Participations				663,158		663,158		663,158		
Net total loans to Chile expressed in U.S. dollars				8,045,792	4,332,138	3,713,654		3,713,654		

COLOMBIA

Corporación Autónoma Regional de los Valles del Magdalena y del Sinú (Republic of Colombia) <i>Public entity</i>	Technical assistance	5/11/62 contract signed 7/17/62	Pesos U.S. dollars Total in U.S. dollars	3,300,000 <u>380,000</u> <u>662,949</u>	2,028,139 <u>344,661</u> <u>502,739</u>	1,271,861 <u>35,339</u> <u>160,210</u>	1,271,861 <u>35,339</u> <u>160,210</u>	4	12 semiannual beginning 1/17/66 (Interest and principal payable in currencies loaned)
Instituto Nacional de Fomento Municipal (Republic of Colombia) <i>Public entity</i>	Water supply and sewage system	7/12/62 contract signed 8/21/62	Pesos ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,000,000 <u>1,500,000</u> <u>2,500,000</u> <u>115,384</u> <u>2,384,616</u>	833,263 <u>1,296,432</u> <u>2,129,695</u> <u>115,384</u> <u>2,129,695</u>	166,737 <u>203,568</u> <u>370,305</u> <u>115,384</u> <u>254,921</u>	166,737 <u>203,568</u> <u>370,305</u> <u>115,384</u> <u>254,921</u>	4	52 semiannual beginning 2/21/67 (Interest and principal payable in currencies loaned)

TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS

Less: Participations

Net total loans to Colombia expressed in U.S. dollars

3,162,949	2,632,434	530,515	530,515
<u>115,384</u>		<u>115,384</u>	<u>115,384</u>
<u>3,047,565</u>	<u>2,632,434</u>	<u>415,131</u>	<u>415,131</u>

COSTA RICA

Banco Nacional de Costa Rica <i>Public entity</i>	Development of cooperatives	4/4/63 contract signed 5/15/64	U.S. dollars	1,000,000	850,000	150,000	150,000	4	37 semiannual beginning 5/15/67 (Interest payable in dollars; principal in colones)
--	-----------------------------	--------------------------------------	--------------	-----------	---------	---------	---------	---	---

TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS

<u>1,000,000</u>	<u>850,000</u>	<u>150,000</u>	<u>150,000</u>
------------------	----------------	----------------	----------------

ECUADOR

Sistema de Crédito de Fomento (Republic of Ecuador) <i>Public entity</i>	Oil palm cultivation	7/13/61 contract signed 10/31/61	Sucres ¹ U.S. dollars Total in U.S. dollars	276,000 <u>2,089,000</u> <u>2,365,000</u>	30,813 <u>1,866,570</u> <u>1,897,383</u>	245,187 <u>222,430</u> <u>467,617</u>	15,000 <u>20,000</u> <u>35,000</u>	230,187 <u>202,430</u> <u>432,617</u>	5	22 semiannual beginning 6/15/64 (Interest until 12/15/72 payable in sucres or currencies loaned, at election of borrower, thereafter in the currencies loaned; principal in the currencies loaned)
Banco Nacional de Fomento <i>Public entity</i>	Technical assistance	7/5/62 contract signed 9/20/62	U.S. dollars	97,000	108	96,892	48,446	48,446	4	2 annual beginning 9/20/64 (Interest and principal payable in dollars)
Sistema de Crédito de Fomento (Republic of Ecuador) <i>Public entity</i>	Agricultural and industrial development	10/25/62 contract signed 11/7/62	U.S. dollars	6,000,000	3,615,063	2,384,937		2,384,937	4	20 semiannual beginning 5/7/66 (Interest and principal payable in currencies loaned)

TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS

<u>8,462,000</u>	<u>5,512,554</u>	<u>2,949,446</u>	<u>83,446</u>	<u>2,866,000</u>
------------------	------------------	------------------	---------------	------------------

FUND FOR SPECIAL OPERATIONS

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
EL SALVADOR										
Banco Central de Reserva (Republic of El Salvador) Public entity	Electric power	8/10/61 contract signed 11/17/61	Colones U.S. dollars Total in U.S. dollars	147,317 123,802 182,728		147,317 123,802 182,728		147,317 123,802 182,728	4	34 semiannual beginning 5/17/70 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				182,728		182,728		182,728		
GUATEMALA										
Instituto Nacional de Electrificación (Republic of Guatemala) Public entity	Electric power studies	12/31/63 contract signed 6/18/64	U.S. dollars	300,000	300,000				4	10 semiannual beginning 12/18/66 (Interest and principal payable in currencies loaned)
Republic of Guatemala Public entity	Water supply studies	7/30/64 contract signed 8/26/64	U.S. dollars	235,000	235,000				4	6 semiannual beginning 2/25/67 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				535,000	535,000					
HAITI										
Banque Nationale de la République d'Haití (Republic of Haiti) Public entity	Agricultural and industrial development	4/9/61 contract signed 8/17/61	U.S. dollars	3,500,000	2,968,420	531,580		531,580	4	24 semiannual beginning 2/17/65 (Interest and principal payable in gourdes)
Banque Nationale de la République d'Haití (Republic of Haiti) Public entity	Water supply	3/5/64 contract signed 9/1/64	Gourdes ¹ U.S. dollars Total in U.S. dollars	190,000 2,170,000 2,360,000	190,000 2,170,000 2,360,000				2	40 semiannual beginning 3/1/72 (Interest and principal payable in gourdes)
TOTAL LOANS TO HAITI EXPRESSED IN U.S. DOLLARS				5,860,000	5,328,420	531,580		531,580		
HONDURAS										
Republic of Honduras Public entity	Highways	5/11/61 contract signed 8/11/61	U.S. dollars	2,250,000	800,654	1,449,346		1,449,346	4	32 semiannual beginning 1/1/66 (Interest pay- able in dollars, princi- pal in lempiras)

Republic of Honduras <i>Public entity</i>	Highway and air transport studies	11/9/61 contract signed 3/30/62	U.S. dollars Less: Participations Net total in U.S. dollars	960,000 198,776 761,224	209,553 209,553	750,447 198,776 551,671	96,000 96,000 	654,447 102,776 551,671	4	10 semiannual beginning 9/30/64 (Interest and principal payable in dollars)
Banco Nacional de Fomento (Banco Central de Honduras) <i>Public entity</i>	Agricultural development	4/12/62 contract signed 6/8/62	U.S. dollars Less: Participations Net total in U.S. dollars	6,000,000 600,000 5,400,000	3,485,829 3,485,829	2,514,171 600,000 1,914,171	 	2,514,171 600,000 1,914,171	4	24 semiannual beginning 12/8/66 (Interest and principal payable in dollars)
Republic of Honduras <i>Public entity</i>	Pulp and paper studies	11/19/64	U.S. dollars	200,000	200,000				4	18 semiannual beginning 18 months after date of contract (Interest pay- able in currencies loaned; principal in lempiras or, at election of borrower, in dollars or in the currencies loaned)
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				9,410,000	4,696,036	4,713,964	96,000	4,617,964		
Less: Participations				798,776		798,776	96,000	702,776		
Net total loans to Honduras expressed in U.S. dollars				8,611,224	4,696,036	3,915,188		3,915,188		

MEXICO

Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Pre-investment studies	4/4/63 contract signed 9/19/63	Pesos ¹ U.S. dollars Total in U.S. dollars	3,200,000 600,000 3,800,000	2,143,316 506,493 2,649,809	1,056,684 93,507 1,150,191		1,056,684 93,507 1,150,191	4	24 semiannual beginning 3/19/67 (Interest and principal payable in currencies loaned)
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Irrigation	10/22/64 contract signed 10/30/64	Pesos ¹ U.S. dollars Total in U.S. dollars	500,000 9,300,000 9,800,000	500,000 9,300,000 9,800,000				4	44 semiannual beginning 4/30/68 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				13,600,000	12,449,809	1,150,191		1,150,191		

NICARAGUA

Banco Nacional de Nicaragua (Republic of Nicaragua) <i>Public entity</i>	Livestock development	12/31/64	U.S. dollars	4,500,000	4,500,000				4	24 semiannual beginning 42 months after date of contract (Interest payable in currencies loaned; principal in cordobas or, at the election of borrower, in the currencies loaned)
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS				4,500,000	4,500,000					

FUND FOR SPECIAL OPERATIONS

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
PANAMA										
Instituto de Fomento Económico (Republic of Panama) Public entity	Agricultural development	12/7/61 contract signed 1/10/62	Balboas U.S. dollars Total in U.S. dollars	186,000 2,714,000 2,900,000	79,851 1,054,361 1,134,212	106,149 1,659,639 1,765,788		106,149 1,659,639 1,765,788	4	24 semiannual beginning 7/15/65 (Interest and principal payable in currencies loaned)
Republic of Panama Public entity	Highway studies	12/31/63 contract signed 4/17/64	U.S. dollars	300,000	300,000				4	17 semiannual beginning 4/15/66 (Interest and principal payable in dollars)
Banco Nacional de Panama (Republic of Panama) Public entity	Industrial development	12/10/64	U.S. dollars	1,000,000	1,000,000				4	21 semiannual beginning 48 months after date of contract (Interest pay- able in currencies loaned; principal in balboas or in the currencies loaned)
TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS				4,200,000	2,434,212	1,765,788		1,765,788		
PARAGUAY										
Banco Nacional de Fomento del Paraguay (Republic of Paraguay) Public entity	Industrial and agricultural development	3/24/61 contract signed 7/28/61	U.S. dollars	3,000,000	390,221	2,609,779	256,382	2,353,397	5¾	14 semiannual beginning 5/7/63 (Interest and principal payable in guaranies)
Republic of Paraguay Public entity	Land settlement	5/26/61 contract signed 7/28/61	U.S. dollars	250,000	8,976	241,024	55,556	185,468	4	18 semiannual beginning 2/1/63 (Interest and principal payable in guaranies)
Republic of Paraguay Public entity	Land settlement studies	4/5/62 contract signed 12/3/62	U.S. dollars	800,000	743,600	56,400		56,400	4	10 semiannual beginning 11/30/66 (Interest and principal payable in guaranies or dollars, at election of borrower)
Administración Nacional de Electricidad (Banco Central del Paraguay) Public entity	Electric power studies	12/6/62 contract signed 12/7/62	U.S. dollars	400,000	63,387	336,613		336,613	4	8 semiannual beginning 5/30/65 (Interest and principal payable in guaranies or dollars, at election of borrower)

Administración Nacional de Electricidad (Republic of Paraguay) <i>Public entity</i>	Electric power	4/18/63 contract signed 8/17/64	U.S. dollars	14,150,000	14,150,000				4	40 semiannual beginning 2/18/70 (First 20 principal payments, including corresponding interest, payable either in dollars or guaranies at election of borrower; remainder payable in currencies loaned)
Banco Nacional de Fomento (Republic of Paraguay) <i>Public entity</i>	Industrial development	7/30/64 contract signed 8/17/64	Guaranies ¹ U.S. dollars Total in U.S. dollars	500,000 3,500,000 4,000,000	500,000 3,500,000 4,000,000				4	23 semiannual beginning 8/18/68 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				22,600,000	19,356,184	3,243,816	311,938	2,931,878		
PERU										
Republic of Peru <i>Public entity</i>	Highway studies	8/20/64 contract signed 11/6/64	Soles ¹ U.S. dollars Total in U.S. dollars	115,000 360,000 475,000	115,000 360,000 475,000				4	17 semiannual beginning 11/6/66 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				475,000	475,000					
URUGUAY										
Establecimientos Frigoríficos del Cerro, S.A. <i>Public entity</i>	Meat processing plant	8/3/61 contract signed 11/30/61	Pesos ¹ U.S. dollars Total in U.S. dollars	190,000 450,000 640,000	190,000 253,000 443,000	197,000 28,143 197,000	28,143	168,857 168,857	5¾	14 semiannual beginning 5/31/64 (Interest and principal payable in currencies loaned)
Cooperativa Nacional de Productos de Leche (Republic of Uruguay) <i>Mixed entity</i>	Dairy industry	11/5/64	U.S. dollars	3,600,000	3,600,000				4	24 semiannual beginning 54 months after date of contract (Interest payable in dollars or proportionately in currencies loaned; principal in pesos or in dollars)
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				4,240,000	4,043,000	197,000	28,143	168,857		
VENEZUELA										
Instituto Agrario Nacional (Republic of Venezuela) <i>Public entity</i>	Farm settlement	11/8/62 contract signed 12/19/62	Bolivares ¹	2,700,000	2,700,000				4	39 semiannual beginning 12/19/63 (Interest and principal payable in bolivares)
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				2,700,000	2,700,000					

FUND FOR SPECIAL OPERATIONS

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Approved Date	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Principal Installments Repayment Terms
						Disbursed	Repaid	Outstanding		
CENTRAL AMERICA										
Central American Bank for Economic Integration Public entity	Regional industrial and infrastructure development	4/4/63 contract signed 4/26/63	Colones (Costa Rica)	1,350,000	1,350,000				4	32 semiannual beginning 10/26/67 (Interest and principal payable in currencies loaned, except that principal payments relating to \$1,000,000 of the dollar portion of the loan may be paid in currencies of member countries of the Central American Bank)
			Colones (El Salvador)	350,000		350,000		350,000		
			Quetzales	270,000	170,193	99,807		99,807		
			Lempiras	380,000	380,000					
			Cordobas	1,400,000	1,400,000					
			U.S. dollars	5,000,000	1,392,918	3,607,082		3,607,082		
			Total in U.S. dollars	6,003,927	2,157,038	3,846,889		3,846,889		
Central American Bank for Economic Integration Public entity	Regional industrial and infrastructure development	12/24/64	Colones (Costa Rica) ¹	80,000	80,000				4	32 semiannual beginning 54 months after the date of contract (Interest and principal payable in currencies loaned, ex- cept that principal payments on \$1,250,000 of the dollar portion may be paid in cur- rencies of the members of the Central Ameri- can Bank)
			Colones (El Salvador) ¹	100,000	100,000					
			Quetzales ¹	120,000	120,000					
			Cordobas ¹	100,000	100,000					
			U.S. dollars	7,800,000	7,800,000					
			Total in U.S. dollars	8,200,000	8,200,000					
			TOTAL LOANS TO CENTRAL AMERICA EXPRESSED IN U.S. DOLLARS				14,203,927	10,357,038			3,846,889		3,846,889
NET TOTAL ACTIVE LOANS EXPRESSED IN U.S. DOLLARS				169,267,736	119,668,978	49,598,758	798,228	48,800,530		
ADD: PARTICIPATIONS				1,645,058		1,645,058	96,000	1,549,058		
				170,912,794	119,668,978	51,243,816	894,228	50,349,588		
ADD: LOAN CANCELLATIONS				192,272						
TOTAL APPROVED LOANS EXPRESSED IN U.S. DOLLARS				171,105,066						

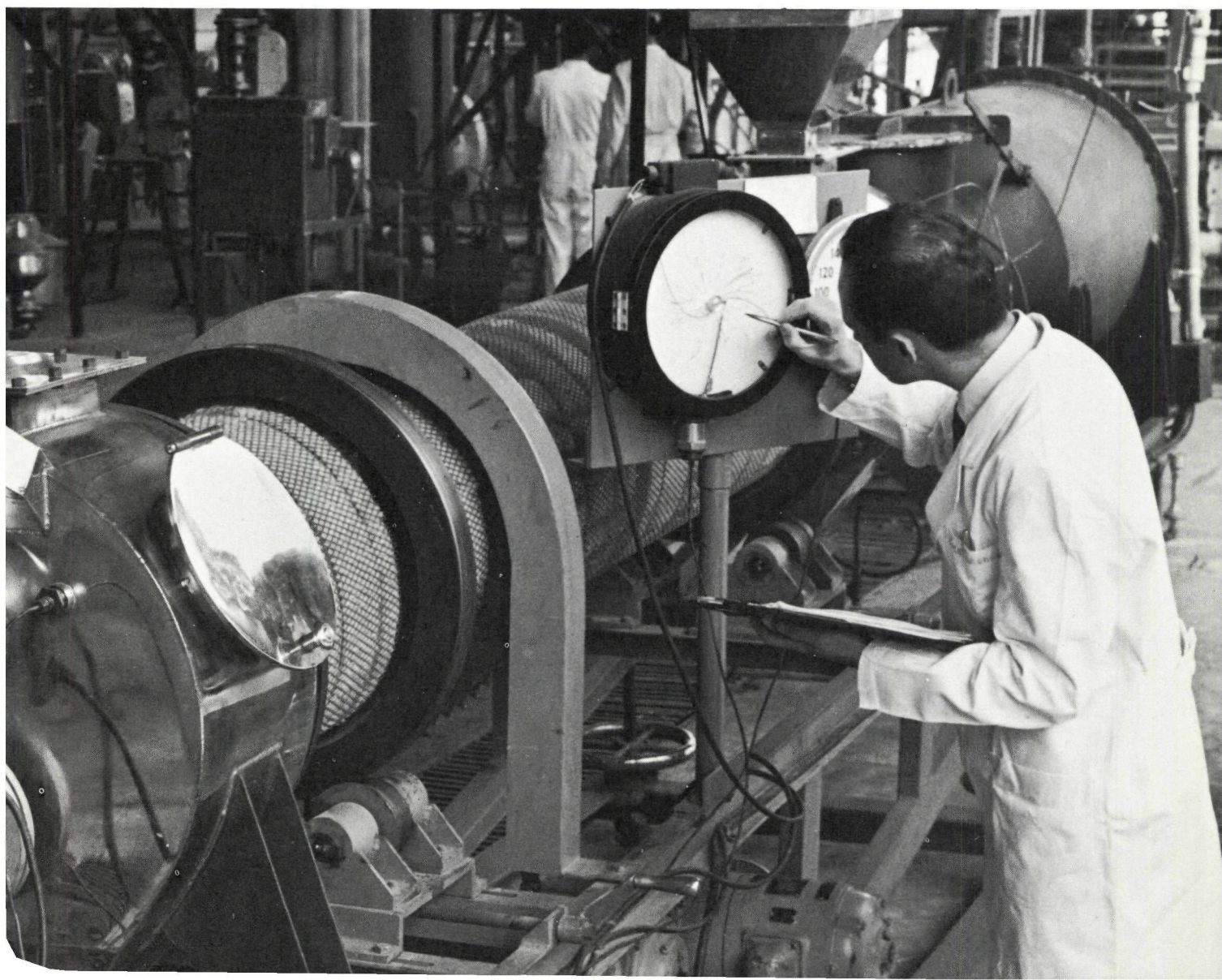
Notes:

A. All of the loans have been approved by the Bank, but certain loans have not become effective and disbursements thereunder will not begin until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.

B. Of the undisbursed balance of loans held by the Bank, the Bank has entered into irrevocable commitments to disburse \$865,680.

¹ Expressed in U.S. dollar equivalent.

LABORATORY EQUIPMENT
purchased by a Mexican
higher education institute
with the help of a Trust Fund loan
is helping train technicians
for Latin America's development.



Part III

SOCIAL PROGRESS TRUST FUND

Operations/Fiscal Year 1964

(Administered by the Inter-American Development Bank as Administrator under the Social Progress Trust Fund Agreement executed between the United States Government and the Bank on June 19, 1961)

Activities

The Social Progress Trust Fund, which the Bank has administered since June 1961 under an agreement with the United States Government, was established to promote social development in Latin America as part of the Alliance for Progress program. The Bank uses the resources of the Trust Fund to finance projects and programs in four social development fields. They are land settlement and improved land use, housing for low-income groups, community water supply and sanitation facilities, and higher education and advanced training. In addition the Bank uses the Trust Fund to provide technical assistance for purposes connected with projects in the above fields and for the mobilization of domestic financial resources and the strengthening of financial institutions.

The Trust Fund was established in 1961 with re-



VENEZUELA'S AGRARIAN REFORM program is being supported with loans from the Social Progress Trust Fund.

sources of \$394 million. Subsequently, the United States Government augmented this sum by \$131 million through a protocol signed with the Bank February 17, 1964. Thus the total resources which the Bank may commit as Administrator of the Fund amount to \$525 million.

The existence of the Trust Fund during the past few years has enabled the Bank to operate in fields previously not considered suitable for the activities of international lending agencies. This lending activity has already greatly contributed to improving social conditions in Latin America.

As indicated in the Fourth Annual Report, the Bank's lending volume from the Social Progress Trust Fund during 1963 was lower than that of the previous two years due to the limited amount of resources still uncommitted in the Fund during the year. The increase of \$131 million in the resources of the Trust Fund made available in February 1964 enabled the Bank to increase its lending volume sharply during the remainder of the year and by December 31, 1964, the year's commitments had risen to \$85,903,000, compared with \$47,070,000 authorized in 1963.

In April 1963, the Board of Governors asked the Board of Executive Directors to study the future relationship of the Fund for Special Operations to the other activities of the Bank and to appraise the sufficiency of its resources. On the basis of the re-

port of the Board of Executive Directors, the Governors at their Fifth Annual Meeting in Panama in April 1964 recommended that the member countries take the necessary steps to put into effect measures to increase the resources of the Fund for Special Operations by the equivalent of \$900 million through additional contributions by the member countries over a three-year period ending December 31, 1966. A total of \$750 million of this sum would be contributed by the United States and the equivalent of \$150 million would be contributed by the Bank's Latin American member countries in their own currencies. In connection with the activities carried out by the Social Progress Trust Fund, the resolution contained the following statement:

"In the future the Bank shall include in the operations of the Fund financing for social development purposes, including those heretofore financed through the Social Progress Trust Fund. Similarly, the Board of Executive Directors in establishing financing policies for the Fund shall take into consideration the policies which have guided the operations of the Social Progress Trust Fund."

In accordance with the terms of the Trust Fund Agreement, the Bank as Administrator publishes a separate detailed report on the operations of the Fund as well as the measures being taken by the borrowing countries to accomplish the objectives of the Act of Bogota and the Charter of Punta del Este.

Loans

During 1964 the Bank authorized 29 loans totaling \$85,903,000 from the Social Progress Trust Fund, compared with 20 totaling \$47,070,000 in 1963. Cumulative lending from the Trust Fund as of December 31, 1964, had risen to \$450,035,000,¹ leaving less than \$75 million of the Trust Fund's resources uncommitted as of December 31, 1964.

Disbursements in 1964 amounted to \$66,842,535, compared with \$65,905,268 disbursed in 1963. Cumulative disbursements at the end of 1964 totaled \$155,490,156.

Five of the loans, amounting to \$18,500,000, extended from the Trust Fund were for land settlement and improved land use in Brazil, Colombia, Costa Rica (two) and Peru.

Six loans, totaling \$27,250,000, were extended for projects for housing for low-income groups in

Chile, Colombia (two), Costa Rica, Nicaragua and Paraguay.

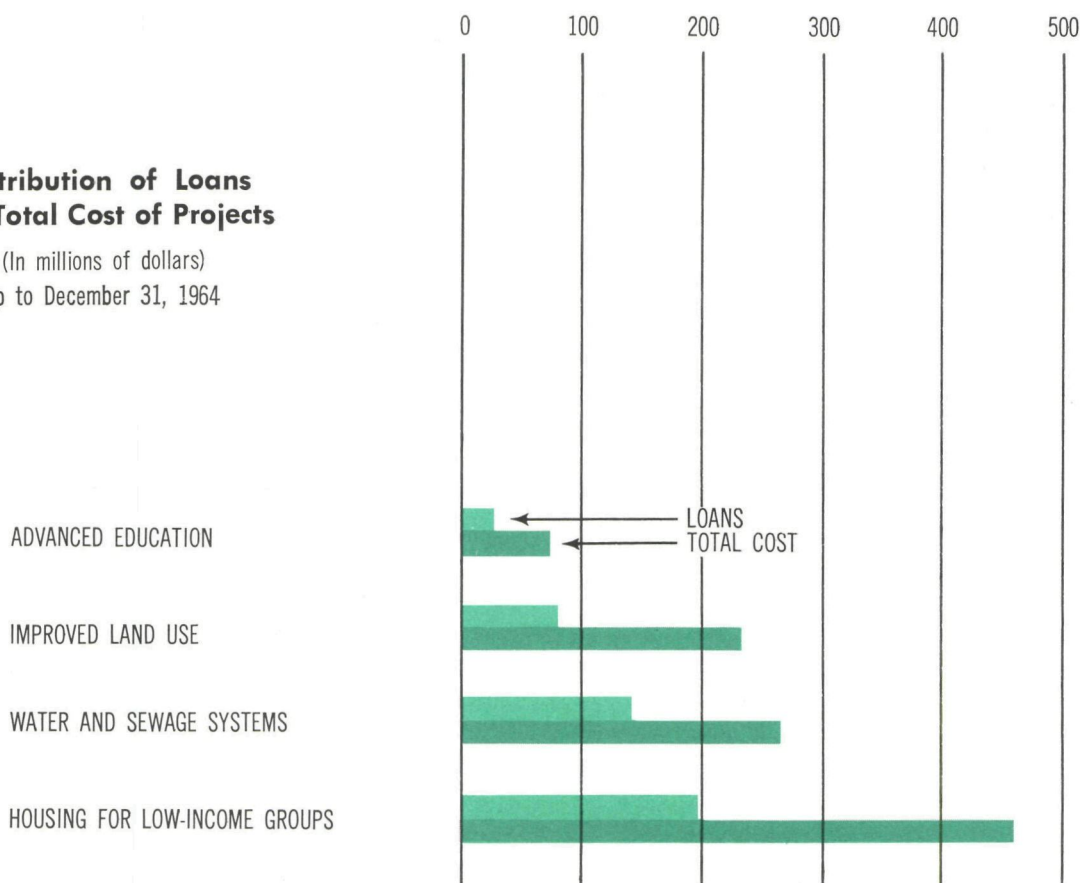
Eight loans, totaling \$26,620,000, were authorized for water supply and sanitation facilities in Argentina, Chile, the Dominican Republic, El Salvador, Guatemala, Honduras, Peru and Venezuela. An additional two loans were extended for technical assistance studies to improve water supply or sanitation facilities in Costa Rica and Ecuador.

Finally, eight loans amounting to \$13,125,000 were extended for higher education or advanced training in Bolivia, Brazil, Chile (two), Colombia, the Dominican Republic and Peru (two). The total amount lent for education in 1964 was nearly as much as had been approved from the Trust Fund for educational facilities in the previous three years.

The cumulative cost of all the projects financed with loans from the Trust Fund through December 31, 1964, was approximately \$1 billion. The Bank's participation in this financing amounted to 40 per

Distribution of Loans and Total Cost of Projects

(In millions of dollars)
Up to December 31, 1964



¹ Net of cancellations.

cent. The remaining 60 per cent came primarily from the funds provided by the borrower.

Description of Loans

This section contains a description of the loans authorized from the Social Progress Trust Fund during 1964, grouped in the following four categories:

- A. Land Settlement and Improved Land Use.
- B. Housing for Low-Income Groups.
- C. Community Water Supply and Sanitation Facilities.
- D. Higher Education and Advanced Training.

The rate of interest for all loans with the exception of those for community water supply and sanitation was $1\frac{1}{4}$ per cent per annum. The rate on water supply and sanitation loans was $2\frac{3}{4}$ per cent annually.

Principal and interest payments on Trust Fund loans are made in local currencies or, at the option of the borrower, in dollars. In addition, a service charge of $\frac{3}{4}$ of 1 per cent, payable in dollars, is charged on principal amounts outstanding.

The terms of the loans, including grace periods, ranged from 19 to 30 years for all loans with the exception of the two technical assistance loans for water supply and sewage studies which were extended for 7 and 8 years respectively.

A. Land Settlement And Improved Land Use

Brazil

\$2.7 million 20-year $1\frac{1}{4}$ % loan of July 30, 1964

Borrower: SUPERINTENDÊNCIA DO DESENVOLVIMENTO DO NORDESTE

The *Superintendência do Desenvolvimento do Nordeste (SUDENE)*, the Brazilian government agency established in 1959 to plan, coordinate and carry out development programs in Brazil's Northeast, has prepared a broad agricultural and livestock development program designed to raise farm productivity in the region. As part of the program, *SUDENE* has formulated a three-year, \$19-million,

supervised credit plan for agricultural cooperatives to provide small-scale farmers with medium- and long-term credits for farm investments.

The plan also calls for the establishment of rural extension services, farm mechanization, soil conservation, and other promotional activities. More than 600 agricultural cooperatives are located in the Northeast, but their operations are limited by a lack of medium- and long-term credit facilities and trained administrative personnel.

This loan will finance 14 per cent of the cost of the supervised credit plan. *SUDENE* will channel the funds to cooperatives and to the small-scale farmers who make up their membership. Up to \$75,000 of the loan proceeds may be used to finance technical assistance necessary to carry out the project. The cooperatives will extend credits to individual farmers for amounts of up to \$1,500. The plan, which will benefit about 50,000 low-income farmers, is designed to increase the production of vegetables, corn, beans, rice, potatoes, mandioca, meat, milk, fruits, cotton and sisal. It is estimated that 70 per cent of the increased production resulting from the program will be utilized in the Northeast and the remainder in other areas of the country or abroad. The loan is guaranteed by the United States of Brazil.

Colombia

\$7 million 20-year $1\frac{1}{4}$ % loan of May 21, 1964

Borrowers: FONDO DE DESARROLLO Y DIVERSIFICACION DE ZONAS CAFETERAS AND FEDERACION NACIONAL DE CAFETEROS

Coffee represents about one-fifth of the contribution of agriculture to the gross domestic product of Colombia and provides employment to about 500,000 persons, or 14 per cent of the economically active population. Exports of coffee are also the principal source of foreign exchange income for the country. Fluctuations in world coffee prices thus cause strong repercussions not only on the coffee growing sector but also on the whole Colombian economy.

Caldas, which accounts for about one-third of the crop, is the nation's largest coffee producing department. To diversify its economy the Department in 1963 drew up a five-year development and diversification program with the technical assistance of a

mission of the Inter-American Agricultural Development Committee, sponsored by the Inter-American Bank and the Organization of American States.

The *Fondo de Desarrollo y Diversificación de Zonas Cafeteras*, which will carry out the program, is a non-profit institution established in 1963 to coordinate the diversification of those areas whose economies depend primarily on coffee. This loan which will benefit 4,000 low-income farm families, will help finance a two-year farm credit project which represents the first stage of the diversification program.

It will supplement a domestic contribution of \$4,340,000 and will be used principally to help develop poultry production and cattle herds and to expand the production of food crops. The funds will be relented to farmers in sums of up to \$3,000 to purchase materials and equipment for installations, seeds, fertilizers and related farm production aids. The credits will be accompanied by technical assistance which will be provided to farmers through the Extension Service of the Caldas Coffee Committee.

The objective of the program is to transform family-size coffee holdings, ranging from 8 to 50 acres, into properties devoted to farm and dairy products. By the end of two years it is estimated that more than 50,000 acres of marginal coffee lands and 30,000 acres of grasslands will have been shifted to farming various other crops, primarily vegetables and fruits, and to the production of eggs, milk and meat. Once the project is completed the yearly output of the 80,000 acres to be improved is expected to rise in value from the present level of \$7.1 million to \$21 million.

Costa Rica

\$4 million 20-year 1¼ % loan of May 21, 1964
Borrower: REPUBLIC OF COSTA RICA

Although more than half of Costa Rica's economically active population is engaged in agriculture, this sector's contribution to the gross domestic product declined from 45 per cent in 1950 to less than 37 per cent in 1962. The Costa Rican Government is making efforts to diversify and increase agricultural productivity, particularly for domestic consumption.

This loan will help finance a program to construct or improve 50 feeder roads with a total length of 392

miles in areas that account for 51 per cent of the nation's agricultural output and which contain 65 per cent of the nation's rural population. In the selection of the individual projects, priority is being given to areas of greater farming potential, which are currently unable to increase production due to inadequate transportation facilities, and to the completion of existing road networks or the improvement of heavily traveled roads in the more productive agricultural regions. The total cost of the program is estimated at \$6 million. About 67 per cent of this total will be financed by the loan and 33 per cent by the Costa Rican Government.

\$1.3 million 20-year 1¼ % loan of October 1, 1964
Borrower: INSTITUTO DE TIERRAS Y COLONIZACION

This loan will finance 50 per cent of the cost of a project to settle 600 landless farm families on individual plots of a minimum of 20 acres each in the Province of Limón, which stretches along Costa Rica's Caribbean coast. The family plots will be devoted primarily to the cultivation of corn and rice and to a lesser extent to fruits, vegetables, milk, beef and pork. The project also calls for the cultivation on a cooperative basis of about 11,000 acres which will be devoted to export crops and cattle-raising.

The proceeds of the loan will be used to make credits available to the individual farmers and to the cooperatives for fences, seeds, fertilizers, machinery, livestock and work animals, and for related farm improvements. The domestic contribution will finance land purchase, technical assistance, the reconditioning of existing houses, facilities for the cooperatives, and educational and medical facilities. Once the area enters into full production, farm family income is expected to rise to more than \$1,700 annually, a figure which is some 60 per cent higher than the present average income. The loan is guaranteed by the Republic of Costa Rica.

Peru

\$3.5 million 25-year 1¼ % loan of October 8, 1964
Borrower: REPUBLIC OF PERU

In 1962, the Ministry of Development and Public Works of Peru drew up a plan to irrigate 1.2 million

acres of land and to improve the irrigation systems of another 800,000 acres as part of a 10-year effort to raise agricultural productivity and improve rural living conditions. The plan includes a program to build 24 small irrigation works in the Peruvian Sierra, where 60 per cent of the nation's population lives. Most of these are engaged in agricultural activities. The system of land tenure, in addition to a lack of technical and credit facilities, poses serious obstacles to the region's development.

This loan will finance 63 per cent of the cost of seven of the 24 projects which will improve irrigation in a total area of 42,500 acres where 4,400 low-income farmers live. At the same time the land tenure systems of these farm communities will be readjusted and credit and technical assistance will be made available to the farmers under the terms of the agrarian reform law adopted by Peru in 1964.

Agricultural output, principally corn, wheat, barley, potatoes, vegetables and fruits, in the seven areas is expected to increase three-fold once the systems are completed. The *Fondo Nacional de Desarrollo Económico*, the nation's rural development agency, will carry out the seven projects.

B. Housing For Low-Income Groups

Chile

\$5 million 27-year 1¼ % loan of July 30, 1964

Borrower: CAJA CENTRAL DE AHORROS Y PRESTAMOS

In May 1962, the Bank made a \$5 million loan from the Trust Fund to the *Caja Central de Ahorros y Préstamos* to help finance the construction throughout the country of 2,300 houses for low-income families belonging to housing cooperatives. Increased domestic participation in the program made possible the construction of more than 3,200 houses, instead of the number originally planned. The program stimulated the growth of the savings and loan system by providing an incentive for the establishment of new housing cooperatives and by attracting new depositors to the system. By June

1964 the number of depositors was three times that in 1962. This brought about a proportionate increase in the savings available in the system for home mortgage loans.

This new loan will help to finance a program that calls for the construction of 2,500 additional homes at an average cost, including land, of \$3,080. The houses will be built on land owned by cooperatives, where plans and engineering specifications on urbanization and construction have been completed. As part of its drive to mobilize domestic resources for housing construction, the *Caja Central* is making vigorous efforts to open up a secondary mortgage market in Chile with a view to increasing its lendable resources. The loan is guaranteed by the Republic of Chile.

Colombia

\$7.5 million 20-year 1¼ % loan of October 8, 1964

Borrower: INSTITUTO DE CREDITO TERRITORIAL

In 1961 the *Instituto de Crédito Territorial*, Colombia's national housing agency, initiated a four-year urban housing plan to build 110,000 units in order to reduce the nation's urban housing deficit, which in 1962 was estimated at 279,000 units. Within that plan, about 32,000 houses were built in 1962, 25,000 in 1963 and 26,000 in 1964. An additional 28,000 are to be built in 1965. The Inter-American Bank has contributed to this effort with a \$15.2 million loan extended from the Trust Fund in 1962, under which, more than 13,000 homes in various cities were built.

This loan will help to finance a similar program, whose total cost is \$17.7 million, that calls for the construction of more than 7,000 homes over a two-year period in 22 Colombian cities. Some 42.5 per cent of the cost of the program will be financed by the Bank; 21.7 per cent, by the Colombian Government; 10.1 per cent, by private enterprises, cooperatives and unions, and the remaining 25.7 per cent, by the beneficiaries. The average cost of the homes will be \$2,500 with a maximum limit of \$4,500 and they will be allocated to families whose monthly incomes are less than \$160.

About 3,500 of the 7,000 units will be built through the aided self-help system and with credits

from the *Instituto* for the purchase of building materials by participants who join together in building their homes under the technical direction of the housing agency. Some 2,100 houses will be built by lot owners with the aid of construction loans provided by the *Instituto*. Another 1,400 homes will be built by contractors with financing provided by the beneficiaries, the *Instituto*, workers' cooperatives and business enterprises interested in solving the housing problems of their employees. The loan is guaranteed by the Republic of Colombia.

\$2.5 million 20-year 1¼ % loan of December 24, 1964
Borrower: INSTITUTO DE CREDITO TERRITORIAL

This loan will finance the construction of 1,400 homes for low-income workers belonging to the *Alianza Democrática Sindical Colombiana de Viviendas*, an institution formed by the Union of Workers and the Federation of Workers, Colombia's two largest labor groups. The basic objectives of the *Alianza* is to promote and carry out social development programs, especially those connected with

workers housing cooperatives, for its members. In this objective, the organization has the cooperation of the American Institute for Free Labor Development.

The project, which would be carried out by the *Instituto de Crédito Territorial (ICT)*, includes the construction of 1,120 houses and 280 apartment units on land owned by the *Instituto* in the Bogota suburb, Timisa, which borders Ciudad Kennedy, the housing project being built with Colombian and external resources under the Alliance for Progress program.

The homes will be allocated to workers whose monthly family incomes do not exceed \$130. Beneficiaries will make a 10 per cent down payment and will pay the balance over 20 years in monthly installments which will not exceed 25 per cent of their family income. The Bank loan will finance 59 per cent of the total cost of the project; the *ICT*, 10 per cent; the beneficiaries, another 10 per cent, and private enterprises employing the beneficiaries, the remaining 21 per cent. The loan is guaranteed by the Republic of Colombia.

ABOUT 230,000 HOMES for low-income families in Latin America are being financed with Trust Fund loans.
These are north of Valparaiso, Chile.



Costa Rica

\$3.6 million 25-year 1¼ % loan of December 24, 1964
 Borrower: INSTITUTO NACIONAL DE VIVIENDA Y URBANISMO

This loan will finance 56 per cent of the cost of a program to build 2,816 houses for low-income families in urban and rural areas of Costa Rica. The houses will be built over a two and a half year period in three projects. The first consists of the construction of 1,509 houses in urban zones at an average cost of \$2,409, which would be allocated to families whose monthly incomes range from \$54 to \$215. Beneficiaries would put up at least 10 per cent as a down payment. The project is the continuation of a program under which 2,330 houses were built with the aid of a \$3.5 million loan extended by the Bank in 1961.

The second consists of the construction of 1,012 rural houses through the aided self-help system in which the beneficiaries provide the labor. The average cost of these homes is \$2,186 and will be allocated to families whose monthly incomes are between \$27 and \$68.

The third provides for the extension of 295 supervised credits which will be used to build or improve houses on farms owned by low-income farmers. The average cost of these houses will be \$1,748 and will be allocated to families with monthly incomes of between \$45 and \$211. Up to \$100,000 of the proceeds of the loan may be used to finance technical assistance related to the execution of the program. The loan is guaranteed by the Republic of Costa Rica.

Nicaragua

\$5,250,000 25-year 1¼ % loan of December 31, 1964
 Borrower: INSTITUTO NICARAGUENSE DE LA VIVIENDA

This loan will finance 51.7 per cent of the cost of a project to build 3,774 housing units for low-income families in Managua and other Nicaraguan cities. It is a further step taken by the Bank to help Nicaragua alleviate its housing deficit, which is one of its most urgent social problems. In 1962 the Bank had extended a \$5.2-million loan from the Trust Fund to the *Instituto Nicaragüense de la Vivi-*

enda (INVI) to help finance the construction of 2,883 homes for low-income families.

Before the new project is undertaken, *INVI* will be reorganized to function as a central bank for the national savings and loan system, in addition to acting as a housing bank. Under the projected reorganization, the Institute will be able to discount mortgages held by the country's savings and loan associations, and thus help them to mobilize additional resources for the construction of low-cost housing.

INVI will be responsible for building 2,007 of the 3,774 units and for completing another 600 units. Part of these will be built by contractors under bids and the remainder will be put up by the beneficiaries themselves under the aided self-help system. The homes will be assigned to families whose monthly incomes do not exceed \$150. The remaining 1,167 units will be built through the savings and loan system. These homes will be assigned to families affiliated with the system whose monthly incomes range from \$50 to \$180. The loan is guaranteed by the Republic of Nicaragua.

Paraguay

\$3.4 million 30-year 1¼ % loan of September 10, 1964
 Borrower: REPUBLIC OF PARAGUAY

Through a technical assistance grant authorized in 1963 the Bank assisted Paraguayan authorities to organize a national housing agency, the *Instituto Paraguayo de Vivienda y Urbanismo*, and to formulate a project to build 3,810 houses for low-income groups, as the initial step in a broad effort to alleviate the nation's housing deficit, estimated at more than 160,000 units.

This loan will finance 50 per cent of the cost of the project, which will be carried out as follows: About 1,500 homes will be built through the aided self-help system in areas where colonization projects are under way, especially in the Alto Parana region; another 300 will be built in rural and urban areas with the participation of housing cooperatives, whose members will contribute labor and construction lots, and another 740 will be partially built by local contractors and then completed by the beneficiaries through the aided self-help system. In addition, the

Instituto will extend about 1,270 credits to finance houses for participants who have already purchased their lots or are improving their houses.

Up to \$125,000 of the loan as well as an additional grant of \$125,000, also extended from the Trust Fund, may be used for technical assistance related to the execution of the project and to the *Instituto's* planning activities.

Community

C. Water Supply And Sanitation Facilities

Argentina

\$3.5 million 19-year 2¾ % loan of July 30, 1964
Borrower: ADMINISTRACION GENERAL DE OBRAS
SANITARIAS DE LA NACION

This loan, together with a \$2 million loan from the Fund for Special Operations (see page 67), will help to finance an extensive project to provide adequate water services to the southeast Buenos Aires suburbs of Avellaneda and Lanús, which have a combined population of 800,000 persons. Of these, 180,000 have no city water connections and the rest receive service which falls far short of normal requirements. The area's high morbidity and mortality rates, particularly among children, are attributed to poor water supply conditions.

Sixty-six per cent of the water supply which will be made available by this project is for low-income families. The remainder will be used by business and industrial firms and by middle-income families. The loan will help to finance this phase of the project.

The *Administración General de Obras Sanitarias de la Nación*, the nation's water supply and urban sanitation authority, will finance 48 per cent of the \$10.5-million total cost of the project. Work to be done includes the construction of an underground conduit nearly 6 miles in length and the installation of a suction chamber and a water-lifter station, together with the expansion and improvement of the distribution system. The loan is guaranteed by the Republic of Argentina.

Chile

\$2.5 million 30-year 2¾ % loan of March 12, 1964
Borrower: REPUBLIC OF CHILE

Some 70 per cent of Chile's urban population has home water connections but less than 1 per cent of the rural population enjoys access to public water systems. Rural sanitary conditions, as a result, are poor and the incidence of waterborne diseases is high. This situation has prompted the Chilean Government to include, in its 10-year national economic and social development plan, a five-year program to install water supply systems in rural communities throughout the country.

This loan will finance 50 per cent of the cost of the first stage of the rural sanitation program, which calls for the construction of water supply systems in about 300 rural communities with a total population of 155,000 persons over a two-year period. Another 30 per cent will be financed by the Chilean Government through its National Health Service, the agency in charge of the program, and the remaining 20 per cent will be financed by the participating communities in the form of direct labor or cash payments.

The projects consist of the construction of wells and the installation of storage tanks, water pumps, distribution systems and public fountains. Home connections will be installed for users who can assume the cost of such service. The program will rely heavily on the cooperation of the communities, which will participate through local water supply boards. These will be organized in the form of co-operatives and will be responsible for negotiating financial aid from the National Health Service and for administering and maintaining water systems.

Costa Rica

\$140,000 7-year 2¾ % loan of June 30, 1964
Borrower: SERVICIO NACIONAL DE ACUEDUCTOS
Y ALCANTARILLADO

The metropolitan area of San Jose, the capital of Costa Rica, has a population of approximately 280,000 inhabitants, and this figure is expected to double by 1980. Only about 27 per cent of the present population is served by the city's sewer system. The remaining 73 per cent uses individual septic tanks or completely lacks modern facilities.

This loan will finance 65 per cent of the cost of a feasibility study and the preparation of designs, plans, specifications, and financial and socio-economic studies necessary to undertake the construction of the first stage of a program to extend the sewage system to the entire metropolitan area. The studies will be related to the expansion currently being carried out of the city's water supply system. In 1963 the Bank made a \$100,000 technical assistance loan to the borrower, *Servicio Nacional de Acueductos y Alcantarillado*, the nation's water supply and sanitary agency, to help finance similar studies in several communities outside the San Jose metropolitan area.

Dominican Republic

\$1,150,000 26-year 2¾ % loan of July 30, 1964
Borrower: DOMINICAN REPUBLIC

In 1962, according to the *Instituto Nacional de Aguas Potables y Alcantarillados*, the Dominican Republic's water supply agency, only 53 per cent of the nation's 981,000 urban inhabitants had access to potable water supply services and only 14 per cent of its 2.3 million rural inhabitants had such services from wells, tanks or cisterns. The Dominican Government has drafted a long-range water supply program designed to improve existing systems and establish new ones in communities which lack potable water service.

This loan will finance 52 per cent of the cost of the program's first stage, which will benefit five communities with a total of 63,000 inhabitants. It includes the improvement of existing systems in the cities of La Romana and San Pedro de Macorís, with a combined population of 53,000, and the installation of new systems in the communities of Pimentel, Castillo and Hostos, which have a total population of 10,000.

The projects include the drilling of wells and the installation of water mains, distribution systems, storage tanks, hydrants, home connections, water meters and other supplementary facilities.

Once the projects are completed, the percentage of the population served in the cities of La Romana and San Pedro de Macorís will rise from 27 to 50 per cent and in the communities of Pimentel, Castillo

and Hostos, which now lack water supply systems, to 50 per cent.

Ecuador

\$268,000 8-year 2¾ % loan of July 30, 1964
Borrower: MUNICIPALIDAD DE GUAYAQUIL

The existing sewage system of Guayaquil, which, with a population of more than 500,000 persons, is Ecuador's largest city, is in poor condition and covers only 50 per cent of the city's area. High tides periodically flood the system, as well as the city's storm-water drains. If the city's sanitation problems are to be solved, its sewage system must be improved, storm-water drains installed and some earth-filling work carried out.

This technical assistance loan will finance 59 per cent of the cost of a series of feasibility studies for a master sewage disposal plan designed to meet the city's needs for a period of 25 years. The project also includes the preparation of designs, specifications and budget studies for the construction of at least the first stage of the plan and for the organization of an autonomous agency which will be responsible for carrying out the program. Local engineers will assist in the preparation of the studies and the master plan in order to give them additional training and enable them to operate the improved system in an efficient fashion. The loan is guaranteed by the Republic of Ecuador.

El Salvador

\$4.4 million 26-year 2¾ % loan of October 1, 1964
Borrower: ADMINISTRACION NACIONAL DE ACUEDUCTOS Y ALCANTARILLADOS

The borrower, a public agency responsible for El Salvador's water supply and sanitary systems, has received three loans totaling \$4.8 million from the Bank. These included one for \$1,260,000 to improve the water supply of the nation's five largest cities; another for \$840,000 to expand the sewage systems of the same cities, and a third for \$2.7 million for a water supply and sanitation program for 93 towns. These projects, now near completion, are part of a national plan to improve sanitation in all communities with more than 2,000 persons each.

This loan will help finance a new phase of the urban plan as well as the first stage of a similar program for rural areas, which includes:

- The expansion and improvement of water systems in 38 towns with more than 2,000 inhabitants each and with a total population of 299,000.
- The expansion and improvement of sewage systems in 8 towns with more than 2,000 persons each and a total population of 173,000.
- The construction of rural water supply systems and public water fountains in 68 communities with less than 2,000 inhabitants each and a combined population of 108,000 persons.

Over a 10-year period subsequent phases of the rural program are expected to provide water supply services to approximately one million persons. These efforts will help to reduce the high mortality and morbidity rates attributable to waterborne diseases, which account for 10 per cent of all deaths and reduce productivity of labor. The loan is guaranteed by the Republic of El Salvador.

Guatemala

\$3,020,000 25-year 2¾ % loan of December 24, 1964
Borrower: INSTITUTO DE FOMENTO MUNICIPAL

In 1962 the *Instituto de Fomento Municipal*, the

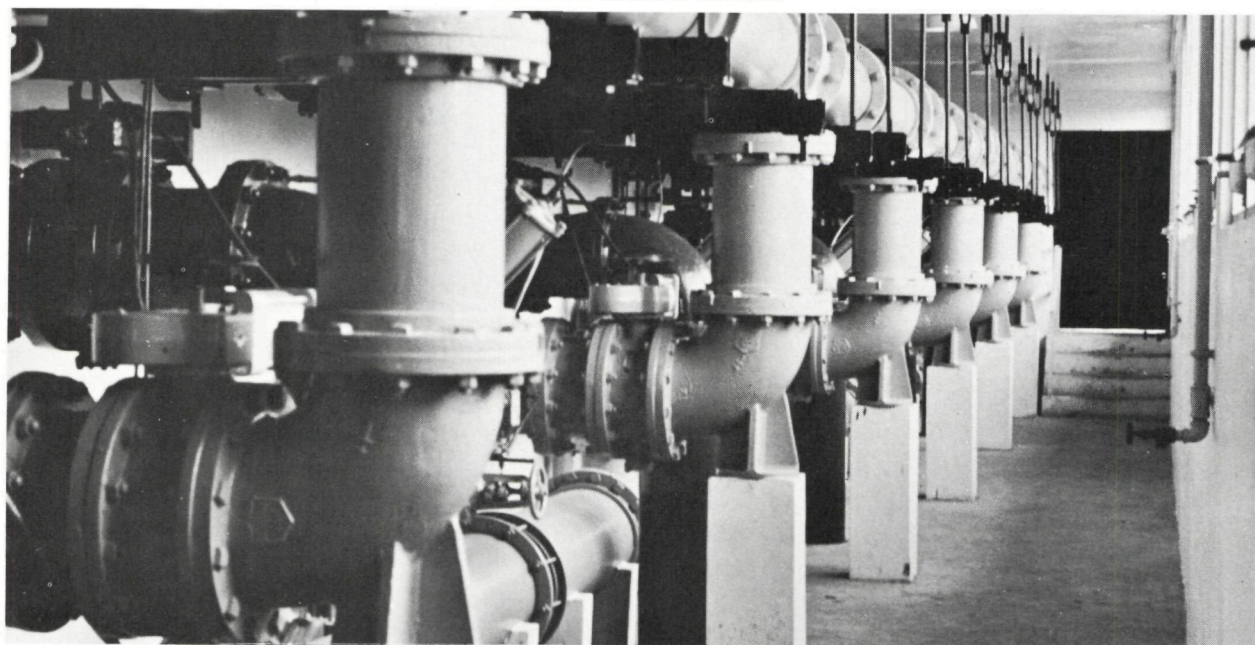
agency responsible for promoting the development of municipalities in Guatemala, initiated, with the help of the Inter-American Bank, a plan to provide water supply and sewage services to communities in the interior of the country. The plan is expected to improve the standard of living of the rural population and to reduce migration to the urban centers in the highlands, where high population density causes serious social problems and impedes orderly economic development.

In the initial stage, the *Instituto* programmed the construction, with local resources and the aid of a \$3.5 million loan from the Trust Fund, of 54 water supply and 31 sewage systems in various communities. These will provide water service to 82,000 persons and sewage to another 120,000.

This loan will finance 67 per cent of the cost of a new stage of the plan, which calls for the construction of water systems in 23 communities and sewage systems in 7. These will benefit 150,000 inhabitants. About 70 per cent of the houses in the 23 communities where water supply systems will be built and 75 per cent of those in the 7 communities where sewage works will be undertaken lack such facilities at present. The loan is guaranteed by the Republic of Guatemala.

WATER SUPPLY in various cities in Panama is being improved with Trust Fund financing.

This one is located at Chorrera.



Honduras

\$400,000 25-year 2¾ % loan of October 8, 1964

Borrower: SERVICIO AUTONOMO NACIONAL DE ACUEDUCTOS Y ALCANTARILLADOS

The Government of Honduras has prepared a four-year public health program designed to benefit approximately 500,000 persons, or a quarter of the nation's population, by providing them with adequate water supply and sanitary services. In 1963 the Bank made a loan of \$2,150,000 to help finance one phase of this plan, designed to provide adequate water supply to the city of Tegucigalpa, the capital.

This loan will finance 80 per cent of another program contained in the plan which calls for the improvement of the water supply systems of six communities with a combined population of 34,600. These communities are Choluteca, Danlí, Siguatepeque, La Paz, San Marcos de Colón and Marcala. The proceeds will be used to improve and expand the intake, transmission and distribution facilities, as well as home connections. The loan is guaranteed by the Republic of Honduras.

Peru

\$1,650,000 30-year 2¾ % loan of March 19, 1964

Borrower: REPUBLIC OF PERU

According to the 1961 census, about 60 per cent of Peru's 10.5 million inhabitants lived in rural communities of less than 2,000 persons each. The great majority of this rural population lacked potable water supply services, a condition that was reflected in high rates of gastrointestinal diseases, particularly typhoid fever. To improve this situation, Peruvian authorities have initiated a number of national and regional rural development programs, including a basic rural sanitation plan under which potable water is to be provided to some 3 million persons during the next 10 years.

This loan will finance 53 per cent of the cost of the first stage of the rural sanitation plan, which calls for the installation over a two-year period of water supply systems in 150 rural communities with a combined population of 150,000 persons. Another 40 per cent will be financed by the Peruvian Government through the special public health service, the agency in charge of the plan, and the remaining 7

per cent by the participating communities through labor or cash contributions. The projects call for the construction of wells and the installation of treatment, pumping and storage facilities, along with distribution lines, public fountains, and home connections. Up to \$20,000 of the loan may be used to finance technical assistance services related to the execution of the program, including the establishment of water supply rates and accounting methods. Once in operation, the supervision and maintenance of the system will be the responsibility of the participating communities.

Venezuela

\$10 million 20-year 2¾ % loan of December 24, 1964

Borrower: REPUBLIC OF VENEZUELA

In 1961, the Venezuelan Government initiated a national rural water supply program as part of a broad effort to raise the economic and social standards of the nation's farm population. The Bank supported the first stage of that program with a \$10 million loan which is helping to build water supply systems in 338 communities with a combined population of about 300,000.

This loan will help finance a new project to build water systems in about 300 more communities with a combined population of 275,000 persons. The project will be carried out by the *División de Acueductos Rurales*, an agency of the Ministry of Health and Social Welfare. About 82 per cent of the persons who will be supplied by the new systems will have home connections and the remaining 18 per cent will have access to public fountains.

The project provides for the construction of new aqueducts and water supply systems and the expansion and improvement of existing facilities. Once the two projects financed with the help of the Bank, as well as others being constructed solely with domestic funds, are completed, the nation's goal of providing water supply systems to all towns between 500 and 5,000 persons by 1967 will be fulfilled. The Bank is helping to improve water systems for cities of more than 5,000 inhabitants each with another loan for \$10 million made in 1961. This program is benefiting 55 communities with an aggregate population of 380,000 persons.

D. Higher Education And Advanced Training

Bolivia

\$325,000 20-year 1¼% loan of May 7, 1964
Borrower: REPUBLIC OF BOLIVIA

The *Instituto Tecnológico Boliviano* is the newest of eight state-supported higher education centers in the country. It was founded in 1962 to train more engineers and technicians, an objective that has received high priority in Bolivia's ten-year economic and social development plan, since there is a marked need for technical manpower to achieve the goals of the plan. The institute is organized in five schools: Petroleum, Geology, Metallurgy, Mines and Petrochemistry. However, the latter three offer limited academic work because they lack laboratory facilities for specialized courses. Its initial enrollment was 800 students—200 in regular courses, 120 in preparatory courses and 480 in extension courses.

The proceeds of this loan will finance the acquisition of laboratory equipment for teaching and research purposes and of duplicating machines and bibliographic material for a technological documents center and a scientific library. For its part, the institute will put up \$185,000 to complete a building for classrooms and for 18 laboratories. It also plans to develop a full-time teaching staff, since the present faculty of about 100 teachers serves largely on a part-time basis. The expanded facilities will enable the institute to render technical services to government agencies and to public and private industries, particularly in the fields of petroleum and mining.

Brazil

\$4 million 20-year 1¼% loan of July 30, 1964
Borrower: UNITED STATES OF BRAZIL

This loan will help finance a project to acquire equipment, books and other library materials for various Brazilian centers of research and instruction in the basic and applied sciences. It is part of a general program designed to increase the number of

and provide advanced training for university professors in these fields. The program is being carried out under the auspices of the *Coordenação do Aperfeiçoamento de Pessoal de Nível Superior (CAPES)*, an agency of the Brazilian Government devoted to training teachers for higher education.

CAPES assists higher education centers throughout the country, through study courses and fellowships, to raise the level of their teaching and research staffs. Within this continuous effort *CAPES* has prepared a three-year plan to:

- Re-equip a number of schools, laboratories, institutes and departments to function as advanced centers of training and research.
- Provide fellowships and advanced courses to enable university teachers to carry out advanced studies and research programs at the same centers.

The total cost of the plan is \$7.6 million. This loan will finance the first part of the plan; the second will be covered by a \$2.5 million contribution from the Brazilian Government and a \$1.1 million grant from the Ford Foundation. By increasing the number and quality of university professors in the fields of the basic sciences and technology, the program will contribute to maintaining Brazil's rapid rate of economic and social development.

Chile

\$1,250,000 20-year 1¼% loan of October 1, 1964
Borrower: UNIVERSIDAD DE CHILE

The University of Chile's School of Public Health is regarded as one of the leading research and graduate training centers in its field in Latin America. Nearly 30 per cent of its enrollment is made up of students from various Latin American countries who attend the school under a fellowship program of the University and the Pan American Health Organization. It has served as a model for the establishment of similar schools in several Latin American countries and its advisory services and research information are employed in other schools.

The School was founded in 1944 with the cooperation of the Rockefeller Foundation and the United States Government. Later it also received assistance from the Kellogg Foundation. It offers one-year, post-graduate courses leading to a degree in public health.

This loan will finance 54 per cent of the cost of an expansion program under which the School's installations will be improved and its teaching and research activities will be integrated into the University's School of Medicine. In addition, the Occupational Hygiene and Atmospheric Contamination Institute which was established under an agreement between the University and the UN Special Fund, will be incorporated into the School of Health. The loan proceeds and \$1 million provided by the University will finance the acquisition of equipment for the laboratories of sanitary engineering, occupational hygiene, nutrition, parasitology and bacteriology, and the purchase of specialized material for the library. It will also help finance the completion of a new building to which the School will be moved. The loan is guaranteed by the *Corporación de Fomento de la Producción*.

\$1,050,000 20-year 1¼ % loan of October 22, 1964
 Borrower: UNIVERSIDAD CATOLICA DE CHILE

Universidad Catolica de Chile, a private institution, is one of eight centers of higher learning in the country. About 12 per cent of its 5,600 students are enrolled in the School of Physical Sciences and Mathematics, which offers training in civil, industrial and chemical engineering and in physics, chemistry and mathematics. A total of 574 civil, industrial and chemical engineers were graduated from the School between 1940 and 1959. This represented about 17 per cent of the number who graduated in these fields in Chile during that period. In the face of increasing enrollment in all its departments, the University has embarked on a program to improve its physical facilities and modernize its academic structure. In this program high priority has been given to the expansion of the School of Physical Sciences and Mathematics, whose enrollment is expected to double by 1975.

This loan will finance 28 per cent of the cost of a \$3.8-million project which calls for the construction of new buildings for classrooms, laboratories and library facilities for the School. Another 20 per cent of the project's cost will be financed by the Ford Foundation and the remaining 52 per cent by the University.

The loan proceeds will finance the purchase of

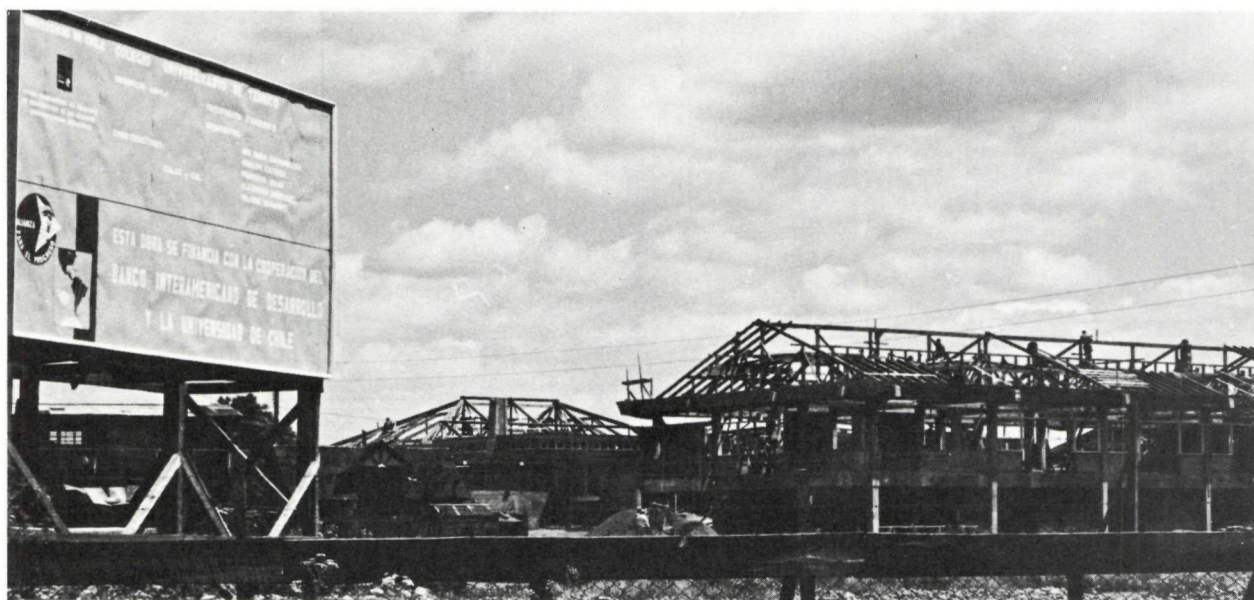
equipment and materials for the mechanical, motors, physical sciences, chemistry, chemical, metallurgical metals, soil, materials and electronics laboratories, and part of the construction costs of classroom, laboratories and library facilities. The University will finance the remaining construction and equipment costs, as well as an increase in the full-time faculty and the number of visiting professors. The Ford Foundation grant will be used for fellowships, library installation costs and part of the costs of faculty expansion. The loan is guaranteed by the *Corporación de Fomento de la Producción*.

Colombia

\$1,100,000 20-year 1¼ % loan of April 30, 1964
 Borrower: UNIVERSIDAD NACIONAL DE COLOMBIA

Enrollment at Colombian universities more than doubled between 1955 and 1962 from 13,000 to nearly 27,000 students. Some 30 per cent of these, or 8,500, were enrolled at the *Universidad Nacional de Colombia*, the borrowing institution. In the five-year 1963-67 period the University anticipates a 70 per cent increase in enrollment, principally in the Schools of Engineering, Agriculture and Education. The university has prepared a five-year, \$18-million investment plan designed to provide adequate facilities for the increasing number of students. The plan will be complemented by an academic reform program in order to modernize advanced training and adapt it to the nation's economic and social development needs.

This loan will help to finance the establishment of an Institute of Basic Sciences and provide laboratory equipment and materials for the Schools of Agriculture, Engineering and Social Sciences. Initially the Institute will be set up with Departments of Mathematics, Chemistry, Physics and Biology. The University will invest at least \$1,150,000 in suitable buildings for the Engineering, Sociology, Chemistry and Veterinary Medicine Departments in Bogota, and for the School of Agronomy at Palmira. In addition it will devote \$195,000 to increasing the size of its full-time teaching staff. The loan proceeds will finance 45 per cent of the \$2,445,000 cost of the project; the remainder will be provided by the University. The loan is guaranteed by the Republic of Colombia.



FIVE REGIONAL COLLEGES are being established in Chile with the help of a loan from the Trust Fund.
These buildings will house the one at Temuco.

Dominican Republic

\$900,000 20-year 1¼ % loan of December 24, 1964

Borrower: UNIVERSIDAD AUTONOMA DE SANTO DOMINGO

The *Universidad Autónoma de Santo Domingo* has drafted a university reform plan to improve its academic level and increase the number of its graduates in professions directly related to the nation's economic and social development. The University, which was founded in 1538, is the Dominican Republic's principal higher learning center. At the end of 1963 its enrollment was 5,000 and this figure is expected to exceed 6,000 by 1968.

This loan will help to finance a project, within the reform plan, whose total cost is estimated at \$2.9 million, under which a General Studies Center will be established and training and research facilities in the Schools of Engineering and Architecture, Agriculture and Veterinary Medicine, and Economics will be improved. The proceeds will be used to purchase instruments, scientific equipment, and bibliographic materials for those schools. Up to \$122,000 of the loan may be used to finance technical assistance related to the project's execution.

For its part, the University will remodel and equip the building of the School of Engineering and Architecture to convert it into a General Studies Center,

and will construct new buildings to house that School and the School of Agriculture and Veterinary Medicine. The University will also finance a fellowship plan for professors and graduate students and a program to hire a number of local and foreign professors who will advise in the preparation of new plans and programs of studies. The loan is guaranteed by the Dominican Republic.

Peru

\$2 million 20-year 1¼ % loan of April 30, 1964

Borrower: UNIVERSIDAD AGRARIA

Owing to a scarcity of arable lands Peru has had to rely increasingly on the reclamation of arid lands and on the application of modern technology in order to increase farm production. This loan will help to finance a program to expand agricultural technology by increasing the number and improving the quality of graduates from the *Universidad Agraria* of Lima, the nation's principal agricultural training center.

The program calls for the construction and equipping of laboratory, classroom and administrative buildings; a library; dormitories; maintenance shops, and supplementary facilities which will enable the University to expand enrollment from its present 1,000 to more than 2,800. The program, whose total

cost is estimated at \$8.7 million, will be financed jointly by the Peruvian Government, the University, the Bank and the Agency for International Development (AID).

It culminates improvements begun in 1960, when a revision of the University's curricula and its administrative structure was undertaken with the assistance of the UN Special Fund, the Ford Foundation, the Rockefeller Foundation and North Carolina State College. The proceeds of the loan will be used exclusively to cover the construction and equipment costs of the library and the School of Agricultural Engineering, as well as part of the foreign exchange costs of educational equipment for other laboratories and schools. The loan is guaranteed by the Republic of Peru.

\$2.5 million 20-year 1¼% loan of October 8, 1964

Borrower: UNIVERSIDAD NACIONAL DE INGENIERIA

The *Universidad Nacional de Ingeniería* is the principal training center in Peru for professionals and intermediate level technicians in engineering and architecture. About 4,000 engineers were graduated from the University from 1950 to 1963, and the University's current enrollment is 3,400 in engineering and 800 in pre-engineering courses. To cope with rising enrollment, which is expected to reach 8,000 by 1971, the University has drawn up a \$9.2-million program to expand its plant. This will be supplemented by action to raise educational standards and step up research in engineering sciences.

This loan will finance 64.5 per cent of the cost of a project, contained in the program, that calls for the construction of new laboratories and classrooms, the remodeling of buildings, the acquisition of scientific equipment and materials for laboratories, and the expansion of the University library. Up to \$100,000 of the loan will be used to finance technical assistance related to the execution of the project.

Benefiting from the project will be the School of Mining and Geology; the School of Mechanical, Electrical and Sanitary Engineering; the Department of Physical Sciences and Mathematics, and the Institutes of Mathematics and Planning. The University will finance the remaining 35.5 per cent of the cost of the \$3.9-million project. The loan is guaranteed by the Republic of Peru.

Technical Assistance

During 1964 the Bank authorized \$2,810,136 from the Social Progress Trust Fund for technical assistance, of which \$1,268,044 was extended on a reimbursable basis, either with or without interest, and \$1,542,092 on a non-reimbursable basis.

The 1964 figure compares with \$2,667,310 approved in 1963. As of December 31, 1964, cumulative technical assistance authorizations from the Social Progress Trust Fund had risen to \$9,200,106. A total of \$4,205,319 of this amount is reimbursable and \$4,994,787 is non-reimbursable.

About 60 per cent of the 1964 technical assistance operations were allocated to activities in nine member countries for planning, feasibility studies, project execution and re-organizational activities.

The remainder was extended at the regional level for training; for planning, pre-investment and research activities, and for the advancement of economic integration. In many cases, the Bank used its own resources as well as those of the Social Progress Trust Fund in financing certain technical assistance activities.

Following is a summary statement of the technical assistance operations authorized in 1964 from the Social Progress Trust Fund at the country and at the regional level:

I. Reimbursable Technical Assistance

Operations in Bolivia, Brazil, Costa Rica, the Dominican Republic, Ecuador, Nicaragua, Paraguay, Peru and Uruguay	\$1,268,044
---	-------------

II. Non-Reimbursable Technical Assistance

Country activities	\$422,100
Regional activities	1,119,992
Total Non-Reimbursable	1,542,092
GRAND TOTAL	\$2,810,136

The technical assistance from the Trust Fund in 1964 was devoted to:

- Providing assistance to institutions that extend credit to low-income farmers, provide farm exten-



TECHNICAL ASSISTANCE provided by the Bank is helping train development personnel
at Mexico's Center for Latin American Monetary Studies.

sion services and furnish other facilities designed to improve the living standard of farmers.

- Helping housing institutions to carry out programs to build housing for low-income families and providing aid for the preparation of feasibility studies for water supply and sewage services.

- Helping higher education institutions to carry out programs related to the improvement of teaching and training in economic and social development fields.

- Promoting training courses at a regional level and fostering planning and pre-investment activities in the various fields of social development as well as in the process of economic integration.

Following is a summary of the technical assistance authorized at the country level:

Country Activities

BOLIVIA

The Bank made a \$17,500 grant to the Bolivian Government June 10, 1964, to help finance advisory services related to the preparation of the nation's

economic and social development plan for the 1965-66 period, the selection of specific projects, the training of personnel in the field of planning and the formulation of an investment program.

BRAZIL

Up to \$75,000 of the \$2.7-million loan made July 30, 1964, to the *Superintendência do Desenvolvimento do Nordeste* for agricultural credit in Brazil's Northeast (see page 102) may be used to finance technical assistance related to the program's execution.

COSTA RICA

The Bank made a \$140,000 loan June 30, 1964, to the *Servicio Nacional de Acueductos y Alcantarillados* to help finance feasibility studies for the improvement of the sewage system of San Jose (see page 107).

The *Banco Nacional de Costa Rica*, the nation's development institution, obtained a grant of \$10,000 December 21, 1964, for an agricultural credit study.

Up to \$100,000 of the \$3.6-million loan extended to the *Instituto Nacional de Vivienda y Urbanismo*

December 24, 1964, for housing in Costa Rica (see page 106) may be used to finance technical assistance related to the execution of the program.

DOMINICAN REPUBLIC

A \$75,000 technical assistance grant was extended April 11, 1964, as the Bank's contribution to the OAS-IDB-ECLA Tripartite Mission which is helping to prepare the nation's economic and social development plan.

On September 22, 1964, the Bank approved three reimbursable technical assistance operations in the Dominican Republic. One, for \$50,000, to continue advisory services related to the *Banco Agrícola's* reorganization and the execution of an agricultural credit program; another, for \$50,000, to the *Instituto Agrario Dominicano* to finance advisory services for the execution of 35 projects involving extension services on farm productivity, credit supervision, and better living standards for farmers, and a third, for \$25,000, to help the Government of the Dominican Republic finance studies related to improvements in tobacco production.

Up to \$122,000 of the \$900,000 loan made to the *Universidad Autónoma de Santo Domingo* December 24, 1964, (see page 113) may be used to finance technical assistance related to the execution of the project, which involves the purchase of scientific equipment and materials for its laboratories.

ECUADOR

The Bank made a \$268,000 loan to the Municipality of Guayaquil July 30, 1964, to help finance feasibility studies for a sewage plan designed to meet the city's needs over the next 25 years (see page 108).

A \$50,000 grant was authorized for the Ecuadorian Government November 9, 1964, to engage specialists to cooperate with the *Instituto Ecuatoriano de Reforma Agraria y Colonización* in the planning and preparation of specific agrarian reform projects.

NICARAGUA

The Bank authorized a \$42,000 grant to the *Instituto Agrario de Nicaragua* September 8, 1964, for assistance in the organization of an agricultural institute and the preparation of agricultural development projects.

PARAGUAY

The Bank authorized a \$47,000 grant to the OAS-IDB-ECLA Tripartite Mission April 27, 1964, to help finance its 1965 activities in the preparation of a national economic and social development plan.

A \$30,000 grant was authorized July 14, 1964, for the *Banco Nacional de Fomento* for additional assistance in planning and preparing projects, an activity which the Bank has supported since 1962.

Up to \$125,000 of the loan made to the Republic of Paraguay September 10, 1964, for a housing program (see page 106), together with a grant of \$125,000 approved October 28, 1964, may be used for technical assistance related to the execution of the project and for advice to the *Instituto Paraguayo de la Vivienda*, the executing agency, on its planning activities.

PERU

Up to \$20,000 of the \$1,650,000 loan made to the Republic of Peru March 19, 1964, for a rural water supply program (see page 110) may be used to finance technical assistance related to the execution of the program, as well as the establishment of water rates and accounting methods.

The Bank authorized a \$43,000 grant April 27, 1964, to help finance the activities of the OAS-IDB-ECLA Tripartite Mission which is helping to prepare a national economic and social development plan in Peru.

An \$8,600 grant was approved June 23, 1964, to finance the service of an expert on advanced education to work with the UNESCO mission in Peru which is making a study in this field.

The *Pontificia Universidad Católica* of Peru was extended an \$8,000 grant November 3, 1964, to finance advisory services related to that institution's re-organization.

Up to \$100,000 of the loan for \$2.5 million extended October 8, 1964, to the *Universidad Nacional de Ingeniería* (see page 114) may be used to finance technical assistance related to the execution of the project which involves the construction of laboratories and classrooms, the purchase of equipment and materials for the laboratories, and the expansion of the library.

Up to \$100,000 of the \$3.5 million loan made October 8, 1964, to the Republic of Peru for seven

small irrigation projects in the Peruvian Sierra (see page 103) may be used to finance technical assistance related to the execution of the program.

URUGUAY

The Bank made an \$8,000 grant May 25, 1964, to help finance the activities of the OAS-IDB-ECLA Tripartite Mission which is helping Uruguay prepare a national economic and social development program.

Regional Activities

Of the \$1,119,992 committed by the Bank in 1964 from the Social Progress Trust Fund for technical assistance at the regional level, 14 per cent was allocated to training activities, 33 per cent to the financing of planning, pre-investment and research activities, and the remaining 53 per cent to activities in the field of integration. All of these commitments were authorized as grants.

TRAINING

The Bank allocated \$41,500 February 17, 1964, to finance the training program conducted at Bank headquarters to acquaint officials of the Latin American development institutions with the operations and policies of the Inter-American Bank and other international financing agencies.

A total of \$38,993 was allocated to the similar training program carried out by the Bank and the Center for Latin American Monetary Studies in Mexico. Of this amount, \$18,750 was authorized on February 11, \$2,242.50 March 20 and \$18,000 June 29, 1964.

A grant of \$10,500 was authorized August 10, 1964, for a course on planning techniques conducted by the UN Economic Commission for Latin America (ECLA) in Mexico for officials of the Central American countries and Panama.

The Bank authorized a \$20,000 grant February 17, 1964, to the Inter-American Institute of Agricultural Sciences to finance 10 fellowships for a course on agricultural credit conducted in Mexico. A similar \$12,000 grant was approved October 12, 1964, for 20 fellowships for a course organized by the *Instituto de Estudios Agrícolas* of the Dominican Republic.

The Bank granted \$20,000 February 17, 1964, to finance fellowships for a course of the Latin American Institute for Economic and Social Development Planning in Santiago, Chile, which dealt with planning problems on fiscal matters, industry, agriculture and transportation.

The Bank provided a \$6,000 grant March 25, 1964, to finance fellowships for a course on development planning conducted by the OAS-IDB-ECLA Tripartite Mission in Paraguay.

PLANNING AND RESEARCH

The Bank authorized a \$44,000 grant June 4, 1964, to cooperate with the Organization of American States in a program of studies on taxation in Latin America. Another \$6,500 grant was made June 15, 1964, for the publication of a fiscal survey on Panama.

On August 24, 1964, the Bank authorized \$25,000 for a seminar on savings and loan systems to be conducted at the Third Meeting of Latin American Savings and Loan Associations in Quito, Ecuador, early in 1965.

The Bank allocated \$50,000 September 14, 1964, to the Inter-American Committee for Agricultural Development for a study of agrarian reform programs in Mexico, Bolivia and Venezuela, and \$3,000 on June 1, 1964, for a study of land utilization in Latin America. It also allocated \$25,000 March 17, 1964, for a study on agricultural productivity in Latin America, being conducted jointly by the Bank, the UN Food and Agriculture Organization and ECLA.

A \$100,000 grant was authorized April 11, 1964, to help finance the OAS-IDB-ECLA Tripartite Mission that is preparing development programs for the five Central American countries.

The Bank allocated \$22,000 December 28, 1964, for a study on vocational training and the preparation of teachers for this field and another \$40,000 on December 21, 1964, for a study on the development of advanced education in Latin America in the fields of agriculture, medicine, public health, engineering and social sciences.

A \$20,000 grant was made December 14, 1964, for a study on urban development and a \$25,000 grant December 31, 1964, for one on rural community development.

INTEGRATION

Along with \$463,000 from the Fund for Special Operations, the Bank authorized a \$463,000 grant from the Trust Fund December 3, 1964, to help finance the establishment of an Institute for Latin American Integration Studies in Buenos Aires. A \$25,000 grant was allocated on July 2, 1964, for a study on the integration of specific Latin American industries within the framework of the Latin American Free Trade Association which is being undertaken by Latin American institutes, The Brookings Institution and the Ford Foundation.

The Bank authorized \$20,000 July 2, 1964, for a study carried out jointly with ECLA and the Latin American Institute for Economic and Social Development Planning, of the possibilities for the integration of industries, the coordination of national economic development plans and the formulation of a tariff policy which would promote integration in the region.

A total of \$15,000 was allocated August 31, 1964, for a study on regional integration and \$20,000 August 17, 1964, for the Center for Latin American Monetary Studies to establish a Latin American Library on Integration.

It also provided a \$49,000 grant on April 8, 1964, to supplement a 1963 grant of \$200,000 to finance studies on the proposed Bolivarian Highway, which would link Bolivia, Peru, Ecuador and Colombia along the eastern slopes of the Andes.

Financial Operations

Under the terms of the Social Progress Trust Fund Agreement signed in June 1961, and a protocol to the Agreement signed in February 1964, the United States Government has placed \$525 million at the disposition of the Bank as Administrator of the Trust Fund for social development loans in Latin America. These funds are made available to the Bank by the United States as actually needed to carry out the operations of the Trust Fund.

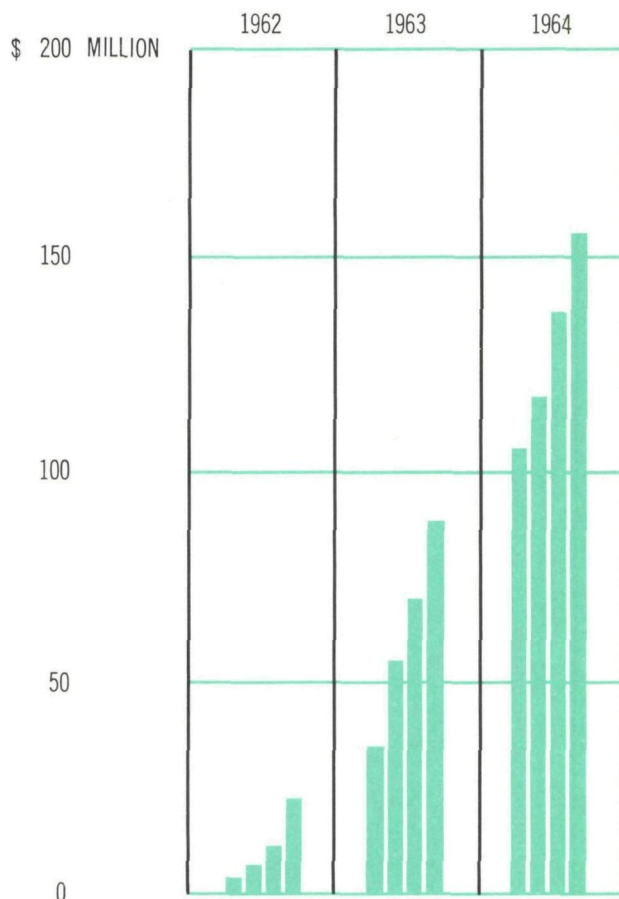
During 1964 the Social Progress Trust Fund had earnings of \$358,330 in excess of expenses before technical assistance expenses and currency adjustments. Technical assistance expenses were \$1,277,363 and currency adjustments amounted to \$343,246.

Administrative expenses chargeable to the Social Progress Trust Fund during 1964 amounted to \$2,627,522. In addition the Social Progress Trust Fund incurred a special retroactive charge of \$261,506 for indirect and overhead expenses applicable to 1963. During 1964 the Bank received \$2,985,852 in gross income on loans, including \$2,110,119 in interest and \$875,733 in service charges.

Disbursements during 1964 amounted to \$66,842,535, bringing total disbursements at the end of the year to \$155,490,156.

Repayments by borrowers on loans during 1964 amounted to \$2,955,906 bringing total repayments at the end of the year to \$4,648,047. The financial operations of the Trust Fund are shown in the statements on the following pages.

Cumulative Disbursements
BY QUARTERS





CIUDAD KENNEDY,
vast housing project
in Bogota, Colombia, financed with
the aid of a \$15.2 million loan
from the Trust Fund.



**Opinion of Independent Auditor
Social Progress Trust Fund**

**Financial Statements
Social Progress Trust Fund**

1707 L Street, N.W.
Washington, D. C.
February 8, 1965

To: Inter-American Development Bank
Administrator of the Social Progress Trust Fund
Washington, D. C.

In our opinion, the accompanying financial statements (Appendices III-1 to III-6) present fairly, in terms of United States currency, the financial position at December 31, 1964, of the Social Progress Trust Fund which is administered by the Inter-American Development Bank, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

PRICE WATERHOUSE & CO.

Price Waterhouse & Co.

	<i>Appendix</i>
Balance Sheet	III-1
Comparative Statement of Income and Expenses	III-2
Statement of Technical Assistance Expense	III-3
Summary Statement of Loans	III-4
Statement of Currencies Held by the Bank	III-5
Notes to Financial Statements	III-6

Social Progress Trust Fund
Administered by Inter-American Development Bank
Balance Sheet—December 31, 1964
See Notes to Financial Statements—Appendix III-6
Expressed in United States Dollars

APPENDIX III-1

ASSETS**Due from banks** (Appendix III-5)

United States dollars	\$ 156,655	
Currencies other than United States dollars	<u>4,143,527</u>	\$ 4,300,182

Loans outstanding (Appendix III-4)

Total loans approved, less cancellations	\$450,035,000	
Undisbursed balance	<u>294,544,844</u>	155,490,156
Less repayments		<u>4,648,047</u>

150,842,109

Accrued charges on loans 752,414

Available from United States Government (Note B) 363,000,000

Other assets 90,326

Total assets \$518,985,031

LIABILITIES AND FUND BALANCE**Liabilities**

Accrued expenses and accounts payable \$ 628,720

Fund balance

Fund established by United States Government (Note B)		\$25,000,000	
Excess of total expenses over income June 19, 1961 to December 31, 1963	\$ 5,119,904		
Excess of total expenses over income January 1 to December 31, 1964 (Appendix III-2)	<u>1,523,785</u>	<u>6,643,689</u>	<u>518,356,311</u>

Total liabilities and Fund balance \$518,985,031

Social Progress Trust Fund
Administered by Inter-American Development Bank
Comparative Statement of Income and Expenses
For the Years Ended December 31, 1963 and December 31, 1964

APPENDIX III-2

See Notes to Financial Statements—Appendix III-6
Expressed in United States Dollars

	Year ended December 31,	
	1963	1964
Income from loans		
Interest	\$ 902,010	\$2,110,119
Service charges	391,671	875,733
Gross income	1,293,681	2,985,852
Administrative expenses		
Salaries (<i>Note B</i>)	\$ 619,001	\$ 589,956
Professional services	36,252	46,095
Travel	159,410	113,944
Printing	118,032	75,862
Field offices	125,156	190,163
Miscellaneous	7,291	2,001
Indirect and overhead expenses (<i>Note B</i>)		
Paid or payable to Bank—Ordinary Capital (See Appendix I-2)	941,422	1,239,316
Paid or payable to Bank—Fund for Special Operations (See Appendix II-2)	366,109	370,185
Total administrative expenses	2,372,673	2,627,522
Excess of administrative expenses (income)	1,078,992	(358,330)
Technical assistance expense and special charges		
Technical assistance expense (Appendix III-3) (<i>Note C</i>)	812,105	1,277,363
Decrease in United States dollar equivalents of Latin American currencies held by the Trust Fund (<i>Note A</i>)	1,817	343,246
Special charge arising from retroactive adjustment of rate allowed in charging indirect and overhead expenses (<i>Note B</i>)	—	261,506
Excess of total expenses over income	<u>\$1,892,914</u>	<u>\$1,523,785</u>

Social Progress Trust Fund
Administered by Inter-American Development Bank
Statement of Technical Assistance Expense (Note C)
January 1 to December 31, 1964

APPENDIX III-3

See Notes to Financial Statements — Appendix III-6
Expressed in United States Dollars

Argentina	\$ 10,000
Bolivia	53,381
Brazil	28,938
Chile	20,051
Dominican Republic	64,966
El Salvador	5,256
Honduras	11,713
Nicaragua	31,700
Panama	10,706
Paraguay	70,230
Peru	39,781
Uruguay	9,131
Central American Bank for Economic Integration	506
Central America-Tripartite Mission	93,427
Bolivarian Marginal Jungle Highway Project	179,706
Intern training in the Bank	34,162
Program of fellowships	87,300
Substantive studies	138,945
Courses and seminars	389,168
Latin America Integration Library	20,000
	<hr/>
	1,299,067
Less refunds and reimbursements	21,704
	<hr/>
	\$1,277,363

Social Progress Trust Fund
Administered by Inter-American Development Bank
Summary Statement of Loans
December 31, 1964

APPENDIX III-4

See Notes to Financial Statements—Appendix III-6
Expressed in United States Dollars

<i>Countries in which loans have been made(1)</i>	<i>Total loans approved, less cancellations(2)</i>	<i>Approved loans</i>			
		<i>Undisbursed</i>	<i>Disbursed (Note D)</i>	<i>Repayments (Note D)</i>	<i>Outstanding (Note D)</i>
Argentina	\$ 38,500,000	\$ 34,879,637	\$ 3,620,363	\$ 200,000	\$ 3,420,363
Bolivia	11,260,000	8,838,789	2,421,211	60,000	2,361,211
Brazil	62,060,000	36,517,617	25,542,383	272,087	25,270,296
Chile	31,938,000	19,513,342	12,424,658	269,250	12,155,408
Colombia	49,437,000	29,376,130	20,060,870	427,901	19,632,969
Costa Rica	12,640,000	9,140,348	3,499,652	52,500	3,447,152
Dominican Republic.....	8,550,000	5,449,615	3,100,385	155,000	2,945,385
Ecuador	24,783,000	20,788,902	3,994,098	149,000	3,845,098
El Salvador	16,040,000	6,878,027	9,161,973	187,200	8,974,773
Guatemala	14,320,000	12,728,808	1,591,192	33,937	1,557,255
Honduras	7,635,000	5,941,511	1,693,489	45,000	1,648,489
Mexico	30,700,000	26,854,275	3,845,725	143,000	3,702,725
Nicaragua	13,135,000	7,163,269	5,971,731	72,000	5,899,731
Panama	10,362,000	1,266,506	9,095,494	217,620	8,877,874
Paraguay	6,300,000	5,700,606	599,394	20,000	579,394
Peru	35,950,000	18,838,158	17,111,842	485,189	16,626,653
Uruguay	10,500,000	10,500,000			
Venezuela	63,000,000	31,300,654	31,699,346	1,858,000	29,841,346
Central American Coun- tries—Five universities	2,925,000	2,868,650	56,350	363	55,987
Total	\$450,035,000(3)	\$294,544,844(4)	\$155,490,156	\$4,648,047	\$150,842,109

(1) Loans from the resources of the Trust Fund are made to member countries of the Inter-American Development Bank or to political subdivisions of such members or to private enterprises located in the territory of such members. For loans to borrowers other than members of the Bank, the Bank as Administrator has received in many instances the member's guarantee.

(2) All of the loans have been approved by the Bank as Administrator of the Trust Fund, but certain loans have not become effective and disbursements thereunder will not begin until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.

(3) Of the total approved loans from the resources of the Trust Fund, loans aggregating \$341,935,600 had become effective (i.e., eligible for disbursement) as of December 31, 1964 (see (2) above).

(4) Of the undisbursed balances, the Bank as Administrator has entered into irrevocable commitments to disburse \$1,675,562.

Social Progress Trust Fund
Administered by Inter-American Development Bank
Statement of Currencies Held by the Bank
December 31, 1964

See Notes to Financial Statements — Appendix III-6

Country	Unit of currency	Exchange rate(1)	Due from banks	
			Amount in local currency	Expressed in United States dollars
Argentina.....	Peso	150.50	32,910,897	\$ 218,677
Bolivia.....	Peso Boliviano	11.875	415,671	35,004
Brazil.....	Cruzeiro	1,850.00	867,312,657	468,818
Chile.....	Escudo	3.25	793,063	244,019
Colombia.....	Peso	12.83	1,322,232	103,057
Costa Rica.....	Colon	6.65	889,775	133,801
Dominican Republic.....	Peso	1.00	200,149	200,149
El Salvador.....	Colon	2.50	974,159	389,664
Guatemala.....	Quetzal	1.00	60,497	60,497
Honduras.....	Lempira	2.00	105,788	52,894
Mexico.....	Peso	12.50	969,156	77,532
Nicaragua.....	Cordoba	7.00	871,196	124,456
Panama.....	Balboa	1.00	313,251	313,251
Paraguay.....	Guarani	126.00	1,473,676	11,696
Peru.....	Sol	26.82	19,695,351	734,353
United States.....	Dollar	1.00	156,655	156,655
Venezuela.....	Bolivar	4.50	4,390,465	975,659
Total expressed in United States dollars				<u>\$4,300,182</u>

(1) See Appendix III-6, Note A.

**Social Progress Trust Fund
Administered by Inter-American Development Bank
Notes to Financial Statements
December 31, 1964**

APPENDIX III-6

Note A

Amounts in currencies other than United States dollars have been translated into United States dollars at the approximate market rates of exchange existing at December 31, 1964 except for one loan disbursement made in the national currency of the borrower which has been translated into United States dollars at the rate at which the amount was loaned. No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates.

Note B

On June 19, 1961 the Government of the United States of America and the Inter-American Development Bank entered into an Agreement whereby the Bank became Administrator of the Social Progress Trust Fund. The requisite funds had previously been appropriated by the Congress of the United States. The resources of the Trust Fund are to be used to provide capital and technical assistance to Latin American countries on flexible terms and conditions with a view to achieving improved conditions in the fields specified in the Agreement. According to the provisions of Article III of the Agreement, the Bank is entitled to make commitments on behalf of the Trust Fund in an amount of \$394,000,000. On February 17, 1964 the Bank entered into a supplemental Agreement with the Government of the United States of America, whereby the Bank is entitled to make additional commitments on behalf of the Trust Fund in an amount of \$131,000,000, increasing the commitments which may be made to \$525,000,000. As of December 31, 1964, \$162,000,000 had been received by the Bank from the United States. The remainder of \$363,000,000 is to be made available to the Bank by the United States from time to time as needed to meet commitments of the Trust Fund.

In accordance with the Social Progress Trust Fund Agreement, the Bank shall charge the Trust Fund for the following expenses:

- (a) Salary costs of time which is spent on work for the Trust Fund by the professional staff, exclusive of department and division heads and assistant heads, of the Operations, Technical and Legal Departments of the Bank, including the divisions within those departments,
- (b) all other expenses clearly identifiable as having been incurred on behalf of the Trust Fund, and

- (c) indirect and overhead expenses of the Bank at the rate of \$1.80 per \$1.00 of salary costs charged to the Trust Fund per (a) above, subject to adjustment at the end of each accounting period.

By letter dated December 31, 1964 the Government of the United States of America agreed to increase the rate which has been used in charging indirect and overhead expenses from \$1.80 per \$1.00 of salary costs to \$2.16 per \$1.00 of salary costs charged to the Trust Fund per (a) above. Such rate increase has been made retroactively to January 1, 1963; accordingly, \$188,284 and \$73,222, respectively, were paid on December 31, 1964 to the Bank—Ordinary Capital and the Bank—Fund for Special Operations to give effect to the increased rate for the year 1963. The increased rate has also been applied in charging indirect and overhead expenses of the Bank for the year 1964. The rate for the year 1964 is subject to later review at the request of either the Bank or the Government of the United States of America. The amount of adjustment, if any, which may be made cannot be determined at this time.

Note C

Under the provisions of the Agreement the Bank as Administrator may provide technical advice and assistance to Latin American countries. At December 31, 1964 the amount approved by the Bank as Administrator for technical assistance projects but not yet disbursed was \$2,235,722. The accumulated technical assistance expenditures made by the Bank as Administrator as of December 31, 1964 include \$23,407 which may be reimbursed to the Bank as Administrator if loans are granted as a result of the technical assistance projects.

Note D

Loan disbursements have been made in United States dollars except for one loan for which a disbursement has been made in the national currency of the borrower. In accordance with the provisions of all loan agreements, repayments may be made in the national currency of the borrower at the approximate market rate of exchange existing at the date of repayment, and in accordance with the provisions of certain loan agreements, repayments may be made in United States dollars at the election of the borrower.

SOCIAL PROGRESS TRUST FUND Inter-American Development Bank

APPENDIX III-7

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved *	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
ARGENTINA										
Republic of Argentina Public entity	Advanced education	3/22/62 (5/4/62)	U.S. dollars	5,000,000	3,979,637	1,020,363	50,000	970,363	1¼	15 annual beginning 4/30/63
Banco Hipotecario Nacional Public entity	Housing	11/29/62 (1/24/63)	U.S. dollars	30,000,000	27,400,000	2,600,000	150,000	2,450,000	1¼	49 semiannual beginning 1/24/64
Administración General de Obras Sanitarias de la Nación (Republic of Argentina) Public entity	Water supply	7/30/64 (10/7/64)	U.S. dollars	3,500,000	3,500,000				2¾	37 semiannual beginning 10/7/65
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				38,500,000	34,879,637	3,620,363	200,000	3,420,363		
BOLIVIA										
Corporación Boliviana de Fomento (Banco Central de Bolivia) Public entity	Farm settlement	12/28/62 (1/24/63)	U.S. dollars	6,500,000	5,033,305	1,466,695	20,000	1,446,695	1¼	49 semiannual beginning 1/15/64
Corporación Boliviana de Fomento (Banco Central de Bolivia) Public entity	Housing	3/21/63 (6/14/63)	U.S. dollars	4,000,000	3,113,984	886,016	40,000	846,016	1¼	59 semiannual beginning 6/15/64
Republic of Bolivia Public entity	Farm settlement	10/31/63 (1/16/64)	U.S. dollars	435,000	391,500	43,500		43,500	1¼	49 semiannual beginning 1/16/65
Republic of Bolivia Public entity	Higher education	5/7/64 (5/7/64)	U.S. dollars	325,000	300,000	25,000		25,000	1¼	39 semiannual beginning 5/7/65
TOTAL LOANS TO BOLIVIA EXPRESSED IN U.S. DOLLARS				11,260,000	8,838,789	2,421,211	60,000	2,361,211		
BRAZIL										
Superintendência de Aguas e Esgotos do Recôncavo (State of Bahia) Public entity	Water supply	11/30/61 (3/1/62)	U.S. dollars	4,120,000	769,824	3,350,176	35,000	3,315,176	2¾	25 annual beginning 3/15/63
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Water supply	3/13/62 (5/5/62)	U.S. dollars	12,500,000	449,059	12,050,941	65,000	11,985,941	2¾	59 semiannual beginning 5/5/63

Banco do Estado da Guanabara S.A. (State of Guanabara) <i>Public entity</i>	Sewage system	3/13/62 (5/5/62)	U.S. dollars	11,000,000	6,174,343	4,825,657	61,087	4,764,570	2¾	59 semiannual beginning 5/5/63
Banco do Nordeste do Brasil S.A. (United States of Brazil) <i>Public entity</i>	Water supply and sewage system	4/5/62 (5/2/63)	U.S. dollars	12,990,000	11,981,774	1,008,226	48,000	960,226	2¾	30 annual beginning 5/6/64
Caixa Econômica do Estado de Minas Gerais (State of Minas Gerais) <i>Public entity</i>	Agricultural credit	4/12/62 (10/31/62)	U.S. dollars	6,400,000	2,552,636	3,847,364	48,000	3,799,364	1¼	20 annual beginning 11/1/63
Banco do Nordeste do Brasil S.A. (United States of Brazil) <i>Public entity</i>	Housing	8/16/62 (12/13/63)	U.S. dollars	3,850,000	3,850,000				1¼	26 annual beginning 12/13/64
Banco de Crédito Agrícola do Espírito Santo S.A. (State of Espírito Santo) <i>Public entity</i>	Agricultural credit	1/24/63 (6/10/63)	U.S. dollars	2,000,000	1,539,981	460,019	15,000	445,019	1¼	39 semiannual beginning 3/1/64
Departamento de Aguas e Esgotos (State of Pará) <i>Public entity</i>	Water and sewage system	11/21/63 (2/20/64)	U.S. dollars	2,500,000	2,500,000				2¾	59 semiannual beginning 2/20/65
United States of Brazil <i>Public entity</i>	Higher education	7/30/64 (12/22/64)	U.S. dollars	4,000,000	4,000,000				1¼	39 semiannual beginning 1/3/66
Superintendencia do Desenvol- vimento do Nordeste (United States of Brazil) <i>Public entity</i>	Agricultural credit	7/30/64	U.S. dollars	2,700,000	2,700,000				1¼	39 semiannual beginning 12 months after date of contract
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				<u>62,060,000</u>	<u>36,517,617</u>	<u>25,542,383</u>	<u>272,087</u>	<u>25,270,296</u>		

CHILE

Republic of Chile <i>Public entity</i>	Water supply	11/22/61 (5/16/62)	U.S. dollars	2,470,000	1,788,324	681,676	35,000	646,676	2¾	20 annual beginning 5/16/63
Corporación de Fomento de la Producción <i>Public entity</i>	Rural housing	12/21/61 (5/2/62)	U.S. dollars	1,268,000	907,725	360,275	10,000	350,275	1¼	30 annual beginning 5/2/63
Corporación de Fomento de la Producción <i>Public entity</i>	Agricultural credit	12/21/61 (5/16/62)	U.S. dollars	6,500,000	4,016,046	2,483,954	125,000	2,358,954	1¼	20 annual beginning 1/30/63
Caja Central de Ahorros y Préstamos (Republic of Chile) <i>Public entity</i>	Housing	5/17/62 (6/13/62)	U.S. dollars	5,000,000		5,000,000	50,000	4,950,000	1¼	27 annual beginning 6/13/63

SOCIAL PROGRESS TRUST FUND

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved *	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
CHILE (Cont'd)										
Promotora de Viviendas Económicas Limitada y Compañía, C.P.A. (Corporación de la Vivienda) Private entity	Housing	7/26/62 (1/22/63)	U.S. dollars	2,000,000	887,838	1,112,162	10,000	1,102,162	1¼	21 annual beginning 1/22/64
Universidad de Chile (Corporación de Fomento de la Producción) Public entity	Higher education	11/15/62 (12/19/62)	U.S. dollars	2,300,000	1,351,293	948,707	17,250	931,457	1¼	29 semiannual beginning 12/19/63
Cooperativa de Consumidores Unidos "UNICOOP"—Santiago Ltda. (Corporación de Fomento de la Producción) Public entity	Food marketing	1/31/63 (4/26/63)	U.S. dollars	600,000	329,855	270,145	12,000	258,145	1¼	25 semiannual beginning 4/24/64
Corporación de la Vivienda Public entity	Housing	10/24/63 (11/5/63)	U.S. dollars	2,000,000	1,182,261	817,739	10,000	807,739	1¼	59 semiannual beginning 11/5/64
Republic of Chile Public entity	Water supply system	3/12/64 (3/17/64)	U.S. dollars	2,500,000	2,250,000	250,000		250,000	2¾	59 semiannual beginning 3/17/65
Caja Central de Ahorros y Préstamos (Republic of Chile) Public entity	Housing	7/30/64 (8/12/64)	U.S. dollars	5,000,000	4,500,000	500,000		500,000	1¼	53 semiannual beginning 8/12/65
Universidad de Chile (Corporación de Fomento de la Producción) Public entity	Higher education	10/1/64 (10/31/64)	U.S. dollars	1,250,000	1,250,000				1¼	39 semiannual beginning 10/31/65
Universidad Católica de Chile (Corporación de Fomento de la Producción) Private entity	Higher education	10/22/64 11/2/64	U.S. dollars	1,050,000	1,050,000				1¼	39 semiannual beginning 11/2/65
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				31,938,000	19,513,342	12,424,658	269,250	12,155,408		
COLOMBIA										
Establecimiento Público Empresas Municipales de Cali (Republic of Colombia) Public entity	Water supply	10/26/61 4/16/62	U.S. dollars	2,454,000	446,046	2,007,954	82,901	1,925,053	2¾	39 semiannual beginning 4/16/63

Instituto de Crédito Territorial (Republic of Colombia) <i>Public entity</i>	Housing	11/16/61 2/2/62	U.S. dollars	15,200,000	2,410,307	12,789,693	152,000	12,637,693	1¼	20 annual beginning 2/2/63
Empresas Municipales de Cúcuta (Republic of Colombia) <i>Public entity</i>	Water supply and sewage system	11/22/61 2/3/62	U.S. dollars	5,183,000	2,241,411	2,941,589	108,000	2,833,589	2¾	60 semiannual beginning 2/3/63
Instituto Nacional de Fomento Municipal (Republic of Colombia) <i>Public entity</i>	Water supply and Sewage system	7/12/62 8/21/62	U.S. dollars	8,500,000	6,927,347	1,572,653	85,000	1,487,653	2¾	4 annual and 52 semiannual beginning 8/21/63
Universidad Nacional (Republic of Colombia) <i>Public entity</i>	Higher education	4/30/64 6/12/64	U.S. dollars	1,100,000	1,100,000				1¼	39 semiannual beginning 5/31/65
Fondo de Desarrollo y Diversi- ficación de Zonas Cafeteras Federación Nacional de Cafeteros <i>Private entities</i>	Agricultural diversification	5/21/64 6/10/64	Pesos ¹ U.S. dollars Net total in U.S. dollars	300,000 6,700,000 7,000,000	6,251,019 6,251,019	300,000 448,981 748,981		300,000 448,981 748,981	1¼	39 semiannual beginning 5/31/65
Instituto de Crédito Territorial (Republic of Colombia) <i>Public entity</i>	Housing	10/8/64	U.S. dollars	7,500,000	7,500,000				1¼	39 semiannual beginning 12 months after date of contract
Instituto de Crédito Territorial (Republic of Colombia) <i>Public entity</i>	Housing	12/24/64	U.S. dollars	2,500,000	2,500,000				1¼	39 semiannual beginning 12 months after date of contract
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				<u>49,437,000</u>	<u>29,376,130</u>	<u>20,060,870</u>	<u>427,901</u>	<u>19,632,969</u>		
COSTA RICA										
Instituto Nacional de Vivienda y Urbanismo de Costa Rica <i>Public entity</i>	Housing	8/10/61 (10/31/61)	U.S. dollars	3,500,000	348	3,499,652	52,500	3,447,152	1¼	25 annual beginning 10/15/62
Servicio Nacional de Acueductos y Alcantarillado <i>Public entity</i>	Water and sewage system studies	12/12/63 (12/13/63)	U.S. dollars	100,000	100,000				2¾	13 semiannual beginning 12/13/64
Republic of Costa Rica <i>Public entity</i>	Farm access roads	5/21/64 (6/2/64)	U.S. dollars	4,000,000	4,000,000				1¼	39 semiannual beginning 5/28/65
Servicio Nacional de Acueductos y Alcantarillado <i>Public entity</i>	Sewage systems studies	6/30/64 (7/2/64)	U.S. dollars	140,000	140,000				2¾	13 semiannual beginning 7/2/65
Instituto de Tierras y Colonización (Republic of Costa Rica) <i>Public entity</i>	Farm settlement	10/1/64	U.S. dollars	1,300,000	1,300,000				1¼	39 semiannual beginning 12 months after date of contract
Instituto Nacional de Vivienda y Urbanismo (Republic of Costa Rica) <i>Public entity</i>	Housing	12/24/64	U.S. dollars	3,600,000	3,600,000				1¼	49 semiannual beginning 12 months after date of contract
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				<u>12,640,000</u>	<u>9,140,348</u>	<u>3,499,652</u>	<u>52,500</u>	<u>3,447,152</u>		

SOCIAL PROGRESS TRUST FUND

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved *	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
DOMINICAN REPUBLIC										
Banco Agrícola (Dominican Republic) <i>Public entity</i>	Agricultural credit	8/23/62 (10/12/62)	U.S. dollars	3,000,000	204,944	2,795,056	120,000	2,675,056	1¼	20 annual beginning 10/15/63
Dominican Republic <i>Public entity</i>	Housing	12/28/62 (2/28/63)	U.S. dollars	3,500,000	3,194,671	305,329	35,000	270,329	1¼	53 semiannual beginning 2/28/64
Dominican Republic <i>Public entity</i>	Water supply systems	7/30/64 (8/7/64)	U.S. dollars	1,150,000	1,150,000				2¾	51 semiannual beginning 8/7/65
Universidad Autónoma de Santo Domingo <i>Public entity</i>	Higher education	12/24/64	U.S. dollars	900,000	900,000				1¼	39 semiannual beginning 12 months after date of contract
TOTAL LOANS TO DOMINICAN REPUBLIC EXPRESSED IN U.S. DOLLARS				8,550,000	5,449,615	3,100,385	155,000	2,945,385		
ECUADOR										
Banco Ecuatoriano de la Vivienda (Republic of Ecuador) <i>Public entity</i>	Housing	2/28/62 (7/23/62)	U.S. dollars	10,600,000	8,141,334	2,458,666	100,000	2,358,666	1¼	59 semiannual beginning 7/23/63
Municipalidad de Quito (Republic of Ecuador) <i>Public entity</i>	Sewage systems	2/28/62 (7/10/62)	U.S. dollars	3,000,000	2,048,238	951,762	30,000	921,762	2¾	2 annual and 36 semiannual beginning 7/10/63
Republic of Ecuador <i>Public entity</i>	Farm settlement	1/31/63 (10/24/63)	U.S. dollars	1,815,000	1,615,000	200,000	9,000	191,000	1¼	59 semiannual beginning 10/24/64
Instituto Nacional de Colonización (Republic of Ecuador) <i>Public entity</i>	Farm settlement	1/31/63 (10/1/63)	U.S. dollars	2,600,000	2,340,000	260,000	10,000	250,000	1¼	39 semiannual beginning 10/31/64
Republic of Ecuador <i>Public entity</i>	Water supply and sewage systems	2/19/63 (10/1/63)	U.S. dollars	5,500,000	5,446,330	53,670		53,670	2¾	59 semiannual beginning 10/1/64
Universidad de Guayaquil (Republic of Ecuador) <i>Public entity</i>	Higher education	12/31/63 (2/6/64)	U.S. dollars	600,000	530,000	70,000		70,000	1¼	39 semiannual beginning 2/6/65
Universidad Central de Quito (Republic of Ecuador) <i>Public entity</i>	Higher education	12/31/63 (6/1/64)	U.S. dollars	400,000	400,000				1¼	39 semiannual beginning 5/28/65
Municipalidad de Guayaquil (Republic of Ecuador)	Sewage system studies	7/30/64 (8/7/64)	U.S. dollars	268,000	268,000				2¾	15 semiannual beginning 8/7/65
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				24,783,000	20,788,902	3,994,098	149,000	3,845,098		

EL SALVADOR

Banco Central de Reserva de El Salvador (Republic of El Salvador) <i>Public entity</i>	Agricultural credit	8/3/61 (11/24/61)	U.S. dollars	2,000,000	900,000	1,100,000	20,000	1,080,000	1¼	2 annual beginning 12/1/62
Banco Central de Reserva de El Salvador (Republic of El Salvador) <i>Public entity</i>	Sewage systems	8/10/61 (11/17/61)	U.S. dollars	840,000		840,000	25,200	814,800	2¾	60 semiannual beginning 11/17/62
Banco Central de Reserva de El Salvador (Republic of El Salvador) <i>Public entity</i>	Water supply and sewage systems	10/12/61 (11/17/61)	U.S. dollars	2,700,000	3,701	2,696,299	81,000	2,615,299	2¾	60 semiannual beginning 11/17/62
Instituto de Vivienda Urbana (Republic of El Salvador) <i>Public entity</i>	Housing	3/29/62 (6/7/62)	U.S. dollars	6,100,000	1,574,326	4,525,674	61,000	4,464,674	1¼	59 semiannual beginning 6/7/63
Administración Nacional de Acueductos y Alcantarillados (Republic of El Salvador) <i>Public entity</i>	Water supply and sewage systems	10/1/64	U.S. dollars	4,400,000	4,400,000				2¾	51 semiannual beginning 12 months after date of contract
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				<u>16,040,000</u>	<u>6,878,027</u>	<u>9,161,973</u>	<u>187,200</u>	<u>8,974,773</u>		

GUATEMALA

Banco de Guatemala <i>Public entity</i>	Water supply and sewage systems	3/8/62 (8/3/62)	U.S. dollars	3,500,000	2,260,245	1,239,755	20,000	1,219,755	2¾	22 annual beginning 8/3/63
Banco de Guatemala <i>Public entity</i>	Housing	8/2/62 (10/1/62)	U.S. dollars	5,300,000	5,198,563	101,437	1,437	100,000	1¼	27 annual beginning 10/1/63
Republic of Guatemala <i>Public entity</i>	Agricultural credit	2/14/63 (10/4/63)	U.S. dollars	2,500,000	2,250,000	250,000	12,500	237,500	1¼	49 semiannual beginning 10/4/64
Instituto de Fomento Municipal (Republic of Guatemala) <i>Public entity</i>	Water supply and sewage systems	12/24/64	U.S. dollars	3,020,000	3,020,000				2¾	49 semiannual beginning 12 months after date of contract
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				<u>14,320,000</u>	<u>12,728,808</u>	<u>1,591,192</u>	<u>33,937</u>	<u>1,557,255</u>		

HONDURAS

Banco Nacional de Fomento (Banco Central de Honduras) <i>Public entity</i>	Agricultural credit	8/30/62 (12/1/62)	U.S. dollars	2,500,000	1,240,574	1,259,426	25,000	1,234,426	1¼	40 semiannual beginning 11/30/63
Instituto de la Vivienda (Republic of Honduras) <i>Public entity</i>	Housing	12/6/62 (5/7/63)	U.S. dollars	1,000,000	645,237	354,763	10,000	344,763	1¼	54 semiannual beginning 5/7/64

SOCIAL PROGRESS TRUST FUND

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved *	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
HONDURAS (Cont'd)										
Servicio Autónomo Nacional de Acueductos y Alcantarillados (Republic of Honduras) <i>Public entity</i>	Water supply	3/7/63 (4/8/63)	U.S. dollars	2,150,000	2,070,700	79,300	10,000	69,300	2¾	49 semiannual beginning 4/8/64
Republic of Honduras <i>Public entity</i>	Farm access roads	12/31/63 (6/30/64)	U.S. dollars	1,585,000	1,585,000				1¼	39 semiannual beginning 7/1/65
Servicio Autónomo Nacional de Acueductos y Alcantarillados (Republic of Honduras) <i>Public entity</i>	Water supply systems	10/8/64 (10/23/64)	U.S. dollars	400,000	400,000				2¾	49 semiannual beginning 10/23/65
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				<u>7,635,000</u>	<u>5,941,511</u>	<u>1,693,489</u>	<u>45,000</u>	<u>1,648,489</u>		
MEXICO										
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Water systems	3/15/62 (6/15/62)	U.S. dollars	9,200,000	7,550,765	1,649,235	50,000	1,599,235	2¾	4 annual and 32 semiannual beginning 6/15/64
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Farm settlement	4/19/62 (6/15/62)	U.S. dollars	1,000,000	733,445	266,555	12,500	254,055	1¼	4 annual and 32 semiannual beginning 6/15/64
Instituto Mexicano de Investigaciones Tecnológicas, A.G. (Nacional Financiera, S.A.) <i>Public entity</i>	Higher education	4/19/62 (8/30/62)	U.S. dollars	400,000	70,065	329,935	42,500	287,435	1¼	29 semiannual beginning 8/31/63
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Improved land use	12/28/62 (6/6/63)	U.S. dollars	3,000,000	2,900,000	100,000	38,000	62,000	1¼	4 annual and 32 semiannual beginning 6/6/64
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Improved land use	6/20/63 (9/19/63)	U.S. dollars	5,000,000	5,000,000				1¼	49 semiannual beginning 9/19/64
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Housing	8/27/63 (2/28/64)	U.S. dollars	10,000,000	8,500,000	1,500,000		1,500,000	1¼	59 semiannual beginning 3/1/65
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Higher education	12/31/63 (4/15/64)	U.S. dollars	2,100,000	2,100,000				1¼	39 semiannual beginning 4/15/65
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				<u>30,700,000</u>	<u>26,854,275</u>	<u>3,845,725</u>	<u>143,000</u>	<u>3,702,725</u>		

NICARAGUA

Instituto Nicaragüense de la Vivienda <i>Public entity</i>	Housing	3/29/62 (8/2/62)	U.S. dollars	5,200,000	100,000	5,100,000	52,000	5,048,000	1¼	25 annual beginning 8/2/63
Banco Nacional de Nicaragua <i>Public entity</i>	Agricultural credit	6/14/62 (9/20/62)	U.S. dollars	2,500,000	1,628,269	871,731	20,000	851,731	1¼	20 annual beginning 9/20/63
Republic of Nicaragua <i>Public entity</i>	Sewage system studies	6/28/63 (9/27/63)	U.S. dollars	185,000	185,000				2¾	13 semiannual beginning 9/27/64
Instituto Nicaragüense de la Vivienda (Republic of Nicaragua) <i>Public entity</i>	Housing	12/31/64	U.S. dollars	5,250,000	5,250,000				1¼	49 semiannual beginning 12 months after date of contract

TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS

13,135,000 7,163,269 5,971,731 72,000 5,899,731

PANAMA

Instituto de Vivienda y Urbanismo (Republic of Panama) <i>Public entity</i>	Housing	8/3/61 (8/22/61)	U.S. dollars	7,600,000	105,325	7,494,675	190,000	7,304,675	1¼	26 annual beginning 9/1/62
Instituto de Acueductos y Alcantarillados Nacionales (Republic of Panama) <i>Public entity</i>	Water systems	5/31/62 (6/14/62)	U.S. dollars	2,762,000	1,161,181	1,600,819	27,620	1,573,199	2¾	27 annual beginning 6/14/63

TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS

10,362,000 1,266,506 9,095,494 217,620 8,877,874

PARAGUAY

Banco Nacional de Fomento (Republic of Paraguay) <i>Public entity</i>	Agricultural credit	12/20/62 (2/1/63)	U.S. dollars	2,900,000	2,300,606	599,394	20,000	579,394	1¼	40 semiannual beginning 2/1/64
Republic of Paraguay <i>Public entity</i>	Housing	9/10/64 (12/1/64)	U.S. dollars	3,400,000	3,400,000				1¼	59 semiannual beginning 12/1/65

TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS

6,300,000 5,700,606 599,394 20,000 579,394

PERU

Republic of Peru <i>Public entity</i>	Housing	10/19/61 (11/24/61)	U.S. dollars	22,800,000	7,870,208	14,929,792	342,000	14,587,792	1¼	20 annual beginning 11/23/62
Cooperativa de Crédito Central del Perú <i>Private entity</i>	Rural development projects	10/19/61 (10/27/61)	U.S. dollars	1,000,000	46,000	954,000	100,000	854,000	1¼	21 annual beginning 10/27/62

SOCIAL PROGRESS TRUST FUND

Statement of Approved Loans as of December 31, 1964

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved *	Currency	Amount	Undisbursed Balance	Status of Loan			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
PERU (Cont'd)										
Asociación Mutua de Crédito para la Vivienda "El Pueblo" (Republic of Peru) <i>Private entity</i>	Housing	3/15/62 (5/1/62)	U.S. dollars	1,000,000		1,000,000	37,500	962,500	1¼	21 annual beginning 5/1/63
Universidad Nacional Mayor de San Marcos (Republic of Peru) <i>Public entity</i>	Higher education	11/15/62 (12/17/62)	U.S. dollars	1,500,000	1,445,000	55,000	5,689	49,311	1¼	29 semiannual beginning 11/17/63
Republic of Peru <i>Public entity</i>	Rural water systems	3/19/64 (3/24/64)	U.S. dollars	1,650,000	1,491,200	158,800		158,800	2¾	59 semiannual beginning 3/24/65
Universidad Agraria (Republic of Peru) <i>Public entity</i>	Higher education	4/30/64 (5/1/64)	U.S. dollars	2,000,000	1,985,750	14,250		14,250	1¼	39 semiannual beginning 5/1/65
Republic of Peru <i>Public entity</i>	Rural development	10/8/64 (11/6/64)	U.S. dollars	3,500,000	3,500,000				1¼	49 semiannual beginning 11/6/65
Universidad Nacional de Ingeniería (Republic of Peru)	Higher education	10/8/64 (11/5/64)	U.S. dollars	2,500,000	2,500,000				1¼	39 semiannual beginning 11/5/65
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				35,950,000	18,838,158	17,111,842	485,189	16,626,653		
URUGUAY										
Gobierno del Departamento de Montevideo <i>Public entity</i>	Sewage system	12/7/61 (5/21/63)	U.S. dollars	2,500,000	2,500,000				2¾	41 semiannual beginning 5/22/64
Republic of Uruguay <i>Public entity</i>	Housing	9/20/62 (5/21/63)	U.S. dollars	8,000,000	8,000,000				1¼	51 semiannual beginning 5/18/64
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				10,500,000	10,500,000					
VENEZUELA										
Banco Obrero de Venezuela (Republic of Venezuela) <i>Public entity</i>	Rural housing	8/3/61 (11/15/61)	U.S. dollars	12,000,000	1,003,042	10,996,958	1,044,000	9,952,958	1¼	40 semiannual beginning 5/15/62
Republic of Venezuela <i>Public entity</i>	Water systems	12/7/61 (5/3/62)	U.S. dollars	10,000,000	118	9,999,882	394,000	9,605,882	2¾	39 semiannual beginning 4/30/63

Instituto Nacional de Obras Sanitarias (Republic of Venezuela) <i>Public entity</i>	Water systems	12/14/61 (5/3/62)	U.S. dollars	10,000,000	1,162,497	8,837,503	160,000	8,677,503	2¾	20 annual beginning 4/30/63
Banco Obrero de Venezuela (Republic of Venezuela) <i>Public entity</i>	Housing	3/29/62 (6/8/62)	U.S. dollars	10,000,000	8,585,266	1,414,734	100,000	1,314,734	1¼	22 annual beginning 6/8/63
Instituto Agrario Nacional (Republic of Venezuela) <i>Public entity</i>	Farm settlement	11/8/62 (12/19/62)	U.S. dollars	10,000,000	9,684,623	315,377	150,000	165,377	1¼	39 semiannual beginning 12/19/63
Universidad de Oriente de Venezuela (Corporación Venezolana de Fomento) <i>Public entity</i>	Higher education	4/18/63 (10/17/63)	U.S. dollars	1,000,000	865,108	134,892	10,000	124,892	1¼	29 semiannual beginning 10/17/64
Republic of Venezuela <i>Public entity</i>	Water systems	12/24/64	U.S. dollars	10,000,000	10,000,000				2¾	39 semiannual beginning 12 months after date of contract

TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS

63,000,000 31,300,654 31,699,346 1,858,000 29,841,346

CENTRAL AMERICA

Universities of Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua (Republics of Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua) <i>Public entities</i>	Higher education	12/20/62 (6/17/63)	U.S. dollars	2,925,000	2,868,650	56,350	363	55,987	1¼	35 semiannual beginning 6/18/64
---	------------------	-----------------------	--------------	-----------	-----------	--------	-----	--------	----	------------------------------------

TOTAL LOANS TO CENTRAL AMERICA EXPRESSED IN U.S. DOLLARS

2,925,000 2,868,650 56,350 363 55,987

NET TOTAL ACTIVE LOANS EXPRESSED IN U.S. DOLLARS

450,035,000 294,544,844 155,490,156 4,648,047 150,842,109

ADD: LOAN CANCELLATIONS

3,500,000

TOTAL APPROVED LOANS EXPRESSED IN U.S. DOLLARS

453,535,000

Notes:

A. In addition to the interest rate shown, all loans have a service charge of ¾ of 1% per annum on principal amounts outstanding.

B. All of the loans have been approved by the Bank as Administrator of the Trust Fund, but certain loans have not become effective and disbursements thereunder will not begin until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.

C. Of the undisbursed balance of loans held by the Bank, the Bank has entered into irrevocable commitments to disburse \$1,675,562.

* Date of approval of the loan and, in parenthesis, date of the respective loan contract.

¹ Expressed in U.S. dollar equivalent.

Governors and Alternate Governors*

COUNTRY	GOVERNOR	ALTERNATE
ARGENTINA	Félix Gilberto María Elizalde	Enrique García Vázquez
BOLIVIA	Jaime Berdecio Zilveti	David Lafuente
BRAZIL	Octávio Gouvêa de Bulhões	Denio Chagas Nogueira
CHILE	Sergio Molina Silva	José Zabala de la Fuente
COLOMBIA	Diego Calle Restrepo	Eduardo Arias Robledo
COSTA RICA	Rodolfo Lara	Alvaro Castro Jenkins
DOMINICAN REPUBLIC	Diógenes H. Fernández	Luis Scheker
ECUADOR	Alberto Quevedo Toro	Wilfrido Freire Dueñas
EL SALVADOR	Abelardo Torres	Guillermo Hidalgo Qüehl
GUATEMALA	Carlos E. Peralta Méndez	Jorge Caballeros Mazariegos
HAITI	Marcel Daumec	
HONDURAS	Edgardo Dumas Rodríguez	Roberto Ramírez
MEXICO	Antonio Ortiz Mena	Rodrigo Gómez
NICARAGUA	Andrés García Pérez	Francisco J. Laínez
PANAMA	David Samudio A.	Berardo Q. Gallol
PARAGUAY	César Barrientos	César Romeo Acosta
PERU	Hipólito Larrabure Price	Ramón Remolina Serrano
UNITED STATES	Douglas Dillon	David E. Bell
URUGUAY	Daniel H. Martins	Gervasio de Posadas Belgrano
VENEZUELA	Andrés Germán Otero	Héctor Hurtado

Executive Directors and Alternates*

		NUMBER OF VOTES	PERCENTAGE
Manuel Barros Sierra MEXICO	Elected by: DOMINICAN REPUBLIC_	1,012	0.77
Arturo Calventi (Alternate) DOMINICAN REPUBLIC	EL SALVADOR _	792.5	0.60
	GUATEMALA _	1,012	0.77
	HONDURAS _	792.5	0.60
	MEXICO _	10,665	8.13
	PANAMA _	792.5	0.60
	URUGUAY _	1,241	0.95
		<hr/> 16,307.5	<hr/> 12.42
Francisco Norberto Castro ARGENTINA	Elected by: ARGENTINA _	16,516	12.60
Juan Ramírez V. (Alternate) PERU	PERU _	2,330	1.78
		<hr/> 18,846	<hr/> 14.38
Raúl Hess COSTA RICA	Elected by: COSTA RICA _	792.5	0.60
José María Castillo (Alternate) NICARAGUA	NICARAGUA _	792.5	0.60
		<hr/> 1,585	<hr/> 1.20
Tom Killefer UNITED STATES	Appointed by: UNITED STATES _	55,723	42.47
Alexander M. Rosenson (Alternate) UNITED STATES		<hr/> 55,723	<hr/> 42.47
Oscar Niemtschik VENEZUELA	Elected by: CHILE _	4,633	3.53
Luis F. Echavarría (Alternate) COLOMBIA	COLOMBIA _	4,629.5	3.53
	VENEZUELA _	8,911.5	6.79
		<hr/> 18,174	<hr/> 13.85
Victor da Silva Alves Filho BRAZIL	Elected by: BRAZIL _	16,516	12.60
Federico Intriago (Alternate) ECUADOR	ECUADOR _	1,012	0.77
	HAITI _	792.5	0.60
		<hr/> 18,320.5	<hr/> 13.97
Julio Solsona Flores URUGUAY	Elected by: BOLIVIA _	1,450	1.11
Julio C. Gutiérrez (Alternate) PARAGUAY	PARAGUAY _	792.5	0.60
		<hr/> 2,242.5	<hr/> 1.71
	TOTAL _	<hr/> 131,198.5	<hr/> 100.00

* As of March 29, 1965.

Principal Officers of the Bank*

President
Executive Vice-President

Felipe Herrera
T. Graydon Upton

FINANCIAL-ADMINISTRATIVE DEPARTMENT

Financial Manager
Acting Treasurer
Secretary
Director, Division of Administration
Director, Division of Information

Ignacio Copete-Lizarralde
Lambert E. Jones
Jorge Hazera
Fausto Ruggiero
Joaquín E. Meyer

OPERATIONS DEPARTMENT

Operations Manager
Director, Loan Division, Northern Zone
Director, Loan Division, Southern Zone
Director, Project Analysis Division
Director, Operations Control Division

Ewaldo Correia Lima
Guillermo Moore
G. Lincoln Sandelin
Alfredo E. Hernández
Hawthorne Arey

TECHNICAL DEPARTMENT

Technical Manager
Director, Economic and Social
Development Division
Coordinator of Technical Assistance

Alfonso Rochac

Pedro Irañeta
Milton Messina

OFFICE OF THE GENERAL COUNSEL

General Counsel
Deputy General Counsel

Elting Arnold
Rodrigo Llorente



Financial Advisor
Program Advisor

Robert B. Menapace
Alfred C. Wolf

Channels of Communications and Depositories*

MEMBER COUNTRY	CHANNEL OF COMMUNICATION	DEPOSITORY
ARGENTINA	Banco Central de la República Argentina	Banco Central de la República Argentina
BOLIVIA	Banco Central de Bolivia	Banco Central de Bolivia
BRAZIL	Superintendência da Moeda e do Crédito	Superintendência da Moeda e do Crédito
CHILE	Ministerio de Hacienda	Banco Central de Chile
COLOMBIA	Banco de la República	Banco de la República
COSTA RICA	Banco Central de Costa Rica	Banco Central de Costa Rica
DOMINICAN REPUBLIC	Banco Central de la República Dominicana	Banco Central de la República Dominicana
ECUADOR	Banco Central del Ecuador	Banco Central del Ecuador
EL SALVADOR	Banco Central de Reserva de El Salvador	Banco Central de Reserva de El Salvador
GUATEMALA	Banco de Guatemala	Banco de Guatemala
HAITI	Banque Nationale de la République d'Haiti	Banque Nationale de la République d'Haïti
HONDURAS	Ministerio de Economía y Hacienda	Banco Central de Honduras
MEXICO	Banco de México, S.A.	Banco de México, S.A.
NICARAGUA	Banco Central de Nicaragua	Banco Central de Nicaragua
PANAMA	Ministerio de Hacienda y Tesoro	Banco Nacional de Panamá
PARAGUAY	Banco Central del Paraguay	Banco Central del Paraguay
PERU	Banco Central de Reserva del Perú	Banco Central de Reserva del Perú
UNITED STATES	National Advisory Council on International Monetary and Financial Problems	Federal Reserve Bank of New York
URUGUAY	Ministerio de Hacienda	Banco de la República Oriental del Uruguay
VENEZUELA	Ministerio de Hacienda	Banco Central de Venezuela

* As of March 29, 1965.

THE INTER-AMERICAN DEVELOPMENT BANK

- 1959 January 8-April 8:** Agreement Establishing the Inter-American Development Bank is drafted by a specialized committee of the Inter-American Economic and Social Council.
- December 30:** Agreement Establishing the Bank enters into effect.
- 1960 February 13-16:** Bank is organized at the First Meeting of the Board of Governors held in San Salvador. President and Board of Directors are chosen.
- September 12:** Act of Bogota signed. In it, Latin American delegations welcome the decision of the United States to establish a special inter-American fund for social development, with the Bank as the primary mechanism for administering it.
- October 1:** Bank officially begins operations.
- 1961 February 3:** Bank approves its first loan.
- June 19:** The United States Government and the Bank sign an Agreement designating the Bank as Administrator of the Social Progress Trust Fund, to which the United States assigns \$394 million.
- 1962 April 5:** Bank sells its first bond issue, equivalent to \$24,193,548, in Italy.
- December 11:** Bank sells bond issue for \$75 million in the United States.
- 1963 September 30:** Bank adopts program to finance exports of capital goods among its Latin American member countries and assigns an initial \$30 million from its ordinary capital resources to the program.
- 1964 January 28:** Member countries adopt resolutions, approved by the Board of Governors April 8, 1963, providing for a \$1 billion increase in the authorized callable capital, a \$300 million increase in the authorized capital to be available for new members, and a 50 per cent increase—\$73,158,000—in the Fund for Special Operations.
- February 17:** The United States approves an additional \$131 million for the Social Progress Trust Fund.
- March 23:** Bond issue for \$50 million sold in the United States.
- April 16:** Board of Governors at its Fifth Annual Meeting in Panama City recommends that member nations take necessary steps to increase the Fund for Special Operations by \$900 million over a three-year period.
- July 7:** Bond issue for equivalent of \$15 million sold in the Federal Republic of Germany.
- September 2:** Bond issue for equivalent of \$8.4 million sold in the United Kingdom.
- October 29:** Bond issue for \$100 million sold in the United States.
- December 4:** Bank signs agreement with Canada to administer \$10 million Canadian dollars for economic, technical and educational projects in Latin America.

