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INTER-AMERICAN DEVELOPMENT BANK

FOURTH ANNUAL REPORT • 1963



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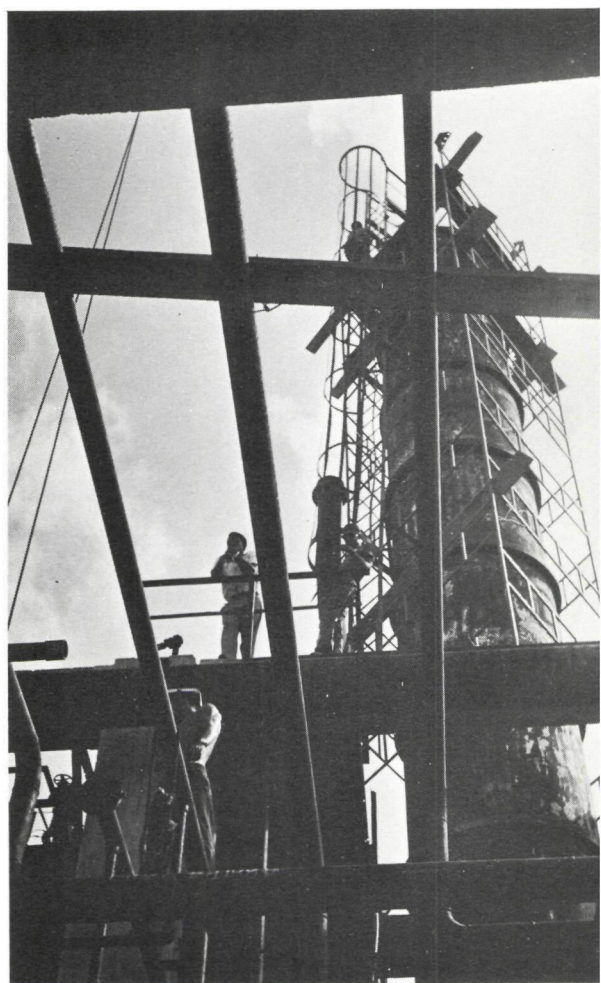


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INTER-AMERICAN DEVELOPMENT BANK
WASHINGTON, D. C.

PRESIDENT

CABLE ADDRESS
INTAMBANC

February 27, 1964

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 1963 to the Board of Governors.

The first part, pages 11 to 51, 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.

The second part, pages 53 to 81, 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.

The third part, pages 83 to 112, 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

THE INTER-AMERICAN DEVELOPMENT BANK

- 1958 September 24:** A meeting of American Foreign Ministers in Washington recommends that the Inter-American Economic and Social Council convoke a specialized committee of government representatives to negotiate and draft the charter of an inter-American financial institution.
- 1959 January 8:** The Specialized Committee for Negotiating and Drafting the Instrument of Organization of an Inter-American Financial Institution begins its work.
April 8: The Committee's Final Act, containing the Agreement Establishing the Bank, is signed.
December 30: The Agreement Establishing the Bank enters into effect.
- 1960 February 13-16:** First Meeting of the Board of Governors is held in San Salvador, El Salvador. The President of the Bank is elected and the Board of Executive Directors is constituted.
September 12: Third Meeting of the Special Committee to Study the Formulation of New Measures for Economic Cooperation opens in Bogota. Latin American delegations welcome the decision of the United States to establish a special inter-American fund for social development, with the Inter-American Development Bank as the primary mechanism for administering it.
October 1: The Bank officially begins operations.
- 1961 February 3:** The Bank approves its first loan.
April 10-14: Second Meeting of the Board of Governors is held in Rio de Janeiro, Brazil.
June 19: President John F. Kennedy and Felipe Herrera, President of the Bank, sign the Agreement designating the Bank as Administrator of the Social Progress Trust Fund.
- 1962 April 5:** The Bank sells first bond issue for the equivalent of \$24,193,548 in freely convertible Italian lire.
April 23-26: Third Meeting of the Board of Governors is held in Buenos Aires, Argentina.
December 11: The Bank sells bond issue for total of \$75 million in the United States market.
- 1963 April 8:** The Board of Governors approves resolutions recommending 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.
April 22-26: Fourth Meeting of the Board of Governors is held in Caracas, Venezuela.
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 resources to the program.

GENERAL ASPECTS

Loans and Disbursements

The participation of the Inter-American Development Bank in fostering the economic and social growth of Latin America acquired new dimensions and expanded significantly in 1963. During the year the Bank approved 56 loans totaling \$258,853,487¹ from its three sources of funds. This brought the cumulative lending volume of the Bank—from its own resources and those of the Social Progress Trust Fund which it administers within the framework of the Alliance for Progress—to \$875,080,350 as of December 31, 1963.

These loans were extended to help finance 192 projects or programs whose total cost is estimated at \$2,461 million. Thus the Bank's lending has been accompanied by the mobilization of other resources—primarily those of the borrowing countries—of about \$1,586 million.

The volume of loans extended from the ordinary capital resources in 1963 was the largest of any year since the Bank began operations. The amounts committed in loans from the Fund for Special Operations and the Social Progress Trust Fund were lower than in previous years because of the diminishing volume of resources available in those funds.

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

The loans authorized from each of the three resources were:

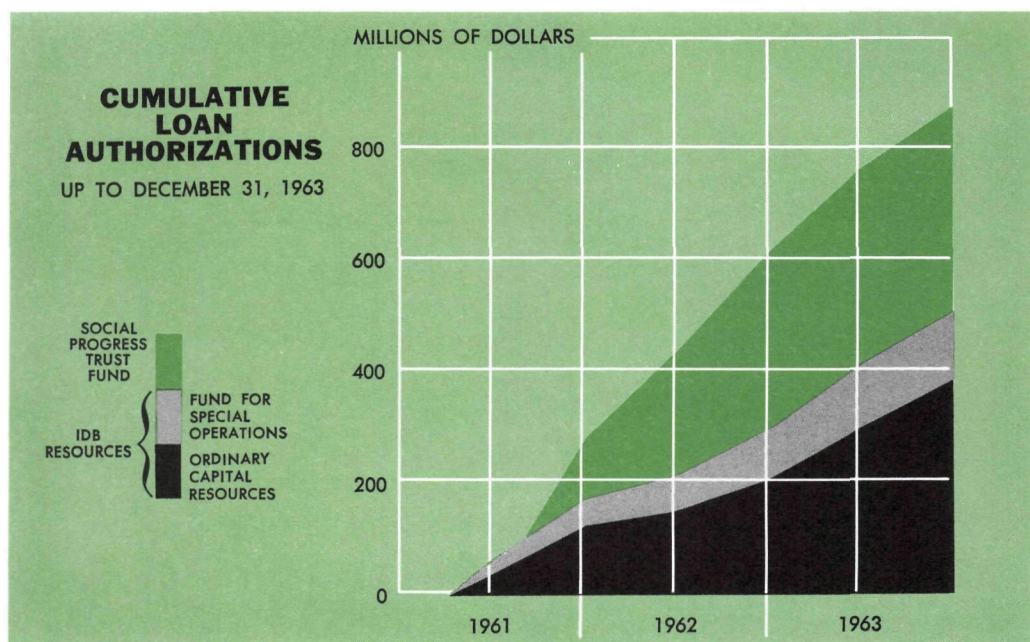
Ordinary capital resources, 27 loans totaling \$179,269,560. By the end of 1963 the cumulative value of ordinary capital loans had reached \$385,754,087.

Fund for Special Operations, 9 loans amounting to \$32,513,927. This brought the cumulative total at the end of the year to \$121,694,263.

Social Progress Trust Fund, 20 loans for a total of \$47,070,000, bringing the cumulative lending from this Fund as of December 31, 1963, to \$367,632,000.

One of the significant developments in the Bank's operations in 1963 was the notable increase in the rate of disbursements on authorized loans. As of December 31, 1963, these had risen to \$206,291,060—a figure three times greater than the \$65,282,146 disbursed up to the end of 1962. This increasing utilization of loan funds reflected the normal execution of the projects for which the loans were made as well as a better adaptation of the Bank's procedures to the needs of its member countries and a greater capacity on their part to absorb the funds put at their disposal.

Operating policies of the Bank in 1963 were marked by the flexibility which has characterized the Bank's activities since their start. Lending continued to be directed to sectors meriting the greatest



priority from the standpoint not only of the needs of the individual member country but also of Latin America as a whole. The Bank also gave preferential attention to fields which have not traditionally had easy access to international credit facilities.

Thus the Bank gave particular attention to the agricultural development of Latin America in order to increase productivity and improve social welfare. Loans for agriculture have encouraged and expanded the activities of national organizations which extend farm credit, supported the agrarian reform efforts of various countries, promoted agricultural mechanization, helped bring lands into production, improved the quality of farm products as well as marketing and storage systems, and increased farm living standards. It is of interest in this connection that in 1963 other international organizations came to recognize the importance, at the present stage of Latin America's development, of such financing. As of December 31, 1963, the Bank had extended a cumulative total of \$176,529,974, or 34.8 per cent, of the total lending from its own resources in loans for the agricultural sector.

At the same time, the Bank continued to devote a high proportion of its loans to the industrial development of Latin America through direct loans as well as lines of credit to national development agencies for relending to small and medium enterprises. The loans extended by the Bank from its

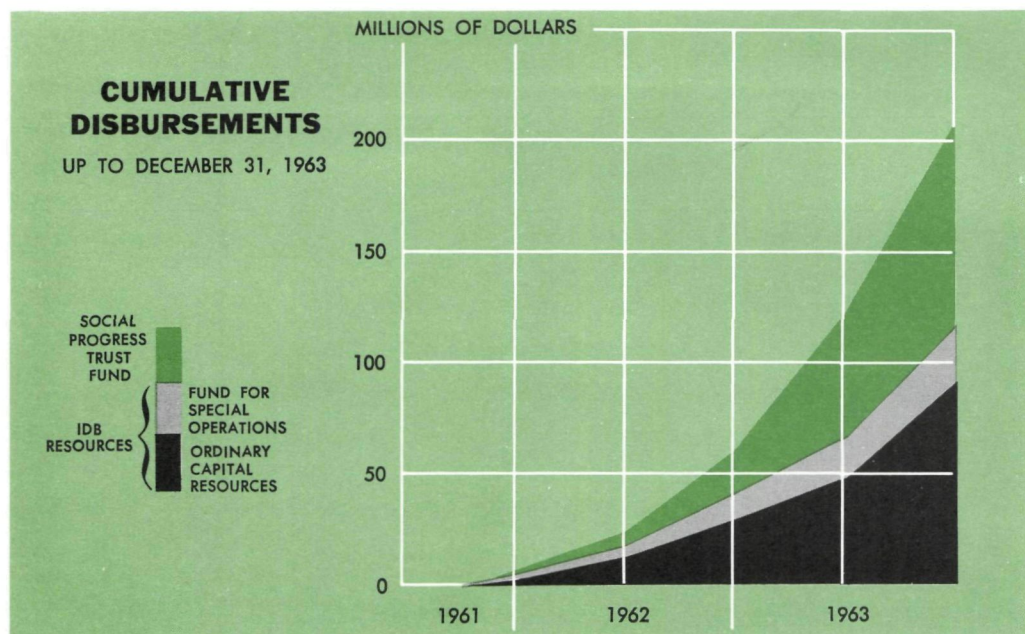
own resources for industrial and mining purposes amounted to a cumulative total of \$188,766,360, or 37.2 per cent, up to the end of 1963.

Within the limitations of its resources, the Bank also continued to finance infrastructure projects. Up to December 31, 1963, the Bank had extended \$84,924,323 for electric power and transportation facilities, or 16.7 per cent of the Bank's total lending from its own resources.

The Bank's experience in practice has demonstrated the need to deal with Latin America's situation through a balanced distribution of resources between investments of an economic character and those of a social nature. Despite the lower level of resources available in the Fund for Special Operations and the Social Progress Trust Fund, the Bank in 1963 devoted a substantial part of its "soft" loans to projects in such social fields as those connected with land settlement and improved land use, housing for low-income groups, community water supply and sanitation facilities and advanced education and training.

Technical Assistance

Parallel to its lending activity, the Bank maintained a high level in its technical assistance commitments. A total of \$9,024,625 was authorized for such activities in 1963. This brought the cumulative total since the Bank began operations to \$23,318,629. A substantial part of this assistance was devoted to



pre-investment and general planning studies, the formulation of projects, the preparation of studies of multinational interest, the creation and reorganization of agencies active in social development fields, the strengthening of entities dedicated to mobilizing internal financial resources, and the training of professional personnel in the various branches of economic and social development. During its first three years of activity, the Bank contributed in different ways to the training of more than 1,000 Latin American officials connected with the formulation, execution or administration of development programs. Also noteworthy in the Bank's technical assistance activity was the support given to projects or programs encouraging the integration movement in Latin America.

Increase in Resources

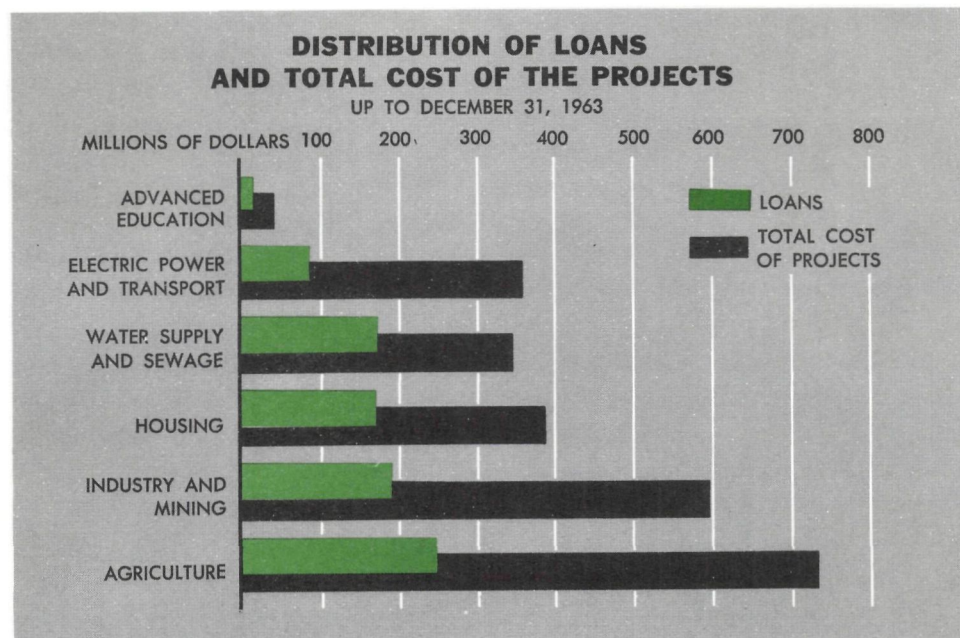
To provide the Bank with the resources to maintain an accelerated rate in its lending and technical assistance activities, member countries have already adopted the measures recommended by the Fourth Annual Meeting of the Board of Governors held in Caracas in April 1963 calling for an increase in the Bank's ordinary capital resources and its Fund for Special Operations. These increases include:

- \$1 billion in the callable capital.
- \$300 million in the authorized capital to provide subscriptions for possible new members.
- \$73,158,000 in the Fund for Special Operations—that is a 50 per cent increase in existing quotas.

tions—that is a 50 per cent increase in existing quotas.

The respective resolutions providing the increase in resources have already entered into effect. Thus the total authorized capital of the Bank rises to \$2.15 billion and the authorized resources of the Fund for Special Operations to \$223,158,000. The terms under which the increases will be carried out are described in the parts of this report dealing in more detail with the ordinary capital resources and the Fund for Special Operations.

On December 30, 1963, the United States Congress appropriated an additional sum of \$135 million for the Special Inter-American Fund for Social Development, established by the United States according to the terms of the Act of Bogota. Of that sum \$131 million was assigned to the Social Progress Trust Fund which the Bank administers. On February 17, 1964, the United States Government and the Bank signed a protocol formalizing the increase in the resources of the Social Progress Trust Fund. This amount, added to the \$394 million originally allotted by the United States Government, increases the resources in the Trust Fund to \$525 million. The increase will permit the Bank during 1964 to continue the important role it has been carrying out in improving social conditions in Latin America through its lending and technical assistance activities in the fields taken care of with the Trust Fund.



Support for Integration

The Bank's support for regional integration in Latin America acquired new dimensions during 1963. In compliance with the provision of its Agreement which directs it "to cooperate with the member countries to orient their development policies toward a better utilization of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade," the Bank has supported various initiatives to strengthen the integration movement. The initiation by the Bank of a program of technical assistance for integration purposes and the establishment of a program to finance intraregional exports of capital goods were especially noteworthy steps taken in 1963.

At the First Annual Meeting of the Inter-American Economic and Social Council at the Ministerial Level in Mexico City in October 1962, the Bank, as noted in the last annual report, announced that it would initiate a program of technical assistance to encourage and speed up the process of Latin American economic integration. To this end in March 1963 the Bank held a meeting in Washington of representatives of organizations concerned with Latin American integration with the objective of coordinating efforts in this field. The Bank also granted technical assistance for programs of a multinational scope, including one for the integrated de-

velopment of the Colombian-Venezuelan border area and another for a study of the feasibility of a highway that would link the Amazon regions of Bolivia, Peru, Ecuador and Colombia.

Complying with a resolution adopted by the Board of Governors at its Fourth Annual Meeting, the Bank in 1963 adopted a program to finance exports of capital goods among its member countries in Latin America. On September 30, 1963, the Board of Executive Directors approved the regulations for the program and authorized the initial utilization of up to \$30 million from the ordinary capital resources in the program, in addition to providing for the utilization of amounts received through the sale in financial markets of credit documents resulting from the program. The objective of the program is to stimulate the development of the capital goods industry in Latin America and foster the area's economic integration through the increase of regional trade.

To be eligible for financing, goods must originate in the Latin American member countries of the Bank. They are considered to have originated in such a country not only when they are produced or manufactured therein with raw materials or parts of that country but also when they are made with raw materials or parts originating in any other Latin American member country. The program contemplates financing exports not only of capital goods but also of manufactured components used in such goods.

The 192 loans totaling \$875.1 million authorized up to December 31, 1963, from the Bank's own resources and the Social Progress Trust Fund are helping to finance projects whose total cost is estimated at \$2.5 billion.

Financing National Plans

During 1963 the Bank continued to support economic development planning in Latin America and collaborated ever more closely in the execution of the development plans of its member countries by financing projects conceived within a framework of coordinated economic growth. The Bank also participated in efforts connected with securing the external resources required by the development plans under the terms of the Charter of Punta del Este.

At the request of the Government of Ecuador, the Bank agreed in October 1963 to act as financial agent in connection with the mobilization of external resources needed to finance Ecuador's ten-year development plan, which had been submitted that month to the Panel of Nine. The Bank continued its functions during the year as financial agent for the first stage of Bolivia's development plan, according to the joint financing plan agreed to in 1962 with the U. S. Agency for International Development (AID). Early in 1963 the Bank also joined in the advisory group of international financial institutions and leading capital exporting countries organized by the World Bank for Colombia's national plan.

Mobilization of External Resources

In its first three years of activity, the Bank has devoted constant attention to carrying out the function entrusted to it by its Agreement of obtaining

additional external resources for Latin America's development. The Bank has accomplished this objective through such means as placing bonds on the world's capital markets, selling participations in its loans, encouraging parallel financing and accepting the administration of trust funds.

As related in the 1962 Annual Report, two sales of its bonds were made in Italy and in the United States in 1962 on terms and conditions which indicated the establishment of the Bank's credit on a high plane, reflecting the confidence of the investment market in its securities.

The Bank has also made very satisfactory progress in the sale of participations in its loans, increasing the number of participating banks in 1963 to 52 banks in the United States, Europe and Canada. Participations actually allocated in ordinary capital loans in 1963 totaled \$7,381,518, but the applications from banks for participations aggregated a much higher figure. This brought the cumulative total of such participations as of December 31, 1963, to \$15,083,260. In addition, during the year the United Nations Special Fund purchased participations amounting to \$1,645,058 in five loans previously authorized from the Fund for Special Operations.

During the course of the year, the Bank continued its efforts to encourage the flow of capital from Western Europe and Canada toward Latin America's

development. In addition to the constant efforts of the Bank's representative in Europe in this regard, the Bank participated in a special meeting of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) in March 1963 at which a discussion took place on the manner in which the Bank and public and private entities in DAC countries might cooperate in financing the development of Latin America. In September 1963 a mission of the Bank went to Canada to make its activities better known in official and private financial circles there.

The Bank also cooperated with the Atlantic Community Development Group for Latin America (ADELA) in its efforts to create a multinational private investment corporation designed to mobilize capital resources for the region. At a meeting in Paris January 11, 1964, a group of private banking and industrial representatives established an interim organizing committee from Europe, Japan and the United States to organize the ADELA multinational private investment company.

Board of Governors

The Fourth Annual Meeting of the Board of Governors of the Bank was held in Caracas, Venezuela, April 22 to 26, 1963. Andrés Germán Otero, Minister of Finance of Venezuela, was elected President of the Board.

During the meeting, the Board of Governors:

- Approved the financial statements pertaining to the ordinary capital resources and the Fund for Special Operations for the fiscal year ending December 31, 1962, and decided that the net income from the ordinary capital resources should be allocated to the General Reserve of the Bank and that of the Fund for Special Operations to the General Reserve of the Fund. The Board also decided to allocate to those reserves the net income which may result in each future fiscal year.

- Recommended that each member country take the legislative and administrative actions necessary to make effective as soon as possible the increases in the Bank's resources proposed by the Board of Directors report of March 18, 1963, and adopted by the Board of Governors April 8, 1963. The Governors also asked the Executive Directors to submit a report on the future relationships of the Fund for Special Operations to other activities of the Bank and on the sufficiency of its resources.

- Recommended to the member countries that they submit to the Bank their observations on the document entitled "Medium-Term Financing of Latin American Exports" and requested that the Board of Executive Directors adopt the procedures necessary for the establishment by the Bank of an intraregional program of export financing.

- Requested that the Board of Executive Direc-

tors submit to the next meeting of the Board of Governors a report on financing of the exportation of basic goods.

As in previous years during the course of the meeting a round-table discussion was held. The subject this time was "Financial Aspects of Hemispheric Economic Integration." The discussions have been published by the Bank under the title, "Economic Integration: Financial Aspects."

The member countries were represented at the meeting by 130 delegates, including eight cabinet ministers. Also in attendance were observers from 24 international institutions and 300 special guests who came from the Latin American member countries, the United States, Canada, Jamaica and Western Europe. Panama City was selected by the Governors as the site of the Fifth Annual Meeting to be held in April 1964.

Board of Directors and Administration

The second general election of executive directors of the Bank was held at the Fourth Annual Meeting. The members of the Board, who took office July 1, 1963, are:

Manuel Barros Sierra, of Mexico, elected by the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Panama and Uruguay.

Guillermo Bedregal, of Bolivia, elected by Bolivia and Paraguay.

Francisco Norberto Castro, of Argentina, elected by Argentina and Peru.

Raúl Hess, of Costa Rica, elected by Costa Rica and Nicaragua.

Cleantho de Paiva Leite, of Brazil, elected by Brazil, Ecuador and Haiti.

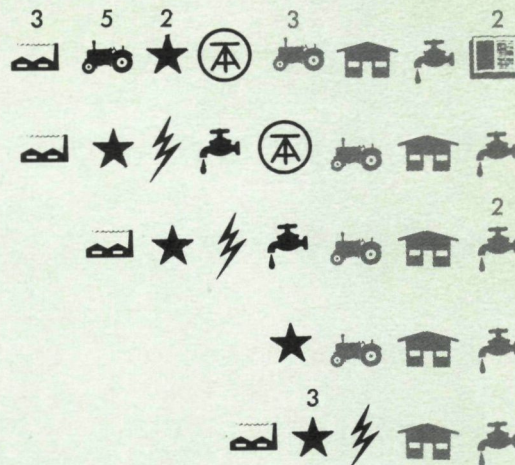
Oscar Niemtschik, of Venezuela, elected by Chile, Colombia and Venezuela.

Tom Killefer had been appointed by the United States as its executive director in 1962.

The activities of the Bank in previous years had demonstrated that the operational effectiveness of the Bank would be greatly strengthened by conducting the ordinary and special loan operations, as well as those of the Social Progress Trust Fund, through a single department, while fully respecting the separation of the various resources as required by the Agreement. Accordingly, at the recommendation of the President, the Board of Executive Directors determined that the Operations Manager should fulfill the functions of Vice President of the Bank in charge of the Fund for Special Operations, as provided in Article IV, Section 8, of the Agreement. In taking this action, the Board determined that the positions of the Managers and of the General Counsel of the Bank were equivalent in rank to those of Vice President. The Executive Directors and their alternates are listed on pages 115; the Bank's principal officers on page 116.

LENDING ACTIVITIES

UP TO DECEMBER 31, 1963



APPROVED LOANS

(Expressed in thousands of dollars)

COUNTRY	In 1963		Up to December 31, 1963	
	NUMBER	AMOUNT	NUMBER	AMOUNT
Argentina	5	\$36,249	17	\$109,428
Bolivia	4	10,395	8	33,995
Brazil	5	24,100	23	136,465
Chile	5	19,960	19	82,214
Colombia	3	25,000	15	77,466
Costa Rica	2	1,100	7	16,102
Dominican Republic	1	6,000	3	12,500
Ecuador	5	10,915	11	35,320
El Salvador			8	15,782
Guatemala	3	5,950	8	20,050
Haiti			1	3,500
Honduras	2	3,735	9	16,955
Mexico	10	75,600	18	111,964
Nicaragua	1	185	4	9,885
Panama	1	300	4	13,562
Paraguay	2	14,200	8	22,100
Peru	3	7,160	10	41,372
Uruguay	1	5,000	7	30,583
Venezuela	2	7,000	10	76,908
Central America	1	6,004	2	8,929
	<u>56</u>	<u>\$258,853</u>	<u>192</u>	<u>\$875,080</u>



Relations with Other Organizations

As in previous years the Bank maintained useful and continuous relations with the inter-American and international organizations which participate in Latin America's economic and social development.

Of particular interest to the Bank in its relations with Inter-American organizations, was the Second Annual Meeting of the Inter-American Economic and Social Council (IA-ECOSOC) at the Ministerial Level held in São Paulo, Brazil, in November 1963, which decided to create the Inter-American Committee for the Alliance for Progress (ICAP) as a permanent committee of the IA-ECOSOC. The Bank was given the responsibility of being the technical arm of ICAP in matters concerning the financing of Latin America's development. The resolution creating ICAP specified that the Secretary General of the Organization of American States, the President of the Inter-American Bank, the Coordinator of the Panel of Experts and the Principal Director of the Economic Commission for Latin America should serve as permanent advisors to the Committee.

ICAP was created to represent the Alliance for Progress multilaterally and to coordinate and promote its implementation in accordance with the Charter of Punta del Este. To this end, ICAP was assigned various functions of a permanent nature. In addition, ICAP was asked to submit within six months following its establishment, a "study on an inter-American development fund for the Alliance

for Progress and, according to its findings, a plan for the establishment of such a fund."

The activities of the Bank in the OAS-IDB-ECLA Coordinating Committee continued during the year, especially through technical assistance missions in Central America, the Dominican Republic, Paraguay, Peru and Uruguay. The Bank took part in several conferences of the OAS, including those of the Ministers of Labor and of the Ministers of Education in Bogota.

Close relations were also maintained with the specialized agencies of the United Nations. The Bank was represented at the annual meetings of the World Bank and the International Monetary Fund, at the 12th Meeting of FAO in Rome, and others. The Bank was represented at the Tenth Period of Meetings of ECLA in Mar Del Plata, Argentina.

The Bank also participated in the meeting of African Finance Ministers held in Khartoum, Sudan, at which the Agreement creating the African Development Bank was signed. The Inter-American Bank had cooperated in the initial stages of the creation of the African Bank.

Financial Operations

As indicated in the respective financial statements, in 1963 the net income from the ordinary capital resources was \$3,858,936 and from the Fund for Special Operations \$939,942. Thus, the net income from both reached \$4,798,878.



Part I

ORDINARY CAPITAL RESOURCES

Operations / Fiscal Year 1963



ORDINARY CAPITAL RESOURCES

Resources

As noted in last year's report, during 1962 all member countries completed their subscriptions to the ordinary capital resources of the Bank. These amounted to \$813,160,000, of which \$381,580,000 corresponded to the paid-in capital and \$431,580,000 to the callable capital.

Early that year it became evident that, in order

to maintain a high rate of lending, the Bank would have to begin to take steps to enlarge its resources as anticipated in the Agreement Establishing the Bank. In view of this need the Board of Governors at its Third Annual Meeting in Buenos Aires in April 1962 asked the Executive Directors 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.

Original Subscriptions/Ordinary Capital Resources

(Expressed in United States Dollars)

COUNTRY	PAID IN ¹	CALLABLE	TOTAL
Argentina	\$ 51,570,000	\$ 51,570,000	\$103,140,000
Bolivia	4,140,000	4,140,000	8,280,000
Brazil	51,570,000	51,570,000	103,140,000
Chile	14,160,000	14,160,000	28,320,000
Colombia	14,150,000	14,150,000	28,300,000
Costa Rica	2,070,000	2,070,000	4,140,000
Dominican Republic	2,760,000	2,760,000	5,520,000
Ecuador	2,760,000	2,760,000	5,520,000
El Salvador	2,070,000	2,070,000	4,140,000
Guatemala	2,760,000	2,760,000	5,520,000
Haiti	2,070,000	2,070,000	4,140,000
Honduras	2,070,000	2,070,000	4,140,000
Mexico	33,150,000	33,150,000	66,300,000
Nicaragua	2,070,000	2,070,000	4,140,000
Panama	2,070,000	2,070,000	4,140,000
Paraguay	2,070,000	2,070,000	4,140,000
Peru	6,910,000	6,910,000	13,820,000
United States	150,000,000	200,000,000	350,000,000
Uruguay	5,530,000	5,530,000	11,060,000
Venezuela	27,630,000	27,630,000	55,260,000
Total	\$381,580,000	\$431,580,000	\$813,160,000

After detailed study the Board of Executive Directors concluded that there was a definite need for a prompt increase in the authorized capital of the Bank and made the following recommendations, which the Board of Governors approved and submitted to the member countries for action on April 8, 1963:

¹ Half in gold or U.S. dollars and half in member currency.

- That the authorized *callable* capital stock of the Bank should be increased by \$1 billion, 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 the increase with respect to each member shall be subscribed on or before December 31, 1964, and the other half shall be subscribed on or before December 31, 1965.

• That to provide for the possible admission of new members the authorized capital stock of the Bank should be increased by \$300 million, 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 shall be paid in and 22,500 shall be callable.¹

During the course of the year most of the Bank's member countries approved the proposed increases

Increase in Callable Capital:

(Expressed in United States Dollars)

Applicable Subscriptions

COUNTRY	AMOUNT
Argentina	\$ 121,340,000
Bolivia	9,740,000
Brazil	121,340,000
Chile	33,320,000
Colombia	33,290,000
Costa Rica	4,870,000
Dominican Republic	6,500,000
Ecuador	6,500,000
El Salvador	4,870,000
Guatemala	6,500,000
Haiti	4,870,000
Honduras	4,870,000
Mexico	78,000,000
Nicaragua	4,870,000
Panama	4,870,000
Paraguay	4,870,000
Peru	16,260,000
United States	411,760,000
Uruguay	13,010,000
Venezuela	65,010,000
Unassigned portion	43,340,000
Total	\$1,000,000,000

and agreed to meet their increased subscriptions when due. The measures entered into effect on January 28, 1964.

¹ In addition the Board of Governors recommended that the Fund for Special Operations be increased by \$73,158,000 as described in Part II of this report.

By that date ² the following member countries had agreed to subscribe their increases: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, the United States and Venezuela (in part). Their subscription pledges amounted to \$901,400,000, a sum which exceeds the \$750 million needed to make the increase effective according to the terms of the resolution of the Board of Governors. The total authorized capital of the Bank thus rises to \$2.15 billion of which \$475 million corresponds to paid in capital shares and \$1,675 million to callable shares.

The \$1 billion increase in the authorized *callable* capital stock will enable the Bank to borrow additional funds in the world's capital markets and thus maintain the orderly development and continuity of its lending operations with its ordinary capital resources.

A salient feature of the Bank's activity in 1963 was the adoption, at the direction of the Board of Governors, of a program to help finance exports of capital goods among its Latin American member countries. The objective of the program is to stimulate the development of the capital goods industry in Latin America and foster the area's economic integration through the increase of regional trade. Regulations governing the operation of the new program were adopted by the Executive Directors on September 30. The Directors authorized the initial utilization of up to \$30 million from the ordinary capital resources to finance the program.

Under the program the Bank can extend loans on medium terms to finance the export of eligible capital goods. To qualify for financing, goods must originate in the Latin American member countries of the Bank and may incorporate no more than 50 per cent of imported components from outside these countries. Under the regulations the Bank may finance up to 70 per cent of the invoice value of the export. The importer would make a cash payment of at least 20 per cent (less in special cases)

² On December 17, 1963, the Board of Executive Directors changed the date within which the member countries could act on the resolutions from December 31, 1963, to January 31, 1964.

and the exporter would have to assume and maintain the financial responsibility for at least 15 per cent of the amount owed by the importer.

The program will operate through appropriate national agencies designated by the exporting countries. The Bank may conduct its financing transactions by:

- Establishing a line of credit for the purchasing of promissory notes issued by the national agency or for the rediscounting of promissory notes issued by the importers, whose notes have been guaranteed by the national agency of the exporting country.
- Granting global loans to the national agency.
- Using other similar procedures agreed upon between the Bank and the national agency.

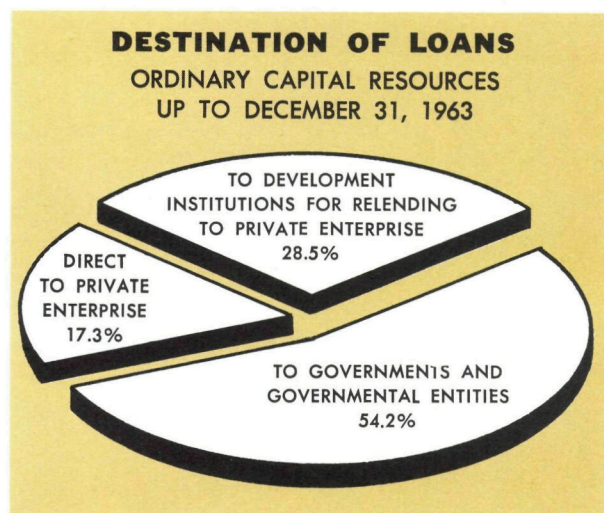
In order to mobilize additional funds for the program, the Bank contemplates the sale, without its guarantee, of the promissory notes purchased from the national agencies, or the sale of participations in such promissory notes. Export transactions would be financed for terms ranging from six months to five years. The program is expected to improve the competitive position of intra-regional exports and to mobilize internal and external financial resources for this purpose.

Another important feature connected with the Bank's efforts to obtain resources was the progress made during the year to extend the potential market for the Bank's bonds in the United States. Such bonds are now legal investment for approximately 95 per cent of the United States institutional investment market, which includes insurance companies, savings banks, trustees and others. During 1963 legislation for this purpose was approved in Florida, Georgia, Indiana, Illinois, Louisiana, Maine, Maryland, Mississippi, Minnesota, Oregon and Washington, in addition to the numerous states which had acted in earlier years. All national and state banks that are members of the Federal Reserve System can also purchase the Bank's securities.

Loans

During 1963 the Bank authorized 27 loans totaling \$179,269,560 from its ordinary capital resources, more than double the \$83,694,187 authorized in 19 loans in 1962.

As of December 31, 1963, the cumulative number



of loans extended from the ordinary capital resources had risen to 82 and the total volume, net of cancellations and exchange adjustments, to \$385,754,087.

The increased lending rate from the ordinary capital resources was accompanied by a similar large rise in disbursements, which amounted to \$59,796,797 in 1963 compared with \$28,020,887 in 1962. At the end of 1963, cumulative disbursements from the ordinary capital resources had risen to \$90,994,058.

Ten of the ordinary resource loans authorized in 1963, amounting to \$20,294,560 were extended directly to private enterprise projects; eight for \$55,750,000 were granted as over-all loans to development agencies primarily to aid private enterprise, and the remaining nine for a total of \$103,225,000 went to governmental entities, primarily for agricultural and infrastructure activities.

The ten loans extended to the private sector are helping to finance chipboard, cement, petrochemical and meat processing plants in Argentina; a chipboard plant in Chile; sodium sulfate, carbon black and heavy equipment factories in Mexico; a cotton textile and cotton seed oil expansion project in Paraguay, and an irrigation project in Peru.

The eight development loans for relending were extended in Argentina, Colombia, the Dominican Republic, Mexico, Peru, Uruguay and Venezuela for agricultural, livestock and industrial purposes.

Of the nine loans totaling \$103,225,000 which

were extended to governmental agencies, two for \$16,450,000 were for electric power projects in Brazil and two others for \$45,500,000 were for colonization and irrigation projects in Mexico. The others are financing a water supply project in Chile, an oil refinery in Chile, a sodium carbonate factory in Colombia, improvements in the port of Buenaventura in Colombia and an electric power project in Guatemala.

Sales of participations in loans from the ordinary capital resources to commercial banks in the United States, Canada and Europe also more than doubled during the year. A total of 38 commercial banks participated, without the guarantee of the Bank, in ten loans for \$7,381,518, including \$50,000 in Belgian francs and \$231,760 in Swiss francs, under a special technique which the Bank has pioneered for selling participations in convertible currencies other than those which it holds. In addition, sales from the Bank's portfolio amounted to \$30,000. In 1962 participations and portfolio sales amounted to \$3,-280,095. As of December 31, 1963, the Bank's

cumulative number of participations was 175, amounting to \$15,083,260. Among the participants in 1963 were 31 banks in the United States, 2 in Belgium, 2 in the United Kingdom, 2 in Canada, and 1 in Switzerland. These participations have freed Bank funds for further lending operations for the development of Latin America.

The 27 loans for \$179,269,560 from the ordinary capital resources included \$148,623,000 in U.S. dollars, \$19,611,560 in other member currencies and \$11,035,000 in Italian lire, which were derived from the sale of the Bank's bond issue in Italy in 1962.

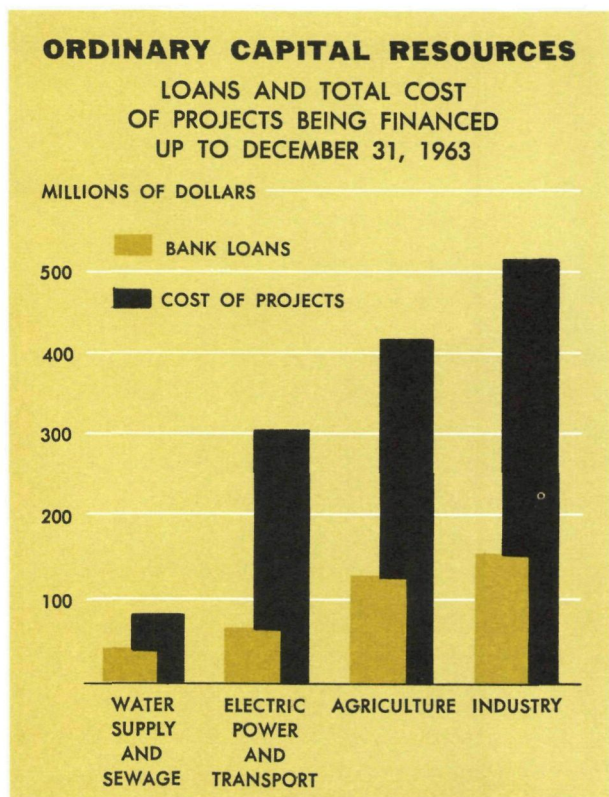
Since the total cost of the projects financed with loans from the ordinary capital resources amounted to \$1,334 million, the Bank's loans, which covered 29 per cent of that sum, have contributed to the mobilization of a much greater figure of domestic resources, supplemented with other external resources. It might be pointed out that in 1963 European capital contributed, in connection with these loans, to the financing of an electric power plant in Brazil and a chipboard plant in Chile; that both European and United States capital helped to finance an industrial development plan in Peru; that the loan for the construction of an oil refinery in Chile was accompanied by a substantial credit from a private United States oil corporation, and that the loans for a sodium sulfate plant and a heavy equipment factory in Mexico were accompanied by financing provided by the International Finance Corporation and by private capital from the United States and Europe.

In so far as possible in the case of closely-held enterprises, the Bank has required the borrowers to undertake action within a reasonable time to broaden local equity participation in their enterprise.

Description of Loans

This section describes loans authorized by the Bank during 1963 from its ordinary capital resources, grouped in the following categories:

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



The interest rate of $5\frac{3}{4}$ per cent per annum charged on loans includes the 1 per cent special commission which is allocated to the Bank's Special Reserve. Loans carry a commitment fee of $\frac{3}{4}$ of 1 per cent on undisbursed balances. Italian lire included in loans also carry a service commission of 1 per cent on disbursed portions and an addi-

tional commitment fee of $\frac{3}{4}$ of 1 per cent. The terms of the loans described here varied between six and 20 years, including grace periods. Except with regard to loans to national governments and to some governmental agencies, the Bank has obtained specific guarantees or security of various types on its loans.

A. Direct Private Enterprise Loans

Argentina

CHIPBOARD PLANT

\$232,000 6½-year 5¾ % loan of February 21, 1963
(*\$203,000 and \$29,000 in Argentine pesos*)

Borrower: COMINCO, SOCIEDAD ANÓNIMA COMERCIAL, INDUSTRIAL, INMOBILIARIA Y FINANCIERA

This loan helped *COMINCO* finance construction of a chipboard plant at Partido del Tigre on the Reconquista River in Buenos Aires Province. The plant, which has a daily production capacity of 24 metric tons of chipboard panels used in the construction industry, employs willow and elm from the Paraná delta region as the main raw material. The project is expected to result in net foreign exchange savings for Argentina of more than \$1 million annually.

The wood processing industry accounts for about 4 per cent of Argentina's industrial production and employs nearly 130,000 persons. Most of the raw material used by the industry is of domestic origin, but the country still imports substantial amounts of certain types of wood which it does not produce or which it produces in insufficient quantities. The Bank loan financed 19 per cent of the total cost of the project, Argentine banks provided another 25 per cent and the remainder was financed from a sale of stock and accumulated profits. The loan is guaranteed by the *Banco Industrial de la República Argentina*.

CEMENT PLANT

\$7 million 8½-year 5¾ % loan of April 16, 1963

Borrower: COMPAÑIA SUD AMERICANA DE CEMENTO PORTLAND JUAN MINETTI E HIJOS, LTDA.

The borrower is a private Argentine firm which owns and operates three cement plants with a combined capacity of more than 435,000 metric tons a year in the Provinces of Córdoba, Mendoza and Salta. The company is engaged in a program to expand its facilities and to construct a new cement plant in Malagueño, Province of Córdoba.

This loan will finance 63.5 per cent of the cost of the new plant, which will have a daily capacity of 700 metric tons or a yearly capacity of 245,000 tons. The plant's output, added to that of other producers in the area, is expected to be sufficient to meet the cement demand over the next few years of a region which embraces the Provinces of Santa Fe, Corrientes, Entre Rios, Córdoba, La Rioja and Misiones, as well as the northern part of Buenos Aires Province. This region contains about 30 per cent of Argentina's population and the nation's principal industrial centers outside the city of Buenos Aires. The loan proceeds will be used exclusively to purchase imported machinery and equipment. The loan is guaranteed by the *Banco Industrial de la República Argentina*.

PETROCHEMICAL PLANT

\$2.5 million 9½-year 5¾ % loan of June 20, 1963

Borrower: CARBOCLOR, INDUSTRIAS QUÍMICAS, S.A.I.C.

Availability of raw materials, combined with a

relatively broad market, has set the stage for rapid development of Argentina's chemical industry. In 1954, 65 per cent of this industry was devoted to producing end products and only 35 per cent to supplying intermediate goods for other industries. Since that time, investments in intermediate plants have grown greatly, thus creating additional domestic supplies of materials for industries producing end products.

This loan will help finance an intermediate plant, which will use oil refinery gases to produce isopropanol, acetone, secondary butanol, methyl-isobutylcarbinol, methyl-isobutylketone and methyl-ethylketone—products used mainly by paint, varnish and lacquer manufacturers and the pharmaceutical industry. The firm plans to expand the plant in the future to produce various acetates and chlorinated compounds.

The loan will cover 51 per cent of the cost of the plant, which will be built in Campana near Buenos Aires. Through the application of modern techniques, the plant is expected to be able to reduce considerably the domestic cost of producing isopropanol and acetone and to replace imports valued at more than \$400,000 annually. In addition, the project is expected to encourage the establishment of new basic industries by providing an assured domestic supply of the two materials. *CARBOCLOR* expects to sell part of its production in the Latin American Free Trade Association market area, thus providing an additional source of foreign exchange for the country and contributing to the area's economic integration.

MEAT PACKING PLANT

\$1,517,000 10-year 5¾% loan of December 17, 1963
(\$1,328,000 and \$189,000 in Argentina pesos)

Borrower: WILSON Y CIA., S.A.I.C.

Wilson y Cía., a meat packing firm purchased in 1962 by the Argentine investor group of *Senosiain, Juncosa y Taboada Asociados*, is making investments in modern machinery and technological systems in order to increase operational efficiency and reduce costs. This loan will finance 31 per cent of the cost of a project to purchase new equipment to modernize and expand the plant. The expansion

will double the plant's hourly slaughtering capacity to 300 head of cattle and 375 sheep and hogs and enable the firm to increase and diversify production of refrigerated, frozen and cooked meats, canned goods, sausages, spiced meats and other products, including hides, oils, fats, and tallow.

The company plans to export more than 50 per cent of its beef production thus exerting a favorable effect on Argentina's balance of payments. In addition, the modernization will help diversify the meat packing industry and reduce hide and meat spoilage. *Wilson y Cía.* will finance 42 per cent of the cost of the project, local banks 23 per cent and an Export-Import Bank credit the remaining 4 per cent. The loan is guaranteed by the *Banco Industrial de la República Argentina*.

Chile

CHIPBOARD PLANT

\$1,235,000 11-year 5¾% loan of February 7, 1963
(\$900,000 and 207.7 million Italian lire)¹

Borrower: MADERAS AGLOMERADAS PINIHUE, S.A.

Maderas Aglomeradas Pinihue, S.A., a private enterprise with more than 3,000 stockholders (the majority Chilean but including European participation) is building a plant with a capacity of producing 8 million square feet of chipboard panels per year at Chiguayante in Southern Chile. This loan will finance 40 per cent of the cost of the project. The firm is financing 50 per cent and the *Corporación de Fomento de la Producción de Chile* the remaining 10 per cent.

The chipboard panels will be used in the manufacture of furniture, doors, floors and partitions as well as prefabricated houses. The main raw material of the plant will be insigne pine, preferably that which is not suitable for the manufacture of paper and pulp and which is left over from logging operations. The company owns enough timber stands to provide a substantial part of its raw material requirements. The plant's output will be sold entirely in the domestic market. The loan is guaranteed by the *Corporación de Fomento de la Producción de Chile*.

¹ See conditions applicable to loans containing Italian lire on page 16.



The Inter-American Bank is financing several irrigation projects in Mexico. This one is in the State of Chihuahua.

Mexico

SODIUM SULFATE PLANT

\$500,000 9-year 5¾% loan of January 17, 1963
 (\$170,000 and 4,125,000 Mexican pesos)

Borrower: QUÍMICA DEL REY, S.A.

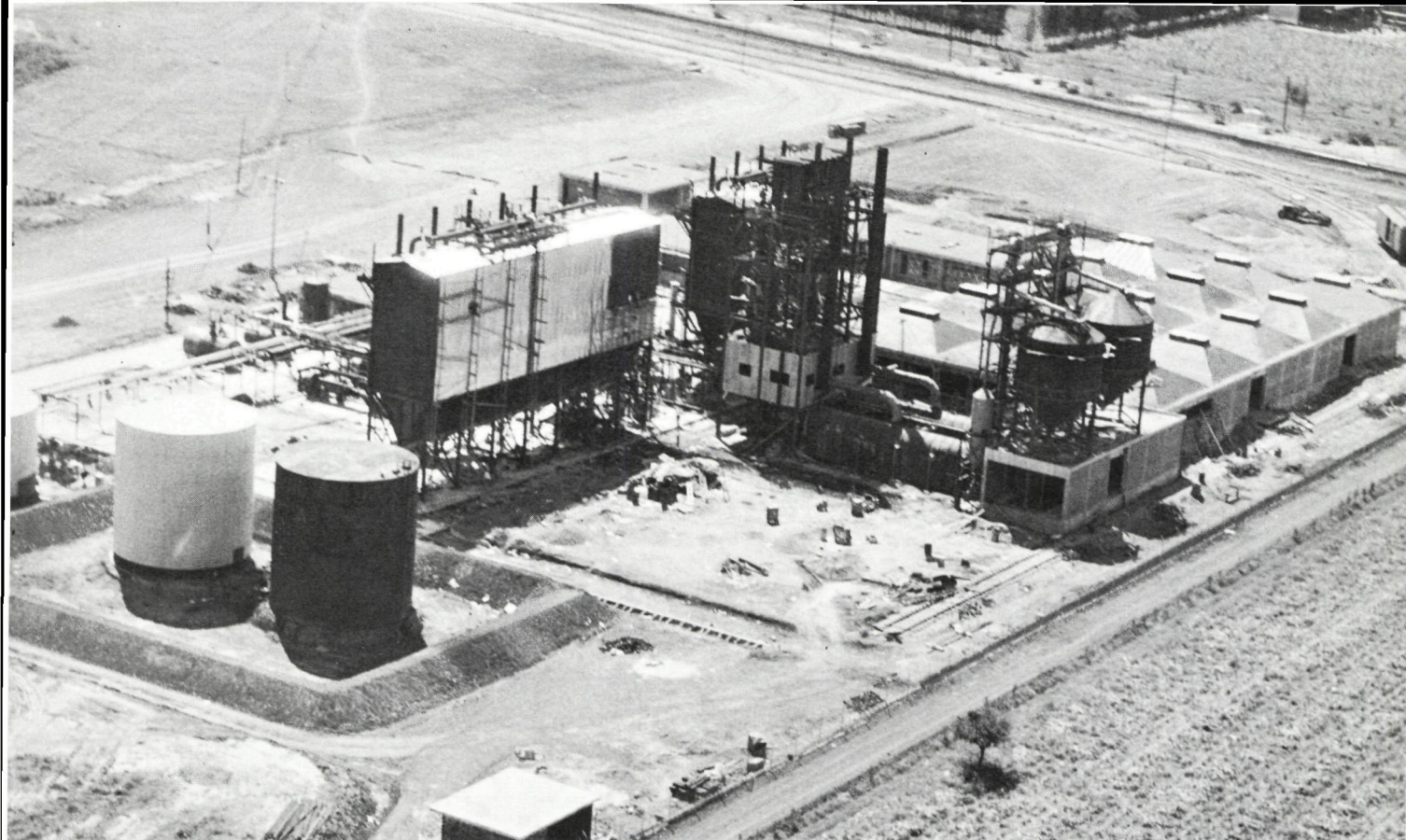
The Inter-American Bank and the International Finance Corporation (IFC), an affiliate of the World Bank, joined twice during 1963 in helping to finance private industrial projects in Mexico. This loan is financing about 20 per cent of the cost of a sodium sulfate plant now being installed at Laguna del Rey, a dry lake, which is rich in brine deposits, located in the State of Coahuila. IFC invested \$750,000 in the project. The Bank of America N. T. & S. A., San Francisco, also made a loan of \$500,000 to finance a 10-mile railroad spur from the plant to the Mexican National Railroad Line.

The \$2.8 million plant will have an initial capacity of 75,000 tons of crude salt cake and anhydrous sodium sulfate per year but eventually

could be expanded to 100,000 tons. With its sulfate output, the company expects to supply a large part of the needs of Mexico's detergent and glass industries. This will enable the country to dispense with imports which in 1961 amounted to 13,000 tons. In addition, the firm expects to export a substantial part of its crude salt cake production, which will be marketed in the United States by American Metal Climax Inc., owner of 49 per cent of *Metalúrgica Mexicana Peñoles, S.A. (Metmex)*, parent company of *Química del Rey*. The remaining 51 per cent of *Metmex's* capital is owned by Mexican investors. When the plant is operating at full capacity, the substitution of imports and the increase in exports arising from the plant's production are expected to save or earn Mexico about \$1.5 million in foreign exchange yearly. The loan is guaranteed by *Metalúrgica Mexicana Peñoles, S.A.*

CARBON BLACK PLANT

\$700,560 6-year 5¾% loan of February 28, 1963
 (\$132,000 and 7,107,000 Mexican pesos)



This carbon black plant in Mexico was financed with the help of a loan from the Bank.

Borrower: NEGROMEX, S.A.

This loan financed nearly 20 per cent of the cost of installing a carbon black plant in Mexico. The product is used chiefly to strengthen rubber in the tire manufacturing process and as a pigment in the manufacture of inks, paints and plastics. Mexico, which hitherto lacked such a manufacturing facility, has been importing increasingly larger amounts of carbon black to meet the growing requirements of its tire industry. Mexico's production of tires doubled during the decade of the 50's, reaching 1.2 million units in 1960, and is expected to reach 1.7 million units by 1965 and 2.3 million by 1970. Carbon black consumption, which in 1960 amounted to 11,000 tons, is expected to rise to 15,000 tons by 1965 and to 19,000 by 1970.

The *Negromex* plant, already in operation in the city of Salamanca, will produce about 15,000 metric tons of carbon black per year at a cost competitive with that of the imported product. Foreign exchange savings resulting from substitution of imports of the product are expected to reach \$2 million annually by 1965 and \$3.5 million by 1970.

The plant's main raw materials—liquid hydrocarbons—will be supplied by the nearby distilling facilities of *Petróleos Mexicanos, S.A.* *Negromex* has secured patent rights and technical assistance from the Phillips Petroleum Corporation, a United States producer of carbon black and owner of 10 per cent of *Negromex's* stock. The remaining capital is owned by Mexican stockholders.

HEAVY EQUIPMENT PLANT

\$3 million 10-year 5¾% loan of December 19, 1963
 (\$1.3 million and \$1.7 million in Mexican pesos)

Borrower: INDUSTRIA DEL HIERRO, S.A. de C.V.

In this project, the Bank and the International Finance Corporation (IFC), an affiliate of the World Bank, joined with Mexican and European investors to help the borrower, *Industria del Hierro, S.A. de C.V.*, finance an expansion project that will enable it to manufacture heavy machinery and equipment. The project calls for the installation of a central mechanical welding plant and several assembly shops at Querétaro, about 140 miles north of Mexico City. The facilities will enable the company to make

turbines, sluices, tanks, soil compacting machines, mechanical shovels, crushers, hydraulic presses, tower cranes, graders and gantries.

In addition to the Bank loan, the financing includes the following equity investments: \$1.6 million by IFC; \$1.2 million by *Nacional Financiera, S.A.*, the Mexican Government's financial agency; \$4.4 million by a group of private Mexican investors; \$400,000 by the *Banque Nationale pour le Commerce et l'Industrie* of France and \$400,000 by *Etablissements Neyrpic*, also of France. Other equity investments and suppliers' credits account for another \$8.6 million in the financing plan.

Industria del Hierro's production, competitive in cost with foreign equipment presently sold in Mexico, will help meet the growing Mexican demand for heavy equipment and reduce the need for imports. Thus the company's output is expected to result in annual foreign exchange savings of more than \$10 million beginning in 1966. Virtually all iron and steel—including plates, sheets and shaped structural steel—to be used at the plant will be bought in Mexico. The loan is guaranteed by *Sociedad Mexicana de Crédito Industrial, S.A.*

Paraguay

TEXTILE MILL

\$2.2 million 10-year 5¾ % loan of April 11, 1963

Borrower: MANUFACTURA DE PILAR, S.A.

The borrower—engaged in the processing of cotton, oil seeds and by-products—has the most important textile industry in Paraguay, accounting for more than 65 per cent of the country's total textile production. Through an expansion and modernization program initiated in 1958 the firm has become one of the most modern and efficient textile producers in Latin America.

This loan is financing 53 per cent of the cost of the second stage of the expansion program, which consists of the purchase of new machinery and equipment for a cotton gin, a soap factory and a cotton-seed oil mill, as well as equipment for dyeing and mercerizing cloth, new looms and an electric turbogenerator. With these improvements the firm expects to increase its textile production by about 50 per cent and raise output of oil seed products by 100 per cent.

The expansion of the textile facilities will enable

the firm to establish a balance between the spinning and weaving departments, and to produce better quality goods, including mercerized cloth, print cloth and woolen yarns. In addition to its favorable effect on Paraguay's economy, the project will enable the industry to compete on better terms in the area of the Latin American Free Trade Association. The project will also stimulate the production of cotton, a crop particularly suited to Paraguay's climate. The loan is guaranteed by the *Banco Nacional de Fomento*.

PARTICIPATIONS—Bankers Trust Company, New York, and The First Pennsylvania Banking and Trust Company, Philadelphia, are participating in the loan for a total of \$154,411.

Peru

IRRIGATION

\$1,410,000 12-year 5¾ % loan of December 12, 1963
(\$1,075,000 and \$335,000 in soles)

Borrower: COMPAÑIA IRRIGADORA PATIVILCA, S.A.

The marked scarcity of arable lands in Peru has caused the Government to place great emphasis on programs to increase agricultural production by bringing new lands under cultivation through irrigation, particularly in the coastal region. This loan will finance 40 per cent of the cost of one such irrigation project which will reclaim about 16,000 acres of desert lands.

The project is being undertaken by the *Campaña Irrigadora Pativilca, S.A.*, a private firm established in 1952 to provide irrigation to a government-owned tract located about 100 miles north of the Lima-Callao area, the nation's most important market. The reclaimed lands will be devoted to fruits, vegetables, cereals and dairy and livestock farming.

The project includes the construction of a 3.6-mile section of a main canal and about 10 miles of secondary canals, excavation of lateral canals and construction of drainage ditches and some 30 miles of access roads. Upon completion, ownership of the irrigation system will revert to the Peruvian Government and the land will be sub-divided into economic-size plots and sold on flexible terms to farmers. Adequate credit will be made available to the farmers by the national agricultural bank, the *Banco de Fomento Agropecuario del Peru*. The loan is guaranteed by the Republic of Peru.

B. Development Loans for Relending to Private Enterprise

Argentina

AGRICULTURAL MECHANIZATION

\$25 million 15-year 5¾ % loan of April 16, 1963
(*\$12.5 million, \$7.5 million in Argentina pesos and 3.1 billion Italian lire*)¹

Borrower: BANCO DE LA NACIÓN ARGENTINA

Argentina's agricultural sector is well-suited to the extensive use of machinery. The system of land tenure, the high level of demand for farm products at profitable prices and the capacity of the farmers to accumulate savings provide favorable bases for an extensive agricultural mechanization effort. However, this effort has been retarded by inadequate financing.

This loan provides the country's principal agricultural credit agency, the *Banco de la Nación Argentina*, with additional funds to expand its mechanization program. Under the program, the Bank will finance 30 per cent of the cost of each credit. Another 30 per cent will be financed by the *Banco* and the remaining 40 per cent by the farmers and with dealers' credits.

The borrower is providing three- to five-year credits of up to \$100,000 to purchase such machinery and equipment as tractors, harrows, seeders, harvesters, plows, hay balers, grainers and fertilizer spreaders. Credits also will be granted for machinery and equipment to store and process farm and livestock products, including silos, milkers, milk coolers, churns, cream separators, and fruit and grain driers and sorters. Up to 10 per cent of the loan may be used for credits to finance purchases of fertilizers.

In addition to increasing agricultural production for domestic consumption and for export, the project is expected to stimulate the production of machinery and equipment in Argentina. The Government has fostered the growth of this industry as part of its general policy of speeding farm mechanization.

PARTICIPATIONS—The Meadow Brook National Bank, New York, and The First Pennsylvania Bank-

ing and Trust Company, Philadelphia, are participating in the loan for a total of \$321,736.

Colombia

INDUSTRIAL AND AGRICULTURAL DEVELOPMENT

\$3 million 12-year 5¾ % loan of October 10, 1963

Borrower: BANCO DE LA REPÚBLICA

In 1963 the Government of Colombia established a Fund for Private Investment as an additional credit source for medium- and small-scale private enterprises. Creation of the Fund was recommended by a mission of the World Bank and by the ad hoc committee of the Panel of Nine which evaluated Colombia's 10-year economic development plan under the terms of the Charter of Punta del Este as a means of stimulating private participation in the plan.

This loan is part of the Bank's contribution to the financing of the plan. Together with other external funds expected to total \$40 million annually, it will supplement Colombian capital in carrying out the Fund's credit program. The resources will be channeled to private enterprises through Colombian commercial credit institutions—banks and development financing corporations—which will grant loans in local currency for agricultural, livestock, mining, fishery and industrial projects. The loans will be used exclusively to purchase imported machinery and equipment for specific projects. In general, loan funds will finance no more than 50 per cent of the total cost of individual projects, but may run as high as 75 per cent when the import content requires it. The program will seek to strengthen activities which will help diversify the nation's economy, broaden its export base, replace imports, or relieve bottlenecks in the production of goods and services.

Dominican Republic

LIVESTOCK AND AGRICULTURAL DEVELOPMENT

\$6 million 12-year 5¾ % loan of August 15, 1963
(*\$4.9 million and \$1.1 million in Dominican pesos*)

Borrower: BANCO AGRÍCOLA

The Dominican Republic has a low index of meat consumption. This situation has worsened during

¹ See conditions applicable to loans containing Italian lire on page 16.

the last decade, since the increase in meat production has kept substantially below the population growth. This loan is designed to help finance a three-year project of the *Banco Agrícola*, the nation's agricultural bank, to increase meat output. The project supplements a supervised agricultural credit plan for which the Bank extended a \$3 million loan from the Social Progress Trust Fund in 1962.

The *Banco Agrícola* will grant credits with the proceeds of the loan to cattle raisers for amounts of up to \$200,000 to purchase high-grade cattle, hog and poultry breeding stock; to improve farms and farm installations; to establish incubator plants, and to make related farm investments. Up to \$500,000 of the loan may be used to provide the beneficiaries with technical assistance on sanitary practices and farm administration. The total cost of the program is estimated at \$11 million. The loan finances 54.5 per cent of this amount and the Dominican Government the remainder. The loan is guaranteed by the Dominican Republic.

PARTICIPATION—The Meadow Brook National Bank, New York, is participating in the loan for a total of \$200,000.

Mexico

INDUSTRIAL DEVELOPMENT

\$5 million 10-year 5¾ % loan of October 24, 1963

Borrower: NACIONAL FINANCIERA, S.A.

The first loan extended by the Bank in Mexico was one approved in October 1961 for \$3 million to help finance specific projects of small- and medium-sized private firms. The proceeds of that loan were transferred to the *Fondo de Garantía y Fomento de la Industria Mediana y Pequeña*, a development fund created in 1953 which is administered in trust by *Nacional Financiera*. The Fund provides credit to small industries by discounting loans made by private credit institutions. Between 1954 and 1962 more than 4,300 loans were extended with the assistance of the Fund to about 2,500 private enterprises. Some 700 of these loans totaling \$10.6 million were granted during 1962—about 20 per cent of them with the proceeds of the Bank's first loan.

This new loan will finance 33 per cent of the cost of a new credit plan which the Fund will undertake

over the next two and a half years at a total cost of about \$15 million. The remaining 67 per cent will be covered by the Fund. In order to spread the benefits of the program to other sections of the country, at least 50 per cent of the loan proceeds must be used to finance projects undertaken outside the Federal District area. In helping to strengthen medium- and small-scale industries, which account for more than half the industrial production of Mexico and 13 per cent of its gross domestic product, the loan will contribute to speeding up Mexico's industrialization. The loan is guaranteed by the United States of Mexico.

Peru

INDUSTRIAL DEVELOPMENT

\$750,000 10-year 5¾ % loan of November 5, 1963

Borrower: PERUINVEST, PERUANO-SUIZA DE FOMENTO E INVERSIONES, S.A.

This loan will enable *PERUINVEST*, *Peruano-Suiza de Fomento e Inversiones, S.A.*, a private investment firm founded by Peruvian, European and United States stockholders in 1959, to provide medium- and long-term credits to finance fixed capital investments for private industrial projects. The loan, supplemented by \$750,000 of *PERUINVEST*'s own funds, will provide financing for between 20 and 50 private industrial enterprises, which will put up at least 50 per cent of the cost of their respective projects. Thus the loan will help to finance investments totaling more than \$3 million.

The loan proceeds will be used exclusively to finance the purchase of capital goods abroad. *PERUINVEST* will grant credits for amounts of from about \$30,000 to \$75,000 for terms of 4 to 8 years. During 1962 *PERUINVEST* helped finance 60 industrial projects valued at more than \$2.6 million. The firm has collaborated in several financial operations with the *Banco Industrial del Peru*, a governmental Peruvian development agency which has received two loans from the Inter-American Bank.

INDUSTRIAL DEVELOPMENT

\$5 million 12-year 5¾ % loan of December 12, 1963

Borrower: BANCO INDUSTRIAL DEL PERU

In October 1962, the Bank extended a loan of

\$2.5 million to the *Banco Industrial del Peru* to help finance an industrial development program in that country. With the resources of that loan and its own funds the *Banco* was able to make some 54 industrial development loans to small and medium private enterprises.

This new loan for \$5 million will finance 31 per cent of a \$16 million program devoted to the same ends. *Banco Industrial* will finance another 31 per cent and the ultimate borrowers will provide the remaining 38 per cent. The loan proceeds will help finance the foreign exchange costs of more than 30 specific industrial projects in Lima and other areas of Peru. The projects cover a wide range of manufacturing activities, including chemicals, fertilizers, food processing, canning, cement products, paper, jute bags, electric components, machinery, textiles and apparel.

The program is expected to save foreign exchange through import substitution, contribute to a better utilization of human and natural resources and increase industrial production. The loan is guaranteed by the Republic of Peru.

PARTICIPATION—Fidelity-Philadelphia Trust Company is participating in the loan for a total of \$250,000.

Uruguay

INDUSTRIAL AND AGRICULTURAL DEVELOPMENT

\$5 million 12-year 5¾ % loan of December 19, 1963

Borrower: BANCO DE LA REPÚBLICA ORIENTAL DEL URUGUAY

Uruguay's economic development requires technological improvements in the agricultural and livestock sectors. Its industry also needs to modernize operations and lower production costs.

This loan will finance 40 per cent of the cost of a credit program to strengthen these fields. The *Banco de la República Oriental del Uruguay* will relend the proceeds in medium- and long-term loans to help finance direct and indirect foreign exchange costs of individual private enterprise projects. Not less than \$3 million of the loan will be devoted to the industrial sector and up to \$2 million to the agricultural and ranching sectors.

Special consideration in the industrial field will be given to the dairy, hide and shoe, meat packing

and wool textile industries. In the agricultural and livestock fields, credits will be extended for farm machinery, wire fences, rural buildings, water supply, soil conservation, reforestation, breeding stock, pasture lands and livestock. The loan is guaranteed by the Republic of Uruguay.

Venezuela

LIVESTOCK DEVELOPMENT

\$6 million 10-year 5¾ % loan of April 16, 1963
(*\$5,530,000 and \$470,000 in bolivares*)

Borrower: BANCO AGRÍCOLA Y PECUARIO

The national economic and social development plan prepared by the Government of Venezuela for the 1963-66 period includes a program which contemplates the expansion of the agricultural sector at a rate of 7.5 per cent annually. The agricultural program is designed to improve the quality of domestic beef and dairy cattle, to obtain greater yields and to shorten fattening periods through crossbreeding with purebred imported stock. It is expected to help meet the nation's growing demand for meat and milk products and lead to a reduction of imports of such products. The *Banco Agrícola y Pecuário* is responsible under the program for importing beef and dairy cattle and hogs.

This loan will finance 17 per cent of the cost of the project which calls for the importation of an estimated 6,200 head of purebred beef cattle, 3,800 of dairy cattle and 3,200 hogs over a period of three years. For that purpose the *Banco* will grant credits on medium terms for sums of up to \$30,000. In addition credits will be extended for improvement of pastures and the construction of stables, corrals, fences, silos and other facilities. The loan is guaranteed by the Republic of Venezuela.

PARTICIPATIONS—Continental Bank International, New York; Continental Illinois National Bank and Trust Company of Chicago; Girard Trust Corn Exchange Bank, Philadelphia; The Meadow Brook National Bank, New York; The Philadelphia National Bank; United California Bank, Los Angeles; The National Shawmut Bank of Boston; The Chase Manhattan Bank, New York; Crocker-Citizens National Bank, San Francisco; Manufacturers Hanover Trust Co. and Grace National Bank, both of New York;

Bank of America N.T. & S.A., San Francisco; Chemical Bank New York Trust Co.; Morgan Guaranty Trust Company, New York; Union Bank, Los An-

geles, and The First Pennsylvania Banking and Trust Company, Philadelphia, are participating in the loan for a total of \$1,130,000.

C. Loans to Governments and Governmental Entities

Brazil

ELECTRIC POWER

\$13,250,000 20-year 5¾% loan of November 14, 1963

Borrower: CENTRAIS ELÉTRICAS DE URUBUPUNGÁ, S.A. (CELUSA)

More than 65 per cent of Brazil's industrial production and 50 per cent of its population are concentrated in an area formed by the triangle of the cities of Belo Horizonte, Rio de Janeiro and São Paulo in Brazil's south-central region. The high industrial, commercial and residential demand for electricity in the area exceeds installed capacity.

This loan will finance 6.5 per cent of the cost of a \$200 million hydroelectric power plant, with a capacity of 1.2 million kilowatts, which *CELUSA* will build near the town of Tres Lagõas at the Jupia Falls on the Parana River. The project is part of the first stage of a long-range program designed to supply the anticipated power requirements of this region. The plant will begin production in 1967 and will be operating at full capacity in 1970. *CELUSA* is a corporation to whose capitalization the states of São Paulo, Parana, Minas Gerais, Santa Catarina and Mato Grosso have contributed.

The project includes the installation of twelve 100,000-kilowatt generators and the construction of a power line system which consists of a 327-mile double circuit line between the plant and São Paulo, and a 211-mile double circuit line between the plant and Mimoso, a town in the State of Mato Grosso. It also includes construction of two dams (one 2,000 meters long and the other 2,400 meters long) a gravity dam, a spillway dike and facilities to house the generators. The Italian consortium *GIE (Gruppo Industrie Elettro Meccaniche per Impianti All'Estero Milano)*, which will manufacture the plant's heavy

equipment, will finance 25.2 per cent of the cost of the project and *CELUSA* the remaining 68.3 per cent. The loan is guaranteed by the United States of Brazil.

ELECTRIC POWER

\$3.2 million 17-year 5¾% loan of December 31, 1963
(\$2,560,000 and \$640,000 in cruzeiros)

Borrower: COMPANHIA DE ELETRICIDADE DO ESTADO DA BAHIA (COELBA)

Per capita consumption of electric power in the State of Bahia in Brazil's northeast is equivalent to only about one-fifth of the national average and even this use is heavily concentrated in the state capital, Salvador. It is estimated that approximately 3.8 million inhabitants, or 63 per cent of the state's total population, are without access to power. For this reason the enlargement of power facilities holds high priority in the State's development plan.

The loan will help the borrower, *COELBA*, to carry out an expansion program which contemplates an increase in generating capacity from 5,550 to 16,250 kilowatts, the building of 14 substations, the construction of 427 miles of transmission and distribution lines and the acquisition of auxiliary equipment. *COELBA* produces, transmits, distributes and sells power in the interior of the state. It operates 10 separate systems serving 29 localities.

The loan, which will cover 45 per cent of the cost of the project, will help *COELBA* increase the localities served from 29 to 50 and the number of consumers from 20,000 to more than 40,000. The project is expected to lay the basis for a rational state-wide electric power system and stimulate industrial development. The loan is guaranteed by the State of Bahia.

Chile

WATER SUPPLY SYSTEM

\$5,125,000 20-year 5¾ % loan of April 4, 1963
(*\$3,625,000 and \$1.5 million in escudos*)

Borrower: EMPRESA DE AGUA POTABLE

Empresa de Agua Potable, the water supply authority of Santiago, Chile, has prepared a long-range program to improve the city's water supply system, which, when complete, will cover the capital city's needs and provide for future expansion of consumption. The program, which contemplates a total investment of about \$42 million between 1963 and 1979, has been divided into two stages, one covering the next three years and the other beginning in 1970.

This loan will finance 48 per cent of the cost of the first stage; the remaining 52 per cent will be financed by the authority and the Government of Chile. The project consists of the construction of treatment plants at two of the supply sources, installation of a pumping station and storage tanks, improvement of two main aqueducts and expansion of the distributing network, including new home connections. In addition, machine bookkeeping and billing systems will be introduced to improve the administration of the water service, 95 per cent of which is metered. The revenues derived from the improved system are expected to cover operations, maintenance and depreciation costs and to repay the loan and finance the second stage of the program. Once the first stage is completed, water consumption by the commercial and industrial sectors is expected to rise from 13 per cent of the total to 30 per cent. The entire program is expected to result in an increase in the per capita supply from 282 liters in 1962 to 428 liters in 1982, taking into account future domestic, industrial and commercial consumption. The loan is guaranteed by the Republic of Chile.

PETROLEUM REFINERY

\$11 million 12-year 5¾ % loan of October 24, 1963

Borrower: EMPRESA NACIONAL DE PETRÓLEO (ENAP)

Empresa Nacional de Petróleo (ENAP) is the agency of the Chilean Government in charge of the development of the nation's oil resources. It produces, im-

ports and refines oil and markets refined products through private distributors. The agency operates without governmental subsidies and its prices of both crude and refined products are generally competitive with world prices. *ENAP* operates Chile's only oil refinery at Concón, just north of Viña del Mar. Built in 1954 with a rated capacity of 20,000 barrels a day, the refinery was expanded to 44,000 barrels in 1959, but since 1962 this capacity has been insufficient to meet demand created by the nation's development.

To meet part of the growing demand, *ENAP* has decided to build a new refinery in south central Chile.

This loan will finance 32 per cent of the cost of the \$34 million plant which will be built near Concepción, 350 miles south of Santiago, with a capacity of 36,000 barrels a day. A private United States petroleum firm is covering 23.5 per cent of the cost through a parallel financing operation amounting to \$8 million. The plant's basic facilities will include a 36,000 bpd combined atmospheric distillation and vacuum distillation unit, a 12,000 bpd catalytic cracking and gas recovery unit, an 8,500 bpd residuum visbreaking unit and a catalytic reforming unit, with a capacity of 4,000 bpd. Off site facilities will include a marine loading and unloading terminal, crude oil pipelines between the port and the refinery, storage tanks, steam boilers and an electric power plant, fire fighting installations, water supply and disposal systems, product delivery facilities, machine shop, warehouse, office building and laboratories.

The projected production of refined products of the new plant, added to that of the Concón plant, is expected to be sufficient to meet Chile's demand for gasoline, kerosene and diesel fuel up to 1970, although imports of fuel oil and crude oil will be continued.

The loan is guaranteed by the *Corporación de Fomento de la Producción de Chile*.

PARTICIPATIONS—Bank of London & South America, Ltd., New York; Bank of America N.T. & S.A., San Francisco; Bank of Nova Scotia, Toronto; Banque de la Société Générale de Belgique, Brussels; Banque Belge Ltd., London; Compagnie de Gestion et de Banque, S.A., Geneva, and Banque Italo-Belge, Antwerp, are participating in the loan for a total of \$1,131,760.

Colombia

SODIUM CARBONATE PLANT

\$12 million 15-year 5¾ % loan of April 9, 1963
(\$6.3 million and 3,534 million Italian lire)¹

Borrower: REPUBLIC OF COLOMBIA

Colombia has produced sodium carbonate and caustic soda since 1951 when the *Banco de la República*, which operates the country's salt deposits under an agreement with the Government, opened a plant at Betania near Bogota. In recent years, however, the plant's yearly capacity of 21,000 metric tons of sodium carbonate and 20,500 tons of caustic soda has been insufficient to meet Colombia's growing needs and the country has had to resort to imports. The anticipated deficit for 1964 has been estimated at 42,000 tons of sodium carbonate and 20,500 tons of caustic soda.

This loan will finance 47 per cent of the cost of a new plant which will have an initial daily production capacity of about 320 metric tons of sodium carbonate, of which 180 will be sold directly and the remainder will be processed into a daily output of about 102 tons of caustic soda. The plant's designs allow for expansion to twice the initial capacity. It will be installed on the bay of Cartagena, near the source of raw materials. The production is expected to meet current deficits and enable Colombia to export surpluses. The substitution of imports is expected to result in net foreign exchange savings of at least \$3.5 million annually. The project is expected to facilitate the establishment of new industries.

PORT FACILITIES

\$10 million 15-year 5¾ % loan of December 5, 1963

Borrower: EMPRESA PUERTOS DE COLOMBIA

Buenaventura, Colombia's principal port, handles about 50 per cent of Colombia's foreign trade and this traffic is expected to rise substantially as the nation's development plan is carried out. Present port facilities are inadequate to handle even the existing volume of traffic. In view of this situation, the Government of Colombia prepared a project to

¹ See conditions applicable to loans containing Italian lire on page 16.

rehabilitate and modernize the port facilities of Buenaventura and submitted it to the advisory group which is coordinating the external financing of Colombia's development plan. The Bank, which participates in the group, agreed to help finance the project which seeks to meet the needs of the port until 1970 and provide the basis for future development.

The project includes dredging operations, repair and expansion of warehouses and dock facilities, and establishment of a small separate port for fishing boats and for storage of the port's floating equipment. It also provides for relocation and expansion of the rail and truck terminal, purchase of loading and unloading equipment, installation and relocation of auxiliary navigational aids, construction of a special terminal to handle refined oil and new office buildings and workshops. These improvements will be carried out over a six-year period at a total cost of \$19.7 million. The Bank loan will finance 51 per cent of this cost.

PARTICIPATIONS — Fidelity-Philadelphia Trust Company; The National Shawmut Bank of Boston; Bankers Trust Company, New York; Bank of Montreal (New York Agency); The First Pennsylvania Banking and Trust Co., Philadelphia; The Bank of California National Association, San Francisco; Bank of America N.T. & S.A., San Francisco; Continental Illinois National Bank and Trust Company of Chicago; Crocker-Citizens National Bank, San Francisco; First National City Bank, Grace National Bank and The Meadow Brook National Bank, all of New York, and The Philadelphia National Bank are participating in the loan for a total of \$850,000.

Guatemala

ELECTRIC POWER

\$3,150,000 20-year 5¾ % loan of December 19, 1963

Borrower: INSTITUTO NACIONAL DE ELECTRIFICACIÓN

The demand for electric power in Guatemala is rising rapidly due to accelerated population growth and increased industrial needs. The principal power needs are met only in the area of Guatemala City and sufficient reserve capacity is lacking even there. In many towns and villages demand exceeds available supply. Accordingly the expansion of electric gen-

erating facilities is being given high priority in the nation's development plans.

This loan will finance 61 per cent of the cost of constructing a 13,000-kilowatt hydroelectric plant designed to increase the power supply for Guatemala City which, with a population of 400,000, is the nation's principal urban center. The project is the first in a 12-stage hydroelectric program through which the borrower, the *Instituto Nacional de Electrificación*, plans to install some 340,000 kilowatts of additional generating facilities over the next 14 years. This project contemplates the construction of a plant at Los Esclavos, 31 miles southeast of Guatemala City, a reservoir and supplementary facilities, approach roads and a transmission line from the plant to Guatemala City. The loan is guaranteed by the Republic of Guatemala.

PARTICIPATION—Union Commerce Bank of Cleveland, Ohio, is participating in the loan for a total of \$270,000.

Mexico

LAND SETTLEMENT

\$25.5 million 20-year 5¾ % loan of June 20, 1963
(*\$20,250,000 and \$5,250,000 in Mexican pesos*)

Borrower: NACIONAL FINANCIERA, S.A.

Mexico has undertaken a broad public works program in its southeastern state of Tabasco to reclaim an area of about 875,000 acres. One of the principal projects in the program relates to the control of the Grijalva River and the harnessing of its hydroelectric potential through the construction of the

A \$15 million loan from the ordinary capital resources is helping to bring electric power to Brazil's Northeast.



Raudales de Malpaso Dam, which is expected to be finished early in 1965. The total cost of the over-all program, including the dam, agricultural development projects, a possible port and the establishment of new petrochemical industries, is estimated at \$500 million.

This loan, together with a \$5 million loan extended from the Social Progress Trust Fund (see page 88), will finance 49 per cent of the \$62.4 million cost of the first land development project included in the program. It consists of the colonization and general improvement of an area of about 130,000 acres known as El Limón which will be devoted to the intensive cultivation of such perennial crops as rubber, cacao, coconuts, bananas and hemp, as well as such annual crops as corn, beans, rice and forage. Initially, about 3,300 low-income farm families will be settled in El Limón. About \$20 million of the total will be spent in the construction of drainage and irrigation systems and access roads, and about \$27 million on internal roads, land clearing, leveling, irrigation and drainage works at the farm level. Another \$5 million will be allocated to such auxiliary services as research, technical assistance, experimental farms, demonstration fields and the organization of cooperatives for rural credit, cattle raising, agricultural machinery and marketing. The loan is guaranteed by the United States of Mexico.

PARTICIPATIONS—Central National Bank of Cleveland; Wells Fargo Bank, San Francisco; Bank of London & South America, Ltd., New York; American Security and Trust Company, Washington, D.C.; The First National Bank of Chicago; The National Shawmut Bank of Boston; The Northern Trust Co., Chicago; American National Bank and Trust Company of Chicago; Bank of America N.T. & S.A., San Francisco; Crocker-Citizens National Bank, San Francisco; The First National Bank of Boston; Grace National Bank and J. Henry Schroder Banking Corporation, both of New York; The First Pennsylvania Banking and Trust Company, Philadelphia, and Irving Trust Company, New York, are participating in the loan for a total of \$1,630,000.

IRRIGATION

\$20 million 20-year 5¾ % loan of December 31, 1963

Borrower: NACIONAL FINANCIERA, S.A.

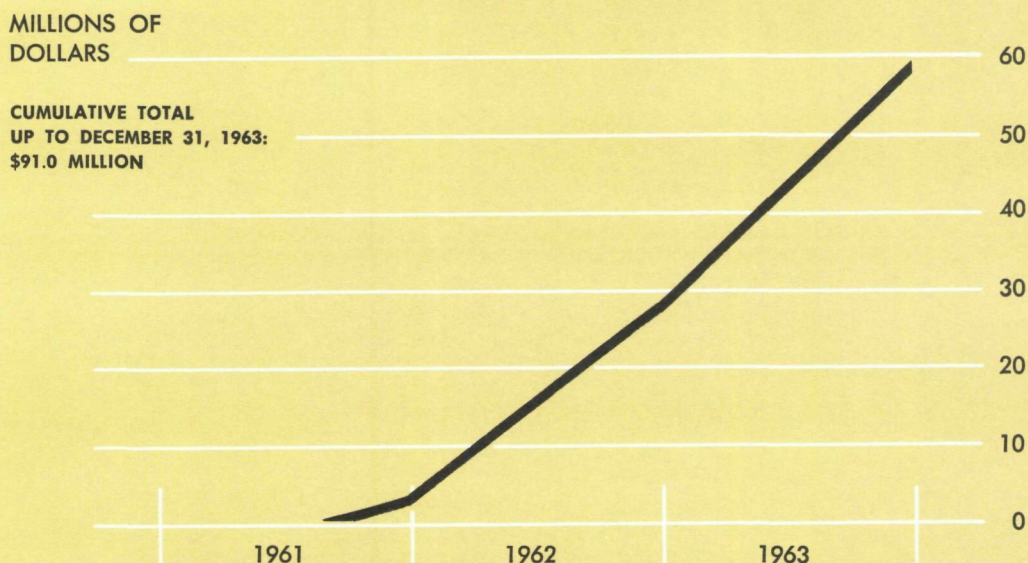
In order to bring about the balanced growth of its northwest, Mexico is carrying out a four-stage program to develop the region's private resources, primarily those of the Culiacán River and its tributaries, the Humaya and Tamazula. The first stage was completed with an investment by the government of about \$32.5 million in works to control and use the water of the Tamazula River, which now provides irrigation to about 238,000 acres in the Culiacán Valley. A 14,000-kilowatt hydro-electric plant was also built at a total cost of \$2 million as part of this stage.

This loan will finance 18 per cent of the cost of the program's second stage which includes the construction of a series of works to control and use the waters of the Humaya River. Scheduled for completion in 1965 the works contemplate the construction of the Presidente López Mateos dam, with a capacity of 3,150,000 cubic meters; a diversion dam; a main channel for the river, and irrigation and drainage systems in the Pericos Valley. Also included is the construction by 1966 of irrigation and drainage systems in the Guamuchil Valley and of a network of service roads in the area. The loan funds will be used entirely to defray about two-thirds of the cost of the irrigation system in the Guamuchil Valley.

The facilities, which will benefit about 85,000 farmers, will irrigate 100,000 acres in the Pericos Valley and 87,000 acres in the Guamuchil Valley and will assure the irrigation and control from floods of another 75,000 acres in the Culiacán Valley. The income of the farmers, who will be provided with agricultural extension services and agricultural credit by government agencies, is expected to double over the five-year period after the completion of the irrigation works. The loan is guaranteed by the United States of Mexico.

PARTICIPATIONS—Bankers Trust Company, Manufacturers Hanover Trust Company, The Marine Midland Trust Company of New York, and The Meadow Brook National Bank, all of New York; The National Bank of Washington, Washington, D.C.; American National Bank and Trust Company of Chicago; Bank of America N.T. & S.A., San Francisco; Irving Trust Company, New York; The First Pennsylvania Banking and Trust Company,

ANNUAL DISBURSEMENTS—ORDINARY CAPITAL RESOURCES



Philadelphia, and Union Bank, Los Angeles, participate in the loan for a total of \$1,510,000.

Financial Operations

The net earnings of the ordinary capital resources of the Bank in 1963 amounted to \$3,858,936. The gross income for the year was \$12,869,424, excluding the income from the 1 per cent annual commission charged on all loans which was placed in the Bank's special reserve. At the end of the fiscal year, the total reserves of the ordinary capital resources, which include the general reserve and the special reserve, had risen to \$7,737,942. The general reserve, made up of net earnings, was \$7,145,486, an increase of \$3,858,936 over the 1962 figure. The special reserve, made up of the 1 per cent commission charged on all loans, was \$592,456, an increase of \$467,372 over 1962.

The year's gross income included \$2,910,411 derived from short-term investment income; \$6,520,360 interest on negotiable certificates of deposit in

dollars and deposits in Italian lire; \$2,226,050 in interest on loans (net of the 1 per cent for the Special Reserve); \$1,182,070 in commitment charges on loans, and \$30,533 in income from other sources.

The total administrative expenses of the Bank chargeable to the ordinary capital resources amounted to \$4,523,172 and the interest on bonds and costs of issue were \$4,487,316. The Bank's funded debt was \$99,193,548. This consisted of two bond issues sold in 1962, one for 15 billion lire, equivalent to \$24,193,548, sold in Italy, and the other for \$75 million sold in the United States.

Disbursements on ordinary resources loans amounted to \$59,796,797 which brought total disbursements at the end of the year to \$90,994,058. Principal repayments by borrowers on loans amounted to \$597,848, including repayments on participations in loans. The financial operations of the ordinary capital resources are shown in the statements on the following pages.

FINANCIAL STATEMENTS

Opinion of Independent Auditor Ordinary Capital

1710 H Street, N.W.
Washington, D.C.
February 21, 1964

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

In our opinion, the accompanying financial statements present fairly, in terms of United States currency, the financial position of Inter-American Development Bank—Ordinary Capital at December 31, 1963, 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.

Financial Statements—Ordinary Capital

Appendix

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Inter-American Development Bank—Ordinary Capital

BALANCE SHEET

DECEMBER 31, 1963

See Notes to Financial Statements—Appendix I-7

Expressed in United States Dollars

Assets

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

Unrestricted			
United States dollars	\$ 1,113,945		
Member currencies other than United States dollars	42,930,241		
Non-member currencies	771,703	\$ 44,815,889	
Restricted (Note C)			
Member currencies other than United States dollars		10,810,854	\$ 55,626,743

Investments

Government obligations (at cost or amortized cost)			
United States (face amount \$67,000,000)			
(Appendix I-3)		67,141,056	
Time deposits maturing within sixteen months			
United States dollars		141,000,000	
Non-member currencies		17,877,215	
Accrued interest		3,325,665	229,343,936

Loans outstanding held by Bank (Appendix I-4)

Total loans approved by Bank, less cancellations	385,754,087		
Less principal repayments to Bank	246,841	385,507,246	
Less loans sold or agreed to be sold		15,083,260	
Approved loans held by Bank		370,423,986	
Less undisbursed balance of approved loans held by Bank		287,331,799	83,092,187

Accrued charges on loans held by Bank

1,231,768

Due from members (Note D)

Non-negotiable, non-interest-bearing demand notes denominated in members' currencies (Appendix I-6)			117,675,958
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Unamortized debt discount and expense

1,158,937

Other assets

454,872

Special Reserve Fund (Note F)

Due from banks		102,026	
Investments (United States Government obligations at cost—face amount \$310,000)		308,842	
Accrued loan commissions		181,588	592,456

Staff Retirement Plan Assets

(Segregated and held in trust)			2,284,752
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Total assets

\$491,461,609

Liabilities, Reserves and Capital

Liabilities

Accrued interest on borrowings		\$ 443,881	
Accrued expenses and accounts payable		221,486	
Bonds outstanding (Note H)		99,193,548	

Special Reserve (Note F)

592,456

Staff Retirement Plan Reserve

2,284,752

Capital

Capital Stock (Appendix I-5) (Note D)			
Authorized 85,000 shares of \$10,000 par value each			
Subscribed 81,316 shares	\$813,160,000		
Less—Callable portion	431,580,000	\$381,580,000	
General reserve for losses (Notes E and I)		7,145,486	388,725,486
Total liabilities, reserves and capital			<u>\$491,461,609</u>

Commitment and contingent liability (Notes J and K)

Inter-American Development Bank—Ordinary Capital**COMPARATIVE STATEMENT OF INCOME AND EXPENSES****FOR THE YEARS ENDED DECEMBER 31, 1962 AND DECEMBER 31, 1963***See Notes to Financial Statements—Appendix I-7*

Expressed in United States Dollars

	Year ended	
	December 31, 1962	December 31, 1963
Income		
From loans		
Interest	\$ 565,592	\$2,226,050
Commitment charges	620,395	1,182,070
Commissions	119,072	467,372
	\$1,305,059	\$3,875,492
From investments	5,691,498	9,430,771
From other sources	12,737	30,533
Gross income	7,009,294	13,336,796
Deduct commissions allocated to Special Reserve (Note F)	119,072	467,372
Gross income less reserve deduction	6,890,222	12,869,424
Expenses		
Administrative expenses (Note G)		
Board of Governors		
Annual Meeting	127,187	138,908
Board of Executive Directors		
Salaries	151,701	206,430
Other compensation and benefits	39,651	67,970
Travel	30,745	45,469
Staff		
Salaries	1,545,394	2,342,254
Other compensation and benefits	630,096	887,758
Travel	197,264	227,575
Other administrative expenses		
Communications	107,252	141,454
Office occupancy	343,074	497,310
Publications and printing	108,098	120,590
Supplies and equipment	182,086	151,630
Miscellaneous	206,437	299,147
Field offices (1)	259,885	338,099
	3,928,870	5,464,594
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B)	764,281	941,422
Total administrative expenses	3,164,589	4,523,172
Interest on borrowings	903,847	4,397,177
Amortization of debt discount and expense (1)	14,501	90,139
	4,082,937	9,010,488
Net income for the year—allocated to general reserve for losses (Note E)	\$2,807,285	\$3,858,936

(1) Amounts reported as "Field offices" and "Amortization of debt discount and expense" for the year ended December 31, 1962 consist of amounts previously reported as "Staff" and "Other administrative expenses" and "Interest on borrowings", respectively, for that year.

Inter-American Development Bank—Ordinary Capital
INVESTMENTS IN UNITED STATES TREASURY OBLIGATIONS
DECEMBER 31, 1963

<u>Maturity date</u>	<u>Face value</u>
February 15, 1966	\$ 1,000,000
May 15, 1966	11,000,000
February 15, 1967	9,000,000
August 15, 1967	42,000,000
November 15, 1967	4,000,000
	<u>\$67,000,000</u>
Cost or amortized cost	<u>\$67,141,056</u>

Inter-American Development Bank—Ordinary Capital

SUMMARY STATEMENT OF LOANS

DECEMBER 31, 1963

See Notes to Financial Statements—Appendix I-7

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	Loans sold or agreed to be sold	Approved loans held by Bank			Currency in which disbursed portion of approved loans held by Bank is repayable		
				Total	Undisbursed	Disbursed	United States dollars	Member's currency	Non-member currency
Argentina	\$ 68,213,265	\$ 90,000	\$ 1,193,958	\$ 66,929,307	\$ 53,012,626	\$13,916,681	\$ 9,585,537	\$ 3,167,752	\$1,163,392
Brazil	56,190,000	25,704	122,094	56,042,202	38,153,773	17,888,429	13,367,058	3,748,147	773,224
Chile	47,728,555	56,537	2,176,371	45,495,647	35,587,945	9,907,702	5,227,100	1,645,763	3,034,839
Colombia	42,920,617		1,227,125	41,693,492	35,500,072	6,193,420	3,749,399	2,444,021	
Costa Rica ..	11,501,631		603,125	10,898,506	8,465,797	2,432,709	2,356,460	76,249	
Dominican Republic ..	6,000,000		200,000	5,800,000	5,400,000	400,000	400,000		
Ecuador	2,343,000	9,600		2,333,400	1,632,064	701,336	611,736	89,600	
El Salvador ..	3,959,375	40,000	63,000	3,856,375	2,171,546	1,684,829	1,539,245	145,584	
Guatemala ..	8,450,000	25,000	850,000	7,575,000	6,181,835	1,393,165	1,231,786	161,379	
Honduras	510,000		60,000	450,000	49,526	400,474	400,474		
Mexico	77,464,003		4,220,470	73,243,533	56,434,654	16,808,879	10,889,317	5,919,562	
Nicaragua	2,000,000		261,000	1,739,000	1,106,210	632,790	632,790		
Paraguay	2,750,000		154,411	2,595,589	1,863,156	732,433	574,333	158,100	
Peru	15,072,618		1,008,125	14,064,493	10,841,449	3,223,044	2,203,648	1,019,396	
Uruguay	19,443,000		648,581	18,794,419	15,470,625	3,323,794	3,263,188	60,606	
Venezuela ..	21,208,023		2,295,000	18,913,023	15,460,521	3,452,502	2,328,748	1,123,754	
Total	\$385,754,087	\$246,841	\$15,083,260	\$370,423,986(3)	\$287,331,799(4)	\$83,092,187	\$58,360,819	\$19,759,913	\$4,971,455

(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 \$245,812,845 had become effective (i.e. eligible for disbursement) as of December 31, 1963 (see (2) above).

(4) Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse \$10,143,886.

Inter-American Development Bank—Ordinary Capital

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER DECEMBER 31, 1963

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	10,314	12.68	\$103,140,000	\$ 25,785,000	\$ 3,331,536	\$ 22,453,464	\$ 51,570,000	10,449	12.44
Bolivia	828	1.02	8,280,000	2,070,000	30,000	2,040,000	4,140,000	963	1.15
Brazil	10,314	12.68	103,140,000	25,785,000	25,785,000		51,570,000	10,449	12.44
Chile	2,832	3.48	28,320,000	7,080,000	7,080,000		14,160,000	2,967	3.53
Colombia	2,830	3.48	28,300,000	7,075,000	7,075,000		14,150,000	2,965	3.53
Costa Rica	414	.51	4,140,000	1,035,000	1,035,000		2,070,000	549	.65
Dominican Republic	552	.68	5,520,000	1,380,000	1,380,000		2,760,000	687	.82
Ecuador	552	.68	5,520,000	1,380,000	1,380,000		2,760,000	687	.82
El Salvador	414	.51	4,140,000	1,035,000	1,035,000		2,070,000	549	.65
Guatemala	552	.68	5,520,000	1,380,000	1,380,000		2,760,000	687	.82
Haiti	414	.51	4,140,000	1,035,000	1,035,000		2,070,000	549	.65
Honduras	414	.51	4,140,000	1,035,000	1,035,000		2,070,000	549	.65
Mexico	6,630	8.15	66,300,000	16,575,000	16,575,000		33,150,000	6,765	8.05
Nicaragua	414	.51	4,140,000	1,035,000	1,035,000		2,070,000	549	.65
Panama	414	.51	4,140,000	1,035,000	27,000	1,008,000	2,070,000	549	.65
Paraguay	414	.51	4,140,000	1,035,000	1,035,000		2,070,000	549	.65
Peru	1,382	1.70	13,820,000	3,455,000	1,086,820	2,368,180	6,910,000	1,517	1.81
United States	35,000	43.04	350,000,000	75,000,000		75,000,000	200,000,000	35,135	41.82
Uruguay	1,106	1.36	11,060,000	2,765,000	88,256	2,676,744	5,530,000	1,241	1.48
Venezuela	5,526	6.80	55,260,000	13,815,000	1,685,430	12,129,570	27,630,000	5,661	6.74
Total	81,316	100.00	\$813,160,000	\$190,790,000	\$73,114,042	\$117,675,958	\$431,580,000	84,016	100.00

Inter-American Development Bank—Ordinary Capital

STATEMENT OF CURRENCIES AND DEMAND NOTES HELD BY THE BANK DECEMBER 31, 1963

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	4,521,720	\$ 54,792	1,852,972,110	\$ 22,453,464	1,857,493,830	\$ 22,508,256
Argentina	Peso	123.889	12,268,692	99,030			12,268,692	99,030
Bolivia	Peso Boliviano	11.875	121,494	10,231	24,225,000	2,040,000	24,346,494	2,050,231
Brazil	Cruzeiro	18.50	406,907,532	21,995,002			406,907,532	21,995,002
Brazil	Cruzeiro	268.75	1,514,519	5,636			1,514,519	5,636
Brazil	Cruzeiro	590.13	65,864,878	111,611			65,864,878	111,611
Chile	Escudo	2.00	11,057,370	5,528,685			11,057,370	5,528,685
Colombia	Peso	9.00	41,611,733	4,623,526			41,611,733	4,623,526
Colombia	Peso	9.73	1,557,506	160,075			1,557,506	160,075
Costa Rica	Colon	6.62	4,934,390	745,376			4,934,390	745,376
Costa Rica	Colon	6.63	1,371,817	206,910			1,371,817	206,910
Costa Rica	Colon	6.65	56,162	8,445			56,162	8,445
Dominican Republic	Peso	1.00	1,370,356	1,370,356			1,370,356	1,370,356
Ecuador	Sucre	18.00	23,228,918	1,290,495			23,228,918	1,290,495
El Salvador	Colon	2.50	2,220,030	888,012			2,220,030	888,012
Guatemala	Quetzal	1.00	1,216,956	1,216,956			1,216,956	1,216,956
Haiti	Gourde	5.00	5,135,715	1,027,143			5,135,715	1,027,143
Honduras	Lempira	2.00	2,018,880	1,009,440			2,018,880	1,009,440
Mexico (Note C)	Peso	12.50	135,135,671	10,810,854			135,135,671	10,810,854
Nicaragua	Cordoba	7.00	7,239,938	1,034,277			7,239,938	1,034,277
Panama	Balboa	1.00	17,663	17,663	1,008,000	1,008,000	1,025,663	1,025,663
Paraguay	Guarani	122.00	106,169,336	870,241			106,169,336	870,241
Paraguay	Guarani	126.00	1,721,273	13,661			1,721,273	13,661
Peru	Sol	26.81	1,042,528	38,886	63,490,906	2,368,180	64,533,434	2,407,066
Peru	Sol	26.82	1,871,846	69,798			1,871,846	69,798
United States	Dollar	1.00	1,113,945	1,113,945	75,000,000	75,000,000	76,113,945	76,113,945
Uruguay	Peso	16.50	955,678	57,920	44,166,275	2,676,744	45,121,953	2,734,664
Venezuela	Bolivar	3.335	1,287,606	386,089	40,452,116	12,129,570	41,739,722	12,515,659
Venezuela	Bolivar	4.54	408,575	89,985			408,575	89,985
Total expressed in United States dollars				54,855,040		117,675,958		172,530,998
<i>Non-Member</i>								
Italy	Lire	620.00	478,456,314	771,703			478,456,314	771,703
Total expressed in United States dollars				\$55,626,743		\$117,675,958		\$173,302,701
(1) See Appendix I-7, Notes A, B and D.								

Inter-American Development Bank—Ordinary Capital

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1963

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, 1963. Italian lire have been translated into United States dollars at the rate of 620 lire to the dollar, the approximate market rate of exchange at the time the lire 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, 1963. 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 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 authorized ordinary capital of the Bank is \$850,000,000 in terms of United States dollars of the weight and fineness in effect on January 1, 1959. Of the total authorized capital, \$400,000,000 is "paid-in" capital and \$450,000,000 is "callable" capital. 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, of the Agreement, 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.

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 February 21, 1964, 17 countries had agreed to subscribe \$901,400,000 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 stock 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.

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 year ended December 31, 1963 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 and 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." 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.

Note H

The following bonds are outstanding at December 31, 1963:

Payable in United States dollars	
4¼ % Twenty-Year Bonds, due December 15, 1982	\$75,000,000
Payable in non-member currency—Italian lire	
5% Italian lire bonds, due April 1, 1982	
(Lit. 15,000,000,000)	24,193,548
	<u>\$99,193,548</u>

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. The 4¼ % Twenty-Year Bonds are subject to sinking fund requirements whereby the Bank is to redeem \$5,000,000 of the bonds on or before December 15 in each of the years 1968 through 1981. The 5% Italian lire bonds have no sinking fund requirements.

Note I

Under the provisions of Article VI of the Agreement, 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, 1963, the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,872,924. In December, 1962, the Board of Executive Directors passed a resolution specifying that 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 reserve for losses of that Fund, and thereafter to the net income of the Ordinary Capital.

Note J

On September 30, 1963, the Bank entered into a contract to purchase, on April 30, 1964, the twelve story building in Washington, D.C. in which its principal offices are located for a total purchase price of \$9,690,000. The Bank has agreed to assume the existing first mortgage indebtedness which will be about \$4,722,000 at April 30, 1964.

Note K

One of the Bank's borrowers, a private enterprise in Brazil, has 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. Based on the arbitral tribunal's conclusions in the proceedings thus far, the Bank's liability will not exceed approximately \$465,000, plus such amount as might be allowed on unresolved claims for consequential damages aggregating approximately \$675,000. No determination can be made at this time as to how this matter will be settled.

**STATEMENT
OF LOANS**



Inter-American Development Bank—Ordinary Capital Statement of Approved Loans

APPENDIX I-8

AS OF DECEMBER 31, 1963

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest % ¹	Repayment Terms Principal Installments ²
						Disbursed	Repaid	Outstanding		
ARGENTINA										
Banco de la Provincia de Entre Ríos	Agricultural, industrial and mining projects	7/13/61 contract signed 8/18/61	Pesos ³	1,000,000	956,313	43,687		43,687	5½	16 semiannual begin- ning 1/1/66
Banco Provincial de Santa Fé			U.S. dollars	14,000,000	8,446,230	5,553,770		5,553,770		
Banco de la Provincia de Córdoba			Total in U.S. dollars	15,000,000	9,402,543	5,597,457		5,597,457		
Mixed entities			Less: Participations	100,000		100,000		100,000		
			Net total in U.S. dollars	14,900,000	9,402,543	5,497,457		5,497,457		
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina) Public entity	Technical assistance	8/3/61 contract signed 8/28/61	Pesos ³	252,000		252,000	36,000	216,000	5½	7 semiannual begin- ning 8/28/63; \$7,000 of loan balance can- celled
			U.S. dollars	378,000		378,000	54,000	324,000		
			Total in U.S. dollars	630,000		630,000	90,000	540,000		
Tool Research Argentina, Sociedad Anónima Industrial y Comercial (Banco Provincial de Santa Fé) Private entity	Auto components plant	10/5/61 contract signed 12/13/61	U.S. dollars	252,000		252,000		252,000	5½	20 semiannual begin- ning 6/1/64; \$448,000 of loan balance can- celled
			Less: Participations	70,000		70,000		70,000		
			Net total in U.S. dollars	182,000		182,000		182,000		
Vialsa, S. A. Private entity	Prefabricated housing plant	12/14/61 contract signed 12/15/61	U.S. dollars	2,200,000	1,106,138	1,093,862		1,093,862	5½	20 semiannual begin- ning 6/15/64
Sociedad Anónima "La Merced" (Garovaglio y Zorraquin, Ltda.) Private entity	Irrigation project	12/21/61 contract signed 3/5/62	Pesos	13,280,000	6,058,500	7,221,500		7,221,500	5½	18 semiannual begin- ning 9/5/65
			U.S. dollars	470,000	69,385	400,615		400,615		
			Total in U.S. dollars	573,670	115,110	458,560		458,560		
			Less: Participations	52,222		52,222		52,222		
			Net total in U.S. dollars	521,448	115,110	406,338		406,338		
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina) Public entity	Electric power program	12/21/61 contract signed 3/22/62	Pesos	232,400,000	22,241,837	210,158,163		210,158,163	5½	24 semiannual begin- ning 4/1/66
			U.S. dollars	8,000,000	7,736,414	263,586		263,586		
			Total in U.S. dollars	9,671,595	7,904,277	1,767,318		1,767,318		
			Less: Participations	150,000	50,000	100,000		100,000		
			Net total in U.S. dollars	9,521,595	7,854,277	1,667,318		1,667,318		
Corporación Entrerriana de Citrus Sociedad Anónima de Economía Mixta, Industrial, Comercial y Financiera (Province of Entre Ríos) Mixed entity	Citrus fruit processing plant	2/21/62 contract signed 4/6/62	Pesos ³	337,000	189,612	147,388		147,388	5½	24 semiannual begin- ning 10/15/64
			U.S. dollars	1,300,000		1,300,000		1,300,000		
			Total in U.S. dollars	1,637,000	189,612	1,447,388		1,447,388		
Armetal, Industria Argentina de Metales, S.A. (Banco Industrial de la República Argentina) Private entity	Auto components plant	3/8/62 contract signed 5/31/62	Pesos ³	170,000		170,000		170,000	5½ ⁴	12 semiannual begin- ning 11/15/64
			Italian lire	465,000,000	363,697,267	101,302,733		101,302,733		
			U.S. dollars	1,080,000	240,044	839,956		839,956		
			Total in U.S. dollars	2,000,000	826,652	1,173,348		1,173,348		
			Less: Participations	500,000		500,000		500,000		
			Net total in U.S. dollars	1,500,000	826,652	673,348		673,348		

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 ^a U.S. dollars Total in U.S. dollars	29,000 203,000 <u>232,000</u>	 1,294 <u>1,294</u>	29,000 201,706 <u>230,706</u>	 	29,000 201,706 <u>230,706</u>	5¾	11 semiannual begin- ning 2/12/65
Banco de la Nación Argentina <i>Public entity</i>	Agricultural mechan- ization program	4/16/63 contract signed 6/27/63	Pesos ^a Italian lire U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	7,500,000 <u>3,100,000,000</u> <u>12,500,000</u> <u>25,000,000</u> 321,736 <u>24,678,264</u>	6,500,000 <u>2,480,000,000</u> <u>12,000,000</u> <u>22,500,000</u> 321,736 <u>22,500,000</u>	1,000,000 <u>620,000,000</u> <u>500,000</u> <u>2,500,000</u> 321,736 <u>2,178,264</u>	 	1,000,000 <u>620,000,000</u> <u>500,000</u> <u>2,500,000</u> 321,736 <u>2,178,264</u>	5¾ ^a	23 semiannual begin- ning 7/3/67
Compañía Sud Americana de Ce- mento Portland Juan Minetti e Hijos Ltda., S.A. (Banco Industrial de la República Argentina) <i>Private entity</i>	Cement plant	4/16/63	U.S. dollars	<u>7,000,000 ^b</u>	<u>7,000,000</u>				5¾	13 semiannual begin- ning 30 months after date of contract
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	<u>2,500,000 ^b</u>	<u>2,500,000</u>				5¾	13 semiannual begin- ning 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 ^a U.S. dollars Total in U.S. dollars	189,000 <u>1,328,000</u> <u>1,517,000 ^b</u>	189,000 <u>1,328,000</u> <u>1,517,000</u>				5¾	15 semiannual begin- ning 12/15/66
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				68,213,265	53,062,626	15,150,639		15,060,639		
Less: Taken by participants				<u>1,193,958</u>	<u>50,000</u>	<u>1,143,958</u>	<u>90,000</u>	<u>1,143,958</u>		
Net total of loans to Argentina expressed in U. S. dollars				<u><u>67,019,307</u></u>	<u><u>53,012,626</u></u>	<u><u>14,006,681</u></u>	<u><u>90,000</u></u>	<u><u>13,916,681</u></u>		
BRAZIL										
Lutcher S.A. Celulose e Papel <i>Private entity</i>	Cellulose pulp mill	3/31/61 contract signed 6/14/61	Cruzeiros ^a U.S. dollars Total in U.S. dollars	2,200,000 <u>2,500,000</u> <u>4,700,000</u>		2,200,000 <u>2,500,000</u> <u>4,700,000</u>		2,200,000 <u>2,500,000</u> <u>4,700,000</u>	5¾	16 semiannual begin- ning 12/15/63
Sifco do Brasil, S.A. <i>Private entity</i>	Auto components plant	6/28/61 contract signed 11/21/61	Cruzeiros ^a U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	180,000 <u>570,000</u> <u>750,000</u> 122,094 <u>627,906</u>		180,000 <u>570,000</u> <u>750,000</u> 122,094 <u>627,906</u>	25,704 81,396 <u>107,100</u> 81,396 <u>25,704</u>	154,296 <u>488,604</u> <u>642,900</u> 40,698 <u>602,202</u>	5¾	14 semiannual begin- ning 4/1/63
Industria Brasileira de Equipamentos S.A. (Directors of the Borrower) <i>Private entity</i>	Oil-drilling tool plant	10/19/61 contract signed 1/24/62	Cruzeiros ^a U.S. dollars Total in U.S. dollars	87,000 <u>528,000</u> <u>615,000</u>	87,000 <u>312,042</u> <u>399,042</u>	215,958 <u>215,958</u>		215,958 <u>215,958</u>	5¾	16 semiannual begin- ning 7/15/64

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest % ¹	Repayment Terms Principal Installments ²
						Disbursed	Repaid	Outstanding		
BRAZIL (Cont'd)										
Papel e Celulose Catarinense Ltda. (Klabin Irmãos & Cia.) Private entity	Pulp and paper mill	12/14/61 contract signed 1/22/62	U.S. dollars	5,000,000	3,054,160	1,945,840		1,945,840	5¾	9 semiannual be- ginning 1/15/65
Centrais Elétricas de Minas Gerais, S.A. (Banco Minero da Produção S.A.) Public entity	Electric power program	12/14/61 contract signed 6/5/62	Cruzeiros ³ U.S. dollars Total in U.S. dollars	1,500,000 3,500,000 5,000,000	106,149 2,118,128 2,224,277	1,393,851 1,381,872 2,775,723		1,393,851 1,381,872 2,775,723	5¾	20 semiannual be- ginning 12/5/66
Fundição Tupy S.A. Private entity	Auto components plant	2/15/62 contract signed 5/16/62	U.S. dollars	560,000		560,000		560,000	5¾	12 semiannual be- ginning 11/15/64
Companhia Agrícola, Imobiliária e Colonizadora (Banco do Estado de São Paulo) Public entity	Agricultural mecha- nization program	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 ⁴	12 semiannual be- ginning 6/6/65
Companhia Pernambucana de Bor- racha Sintética (Banco Nacional do Desenvolvi- mento Economico) Public entity	Synthetic rubber plant	7/5/62 contract signed 11/9/62	U.S. dollars	3,615,000	1,358,984	2,256,016		2,256,016	5¾	14 semiannual be- ginning 5/15/66
Companhia Hidro Elétrica do São Francisco (United States of Brazil) Public entity	Electric power program	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 11,431,060 14,431,060		568,940 568,940		5¾ ⁴	28 semiannual be- ginning 7/10/66
Centrais Elétricas de Urubupungá S.A. (United States of Brazil) Public entity	Electric power program	11/14/63 contract signed 11/20/63	U.S. dollars	13,250,000 ⁵	13,250,000				5¾	32 semiannual be- ginning 5/20/68
Companhia de Eletricidade do Estado da Bahia (Estado da Bahia) Public entity	Electric power program	12/31/63	Cruzeiros ³ U.S. dollars Total in U.S. dollars	640,000 2,560,000 3,200,000 ⁵	640,000 2,560,000 3,200,000				5¾	28 semiannual be- ginning 42 months after date of contract
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				56,190,000	38,153,773	18,036,227	107,100	17,929,127		
Less: Taken by participants				122,094		122,094	81,396	40,698		
Net total of loans to Brazil expressed in U.S. dollars				56,067,906	38,153,773	17,914,133	25,704	17,888,429		
CHILE										
Corporación de Fomento de la Producción de Chile Public entity	Industrial, mining and fishery projects	4/9/61 contract signed 8/19/61	Escudos ³ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,500,000 4,500,000 6,000,000 344,611 5,655,389		1,500,000 3,039,870 4,539,870 344,611 4,195,259	56,537 169,611 226,148 169,611 56,537	1,443,463 2,870,259 4,313,722 175,000 4,138,722	5¾	20 semiannual be- ginning 12/15/63

Republic of Chile <i>Public entity</i>	Water supply project	11/22/61 contract signed 5/16/62	U.S. dollars	1,050,000	950,000	100,000		100,000	5¾	32 semiannual begin- ning 11/16/66
Corporación de Fomento de la Producción de Chile <i>Public entity</i>	Fishing and process- ing enterprise	12/7/61 contract signed 3/29/62	U.S. dollars Less: Participations Net total in U.S. dollars	5,000,000 250,000 4,750,000	2,606,199 25,000 2,581,199	2,393,801 225,000 2,168,801		2,393,801 225,000 2,168,801	5¾	18 semiannual begin- ning 7/15/65
Republic of Chile <i>Public entity</i>	Irrigation project	2/8/62 contract signed 5/16/62	Escudos U.S. dollars Total in U.S. dollars	1,350,000 1,575,000 2,318,555	1,082,509 1,311,960 1,853,215	267,491 263,040 465,340		267,491 263,040 465,340	5¾	32 semiannual begin- ning 11/16/66
Compañía Manufacturera de Papeles y Cartones, S.A. <i>Public entity</i>	Pulp plant expansion	11/8/62 contract signed 11/23/62	Escudos ³ Italian lire U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,600,000 4,960,000,000 6,400,000 16,000,000 450,000 15,550,000	1,600,000 3,047,400,000 6,150,000 12,665,161 150,000 12,515,161	1,912,600,000 250,000 3,334,839 300,000 3,034,839		1,912,600,000 250,000 3,334,839 300,000 3,034,839	5¾ ⁴	25 semiannual begin- ning 11/23/65
Maderas Aglomeradas Pinihue, S.A. (Corporación de Fomento de la Producción de Chile) <i>Private entity</i>	Chipboard plant	2/7/63 contract signed 2/8/63	Italian lire U.S. dollars Total in U.S. dollars	207,700,000 900,000 1,235,000	207,700,000 900,000 1,235,000				5¾ ⁴	18 semiannual begin- ning 8/8/65
Empresa de Agua Potable (Republic of Chile) <i>Public entity</i>	Water supply project	4/4/63 contract signed 5/24/63	Escudos ³ U.S. dollars Total in U.S. dollars	1,500,000 3,625,000 5,125,000 ⁵	1,500,000 3,625,000 5,125,000				5¾	32 semiannual begin- ning 11/24/67
Empresa Nacional del Petróleo (Corporación de Fomento de la Producción de Chile) <i>Public entity</i>	Petroleum refinery	10/24/63 contract signed 11/5/63	U.S. dollars Swiss francs Belgian francs Total in U.S. dollars Less: Participations Net total in U.S. dollars	10,718,240 1,000,000 2,500,000 11,000,000 ⁵ 1,131,760 9,868,240	10,718,240 1,000,000 2,500,000 11,000,000 1,131,760 9,868,240				5¾	20 semiannual begin- ning 5/5/66
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				47,728,555	36,894,705	10,833,850	226,148	10,607,702		
Less: Taken by participants				2,176,371	1,306,760	869,611	169,611	700,000		
Net total of loans to Chile expressed in U.S. dollars				45,552,184	35,587,945	9,964,239	56,537	9,907,702		
COLOMBIA										
Corporación Financiera Colom- biana de Desarrollo Industrial <i>Private entity</i>	Industrial and agricultural projects	4/9/61 contract signed 9/8/61	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	4,000,000 203,653 658,682 61,500 597,182		4,000,000 203,653 658,682 61,500 597,182		4,000,000 203,653 658,682 61,500 597,182	5¾	16 semiannual begin- ning 3/15/64; \$296,- 347 of loan balance cancelled
Empresas Públicas de Medellín (Republic of Colombia) <i>Public entity</i>	Water supply project	4/9/61 contract signed 6/3/61	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	19,950,000 3,300,000 5,361,935 103,125 5,258,810	10,188,695 1,833,611 2,854,523 103,125 2,854,523	9,761,305 1,466,389 2,507,412 103,125 2,404,287		9,761,305 1,466,389 2,507,412 103,125 2,404,287	5¾	32 semiannual begin- ning 12/1/65

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest % ¹	Repayment Terms Principal Installments ²	
						Disbursed	Repaid	Outstanding			
COLOMBIA (Cont'd.)											
Empresas Públicas Municipales de Cartagena (Republic of Colombia) <i>Public entity</i>	Water supply and sewage project	6/15/61 contract signed 10/17/61	Pesos ³	3,800,000	2,879,336	920,664		920,664	5¾	32 semiannual begin- ning 4/17/66	
			U.S. dollars	2,200,000	723,560	1,476,440	1,476,440				
			Total in U.S. dollars	6,000,000	3,602,896	2,397,104	2,397,104				
			Less: Participations	137,500	137,500	137,500					
			Net total in U.S. dollars	5,862,500	3,602,896	2,259,604	2,259,604				
Republic of Colombia <i>Public entity</i>	Technical assistance	9/6/61 contract signed 10/14/61	Pesos ³	200,000	172,695	27,305		27,305	5¾	6 semiannual begin- ning 4/1/64	
			U.S. dollars	300,000	300,000						
			Total in U.S. dollars	500,000	472,695	27,305	27,305				
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	1,400,000	794,958	605,042		605,042	5¾	14 semiannual begin- ning 9/2/65	
			Less: Participations	100,000	100,000		100,000				
			Net total in U.S. dollars	1,300,000	794,958	505,042	505,042				
Instituto Nacional de Fomento Mu- nicipal (Republic of Colombia) <i>Public entity</i>	Water supply and sewage projects	7/12/62 contract signed 8/21/62	U.S. dollars	4,000,000	3,600,000	400,000		400,000	5¾	32 semiannual begin- ning 2/21/67	
Republic of Colombia <i>Public entity</i>	Sodium carbonate plant	4/9/63 contract signed 9/18/63	Italian lire	3,534,000,000	3,534,000,000				5¾ ⁴	24 semiannual begin- ning 3/18/67	
			U.S. dollars	6,300,000	6,300,000						
			Total in U.S. dollars	12,000,000	12,000,000						
Banco de la República <i>Public entity</i>	Industrial and agricul- tural projects	10/10/63 contract signed 10/30/63	U.S. dollars	3,000,000 ⁵	3,000,000				5¾	20 semiannual begin- ning 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	10,000,000 ⁵	10,000,000				5¾	23 semiannual begin- ning 12/10/67	
			Less: Participations	825,000	825,000						
			Net total in U.S. dollars	9,175,000	9,175,000						
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				42,920,617	36,325,072	6,595,545		6,595,545			
Less: Taken by participants				1,227,125	825,000	402,125		402,125			
Net total of loans to Colombia expressed in U.S. dollars				41,693,492	35,500,072	6,193,420		6,193,420			
COSTA RICA											
Banco Nacional de Costa Rica <i>Public entity</i>	Livestock development	11/30/61 contract signed 1/15/62	Colones	3,311,500	2,961,500	350,000		350,000	5¾	20 semiannual begin- ning 7/15/64	
			U.S. dollars	2,500,000	2,110,386	389,614	389,614				
			Total in U.S. dollars	3,000,000	2,557,516	442,484	442,484				
			Less: Participations	150,000	150,000	150,000					
			Net total in U.S. dollars	2,850,000	2,557,516	292,484	292,484				
Industria Nacional de Cemento, S.A. <i>Private entity</i>	Cement plant	1/11/62 contract signed 3/2/62	U.S. dollars	2,800,000	987,509	1,812,491		1,812,491	5¾	20 semiannual begin- ning 9/2/64	

Banco de Costa Rica <i>Public entity</i>	Industrial projects	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 3,001,631 200,000 2,801,631	2,505,233 2,320,792 2,699,044 100,000 2,599,044	154,767 279,208 302,587 100,000 202,587		154,767 279,208 302,587 100,000 202,587	5¾	19 semiannual begin- ning 11/15/65
Instituto Costarricense de Electricidad (Republic of Costa Rica) <i>Public entity</i>	Electric power program	8/9/62 contract signed 9/14/62	U.S. dollars Less: Participations Net total in U.S. dollars	2,700,000 253,125 2,446,875	2,321,728 253,125 2,321,728	378,272 253,125 125,147		378,272 253,125 125,147	5¾	32 semiannual begin- ning 9/20/66
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				11,501,631	8,565,797	2,935,834		2,935,834		
Less: Taken by participants				603,125	100,000	503,125		503,125		
Net total of loans to Costa Rica expressed in U.S. dollars				10,898,506	8,465,797	2,432,709		2,432,709		
DOMINICAN REPUBLIC										
Banco Agrícola (Dominican Republic) <i>Public entity</i>	Livestock and agricul- tural projects	8/15/63 contract signed 8/29/63	Pesos ^a U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,100,000 4,900,000 6,000,000 200,000 5,800,000	1,100,000 4,300,000 5,400,000 200,000 5,400,000	600,000 600,000 200,000 400,000		600,000 600,000 200,000 400,000	5¾	18 semiannual begin- ning 3/1/67
TOTAL LOANS TO DOMINICAN REPUBLIC EXPRESSED IN U.S. DOLLARS				6,000,000	5,400,000	600,000		600,000		
Less: Taken by participants				200,000		200,000		200,000		
Net total of loans to the Dominican Republic expressed in U.S. dollars				5,800,000	5,400,000	400,000		400,000		
ECUADOR										
Comisión Nacional de Valores (Republic of Ecuador) <i>Public entity</i>	Development of wood production	8/10/61 contract signed 10/31/61	Sucres ^a U.S. dollars	717,000 1,626,000	624,200 1,007,864	92,800 618,136	3,200 6,400	89,600 611,736	5¾	20 semiannual begin- ning 6/15/63
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				2,343,000	1,632,064	710,936	9,600	701,336		
EL SALVADOR										
Pan Lido, S.A. <i>Private entity</i>	Bakery expansion	6/29/61 contract signed 7/12/61	U.S. dollars	199,375		199,375	40,000	159,375	5¾	10 semiannual begin- ning 1/15/63 \$625 of loan balance can- celled
Banco Central de Reserva (Republic of El Salvador) <i>Public entity</i>	Industrial and agri- cultural projects	8/10/61 contract signed 10/25/61	Colones U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	2,000,000 1,700,000 2,500,000 63,000 2,437,000	1,636,040 1,289,494 1,943,910 556,090 1,943,910	363,960 410,506 556,090 63,000 493,090		363,960 410,506 556,090 63,000 493,090	5¾	20 semiannual begin- ning 4/25/65
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	227,636	1,032,364		1,032,364	5¾	32 semiannual begin- ning 5/17/66
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				3,959,375	2,171,546	1,787,829	40,000	1,747,829		
Less: Taken by participants				63,000		63,000		63,000		
Net total of loans to El Salvador expressed in U.S. dollars				3,896,375	2,171,546	1,724,829	40,000	1,684,829		

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest % ¹	Repayment Terms Principal Installments ²
						Disbursed	Repaid	Outstanding		
GUATEMALA										
Industria y Comercio Textiles Rex, S.A. Private entity	Textile mill	6/22/61 contract signed 8/10/61	U.S. dollars	125,000		125,000	25,000	100,000	5¾	10 semiannual begin- ning 2/10/63
Banco de Guatemala Public entity	Industrial, agricul- tural and livestock projects	8/10/61 contract signed 9/6/61	Quetzales ³ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,350,000 3,650,000 5,000,000 580,000 4,420,000	1,188,621 2,184,008 3,372,629 100,000 3,272,629	161,379 1,465,992 1,627,371 480,000 1,147,371		161,379 1,465,992 1,627,371 480,000 1,147,371	5¾	10 annual beginning 9/6/64
Hidroeléctricas del Atlántico, S.A. Private entity	Water supply	9/28/61 contract signed 2/27/62	U.S. dollars	175,000	29,206	145,794		145,794	5¾	10 semiannual be- ginning 8/27/64
Instituto Nacional de Electrificación (Republic of Guatemala) Public entity	Electric power program	12/19/63	U.S. dollars Less: Participations Net total in U.S. dollars	3,150,000 ⁵ 270,000 2,880,000	3,150,000 270,000 2,880,000				5¾	35 semiannual be- ginning 36 months after date of contract
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				8,450,000	6,551,835	1,898,165	25,000	1,873,165		
Less: Taken by participants				850,000	370,000	480,000		480,000		
Net total of loans to Guatemala expressed in U.S. dollars				7,600,000	6,181,835	1,418,165	25,000	1,393,165		
HONDURAS										
Molinos de Honduras (Jacobo D. Kattan Industrial, S.A.) Private entity	Corn flour mill	6/15/61 contract signed 7/27/61	U.S. dollars	150,000	49,526	100,474		100,474	5¾	10 semiannual begin- ning 7/15/64
Químicas Dinant de Centroamérica, S.A. de C.V. Private entity	Chemical plant	7/27/61 contract signed 8/8/61	U.S. dollars Less: Participations Net total in U.S. dollars	360,000 60,000 300,000		360,000 60,000 300,000		360,000 60,000 300,000	5¾	12 semiannual be- ginning 2/10/64
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				510,000	49,526	460,474		460,474		
Less: Taken by participants				60,000		60,000		60,000		
Net total of loans to Honduras expressed in U.S. dollars				450,000	49,526	400,474		400,474		
MEXICO										
Nacional Financiera, S.A. Public entity	Industrial projects	8/10/61 contract signed 10/19/61	Pesos ³ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,000,000 2,000,000 3,000,000 130,000 2,870,000		1,000,000 2,000,000 3,000,000 130,000 2,870,000		1,000,000 2,000,000 3,000,000 130,000 2,870,000	5¾	12 semiannual be- ginning 4/20/66

MEXICO (Cont'd) Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Irrigation projects	9/7/61 contract signed 11/14/61	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	52,750,000 8,780,000 13,000,000 774,000 12,226,000	13,042,724 2,309,364 3,352,782 70,000 3,282,782	39,707,276 6,470,636 9,647,218 704,000 8,943,218	39,707,276 6,470,636 9,647,218 704,000 8,943,218	5¾	34 semiannual be- ginning 5/14/65
	Irrigation projects	1/25/62 contract signed 4/16/62	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	34,300,000 3,000,000 5,744,000 176,470 5,567,530	20,414,071 1,048,407 2,681,532 176,470 2,505,062	13,885,929 1,951,593 3,062,468 3,062,468	13,885,929 1,951,593 3,062,468 3,062,468	5¾	34 semiannual be- ginning 10/16/65
	Irrigation projects	11/27/62 contract signed 6/6/63	Pesos U.S. dollars Total in U.S. dollars	6,000,000 720,000 1,200,000	6,000,000 720,000 1,200,000			5¾	36 semiannual be- ginning 12/6/65
	Sodium sulfate plant	1/17/63 contract signed 4/17/63	Pesos U.S. dollars Total in U.S. dollars	4,125,000 170,000 500,000	1,073,975 892 86,810	3,051,025 169,108 413,190	3,051,025 169,108 413,190	5¾	16 semiannual be- ginning 10/17/64
	Carbon black plant	2/28/63 contract signed 6/21/63	Pesos U.S. dollars Total in U.S. dollars	4,850,296 131,980 520,003		4,850,296 131,980 520,003	4,850,296 131,980 520,003	5¾	10 semiannual be- ginning 12/21/64; \$180,557 of loan balance cancelled
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Land settlement program	6/20/63 contract signed 9/19/63	Pesos ³ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	5,250,000 20,250,000 25,500,000 ⁵ 1,630,000 23,870,000	5,250,000 20,250,000 25,500,000 1,630,000 23,870,000			5¾	34 semiannual be- ginning 3/19/67
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Industrial projects	10/24/63 contract signed 10/31/63	U.S. dollars	5,000,000	4,000,000	1,000,000	1,000,000	5¾	14 semiannual be- ginning 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	Pesos ³ U.S. dollars Total in U.S. dollars	1,700,000 1,300,000 3,000,000 ⁵	1,700,000 1,300,000 3,000,000			5¾	17 semiannual be- ginning 24 months after date of contract
Nacional Financiera, S.A. (United States of Mexico) <i>Public entity</i>	Irrigation projects	12/31/63	U.S. dollars Less: Participations Net total in U.S. dollars	20,000,000 ⁵ 1,510,000 18,490,000	20,000,000 1,510,000 18,490,000			5¾	35 semiannual be- ginning 36 months after date of contract
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS									
Less: Taken by participants				77,464,003	59,821,124	17,642,879	17,642,879		
Net total of loans to Mexico expressed in U.S. dollars				4,220,470	3,386,470	834,000	834,000		
				73,243,533	56,434,654	16,808,879	16,808,879		

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest % ¹	Repayment Terms Principal Installments ²
						Disbursed	Repaid	Outstanding		
NICARAGUA										
Instituto de Fomento Nacional de Nicaragua (Republic of Nicaragua) <i>Public entity</i>	Industrial projects	3/31/61 contract signed 7/11/61	U.S. dollars Less: Participations Net total in U.S. dollars	2,000,000 261,000 <u>1,739,000</u>	1,106,210 <u>1,106,210</u>	893,790 261,000 <u>632,790</u>	100,000 100,000 <u></u>	793,790 161,000 <u>632,790</u>	5¾	20 semiannual be- ginning 7/15/63
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS										
Less: Taken by participants				2,000,000	1,106,210	893,790	100,000	793,790		
Net total of loans to Nicaragua expressed in U.S. dollars				<u>261,000</u>	<u></u>	<u>261,000</u>	<u>100,000</u>	<u>161,000</u>		
				<u>1,739,000</u>	<u>1,106,210</u>	<u>632,790</u>	<u></u>	<u>632,790</u>		
PARAGUAY										
Compañía Algodonera Paraguaya, S.A. (Consorcio Coplata, S.A. de Panama) <i>Private entity</i>	Expansion of cotton, tobacco and industrial oil processing facili- ties	9/28/61 contract signed 10/31/61	Guaraníes ^a U.S. dollars Total in U.S. dollars	220,000 330,000 <u>550,000</u>	61,900 113,405 <u>175,305</u>	158,100 216,595 <u>374,695</u>		158,100 216,595 <u>374,695</u>	5¾	20 semiannual be- ginning 5/1/64
Manufactura de Pilar, S.A. (Banco Nacional de Fomento) <i>Private entity</i>	Textile plant expan- sion	4/11/63 contract signed 6/6/63	U.S. dollars Less: Participations Net total in U.S. dollars	2,200,000 154,411 <u>2,045,589</u>	1,687,851 <u>1,687,851</u>	512,149 154,411 <u>357,738</u>		512,149 154,411 <u>357,738</u>	5¾	17 semiannual be- ginning 6/6/65
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS										
Less: Taken by participants				2,750,000	1,863,156	886,844		886,844		
Net total of loans to Paraguay expressed in U.S. dollars				<u>154,411</u>	<u></u>	<u>154,411</u>		<u>154,411</u>		
				<u>2,595,589</u>	<u>1,863,156</u>	<u>732,433</u>		<u>732,433</u>		
PERU										
Corporación de Saneamiento de Arequipa, Perú (Republic of Peru) <i>Public entity</i>	Water supply and sewage	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 <u>1,450,000</u> 3,910,899 145,000 <u>3,765,899</u>	45,035,883 <u>1,298,460</u> 2,977,651 <u>2,977,651</u>	20,964,117 <u>151,540</u> 933,248 145,000 <u>788,248</u>		20,964,117 <u>151,540</u> 933,248 145,000 <u>788,248</u>	5¾	20 semiannual be- ginning 12/1/65
Compañía Peruana de Cemento Portland, S.A. (Banco Popular del Perú) <i>Private entity</i>	Cement plant expan- sion	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 <u>1,250,000</u> 1,501,719 238,125 <u>1,263,594</u>	376,310 14,031 <u>14,031</u>	6,373,690 <u>1,250,000</u> 1,487,688 238,125 <u>1,249,563</u>		6,373,690 <u>1,250,000</u> 1,487,688 238,125 <u>1,249,563</u>	5¾	16 semiannual be- ginning 6/1/64
Banco Industrial del Perú (Republic of Peru) <i>Mixed entity</i>	Industrial projects	10/18/62 contract signed 11/23/62	U.S. dollars Less: Participations Net total in U.S. dollars	2,500,000 375,000 <u>2,125,000</u>	939,767 <u>939,767</u>	1,560,233 375,000 <u>1,185,233</u>		1,560,233 375,000 <u>1,185,233</u>	5¾	20 semiannual be- ginning 5/15/65
"PERUINVEST" Peruano-Suiza de Fomento e Inversiones, Sociedad Anónima <i>Private entity</i>	Industrial projects	11/5/63 contract signed 11/8/63	U.S. dollars	<u>750,000</u> ⁵	<u>750,000</u>				5¾	15 semiannual be- ginning 11/8/66

Banco Industrial del Perú (Republic of Peru) <i>Public entity</i>	Industrial projects	12/12/63 contract signed 12/13/63	U.S. dollars Less: Participations Net total in U.S. dollars	5,000,000 ⁵ 250,000 <u>4,750,000</u>	5,000,000 250,000 <u>4,750,000</u>			5¾	20 semiannual be- ginning 6/13/66
Compañía Irrigadora Pativilca, S.A. (Republic of Peru) <i>Private entity</i>	Irrigation project	12/12/63 contract signed 12/16/63	Soles ³ U.S. dollars Total in U.S. dollars	335,000 1,075,000 <u>1,410,000</u> ⁵	335,000 1,075,000 <u>1,410,000</u>			5¾	19 semiannual be- ginning 12/16/66
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS Less: Taken by participants Net total of loans to Peru expressed in U.S. dollars				15,072,618 1,008,125 <u>14,064,493</u>	11,091,449 250,000 <u>10,841,449</u>	3,981,169 758,125 <u>3,223,044</u>		3,981,169 758,125 <u>3,223,044</u>	
URUGUAY									
Republic of Uruguay <i>Public entity</i>	Water supply project	8/3/61 contract signed 10/19/61	Pesos ³ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	2,750,000 2,993,000 <u>5,743,000</u> 55,581 <u>5,687,419</u>	2,689,394 999,031 <u>3,688,425</u> 3,688,425 <u>3,688,425</u>	60,606 1,993,969 <u>2,054,575</u> 55,581 <u>1,998,994</u>		60,606 1,993,969 <u>2,054,575</u> 55,581 <u>1,998,994</u>	5¾ 33 semiannual be- ginning 10/10/65
Administración Nacional de Com- bustibles, Alcohol y Portland <i>Public entity</i>	Oil refinery and ce- ment plant expansion	6/14/62 contract signed 8/23/62	U.S. dollars Less: Participations Net total in U.S. dollars	4,600,000 593,000 <u>4,007,000</u>	2,713,725 10,000 <u>2,703,725</u>	1,886,275 583,000 <u>1,303,275</u>		1,886,275 583,000 <u>1,303,275</u>	5¾ 20 semiannual be- ginning 2/23/65
Republic of Uruguay <i>Public entity</i>	Highway construction	11/15/62 contract signed 3/5/63	U.S. dollars	<u>4,100,000</u>	<u>4,078,475</u>	<u>21,525</u>		<u>21,525</u>	5¾ 25 semiannual be- ginning 3/1/66
Banco de la República Oriental del Uruguay (Republic of Uruguay) <i>Public entity</i>	Industrial and agricultural projects	12/19/63	U.S. dollars	<u>5,000,000</u> ⁵	<u>5,000,000</u>				5¾ 18 semiannual be- ginning 42 months after date of contract
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS Less: Taken by participants Net total of loans to Uruguay expressed in U.S. dollars				19,443,000 648,581 <u>18,794,419</u>	15,480,625 10,000 <u>15,470,625</u>	3,962,375 638,581 <u>3,323,794</u>		3,962,375 638,581 <u>3,323,794</u>	
VENEZUELA									
Corporación Venezolana de Fomento <i>Public entity</i>	Industrial projects	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	10,000,000 7,000,000 <u>9,208,023</u> 762,500 <u>8,445,523</u>	4,906,317 4,602,519 <u>5,686,788</u> 5,686,788 <u>5,686,788</u>	5,093,683 2,397,481 <u>3,521,235</u> 762,500 <u>2,758,735</u>		5,093,683 2,397,481 <u>3,521,235</u> 762,500 <u>2,758,735</u>	5¾ 20 semiannual be- ginning 2/15/64
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) <i>Public entity</i>	Water supply program	8/2/62 contract signed 8/24/62	U.S. dollars Less: Participations Net total in U.S. dollars	6,000,000 402,500 <u>5,597,500</u>	4,903,733 402,500 <u>4,903,733</u>	1,096,267 402,500 <u>693,767</u>		1,096,267 402,500 <u>693,767</u>	5¾ 30 semiannual be- ginning 2/24/66

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest % ¹	Repayment Terms Principal Installments ²
						Disbursed	Repaid	Outstanding		
VENEZUELA (Cont'd.)										
Banco Agrícola y Pecuario (Republic of Venezuela) Public entity	Livestock develop- ment program	4/16/63 contract signed 4/18/63	Bolívars ³ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	470,000 5,530,000 <u>6,000,000</u> ⁴ 1,130,000 <u>4,870,000</u>	470,000 5,530,000 <u>6,000,000</u> 1,130,000 <u>4,870,000</u>				5¾	15 semiannual be- ginning 4/18/66
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				21,208,023	16,590,521	4,617,502		4,617,502		
Less: Taken by participants				2,295,000	1,130,000	1,165,000		1,165,000		
Net total of loans to Venezuela expressed in U.S. dollars				<u>18,913,023</u>	<u>15,460,521</u>	<u>3,452,502</u>		<u>3,452,502</u>		
Net total active loans expressed in U.S. dollars as of December 31, 1963				370,670,827	287,331,799	83,339,028	246,841	83,092,187		
Add: Total taken by participants				15,083,260	7,428,230	7,655,030	351,007	7,304,023		
				<u>385,754,087</u>	<u>294,760,029</u>	<u>90,994,058</u>	<u>597,848</u>	<u>90,396,210</u>		
Add: Loan cancellations				4,457,529						
Total approved loans as of December 31, 1963				<u>390,211,616</u>						

¹ Including the special commission of 1% required by Article III, Section 12, of the Agreement. In addition to the interest rate shown, all loans have a commitment fee of 0.75% on the undisbursed balance of the loan.

² Interest and amortizations are payable in the currencies loaned.

³ Expressed in U.S. dollar equivalent.

⁴ In addition to the interest rate shown and the standard commitment fee of 0.75%, a service commission of 1% and an extra commitment fee of 0.75% are charged on the lira portion of the loan.

⁵ Not eligible for disbursement.

Notes: Loans granted in Latin American currencies have been expressed in their equivalent in U.S. dollars at the rates of exchange in effect December 31, 1963.

Of the undisbursed balance, the bank has entered into irrevocable commitments to disburse \$10,114,571.



FUND FOR SPECIAL OPERATIONS



FUND FOR SPECIAL OPERATIONS

Resources

As indicated in the report on the ordinary resources on page 12, in 1962 the Board of Governors asked the Executive Directors to consider the question of enlarging the Bank's resources through an increase in its authorized capital stock or in the resources of the Fund for Special Operations, or both. In the latter connection, the Directors made a recommendation, which was approved by the Board of Governors on April 8, 1963, calling for a 50 per cent increase in the existing quotas of the Fund for Special Operations. This would amount to \$73,158,000. Most member countries adopted the recommendation during the year and on January 28, 1964, the increase entered into effect.

The countries which had taken the necessary measures to put the recommendation into effect as of that date were Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and the United States. The contributions of these countries total \$69,428,000 and represented 94.9 per cent of the increase. A total of 75 per cent was required to make the increase effective.

The Fund for Special Operations was established with initial resources of \$150 million. The original contributions actually made by the member countries amounted to \$146,316,000 of which \$123,158,000 was in dollars and \$23,158,000 in the currencies of other member countries. As of December 31, 1963, the Bank had committed \$104,228,802 in dollars and \$17,465,461 in the currencies of other member countries in its lending operations. The original contributions and the proposed increases are shown in the next column.

The Fund was set up by the Bank's Agreement to make loans on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects. Thus loans from the Fund may be made on terms which may include lower interest rates and longer maturities than those from the ordinary re-

sources, and may be repaid in local currency.

In recommending that the resources of the Fund be increased, the Executive Directors expressed the conviction that it is of great importance for the Bank to operate this second "window" on a continuing basis and said that the relatively moderate amount of loans extended annually from the Fund's resources is likely to have an especially significant impact on the development of member countries.

Fund for Special Operations

Initial and New Contributions
(Expressed in United States Dollars)

COUNTRY	INITIAL CONTRIBUTION ¹	NEW CONTRIBUTION ¹
Argentina	\$ 10,314,000	\$ 5,157,000
Bolivia	828,000	414,000
Brazil	10,314,000	5,157,000
Chile	2,832,000	1,416,000
Colombia	2,830,000	1,415,000
Costa Rica	414,000	207,000
Dominican Republic	552,000	276,000
Ecuador	552,000	276,000
El Salvador	414,000	207,000
Guatemala	552,000	276,000
Haiti	414,000	207,000
Honduras	414,000	207,000
Mexico	6,630,000	3,315,000
Nicaragua	414,000	207,000
Panama	414,000	207,000
Paraguay	414,000	207,000
Peru	1,382,000	691,000
United States	100,000,000	50,000,000
Uruguay	1,106,000	553,000
Venezuela	5,526,000	2,763,000
Total	\$146,316,000	\$73,158,000

The Directors felt that by financing well-conceived projects in key sectors of their economies, the situation of member countries having limited short- and medium-debt capacity, could gradually be improved to the point where it would become possible for them to have readier access to the ordinary capital

¹ Half in dollars and half in member currency.

resources of the Bank and the resources of other lending institutions.

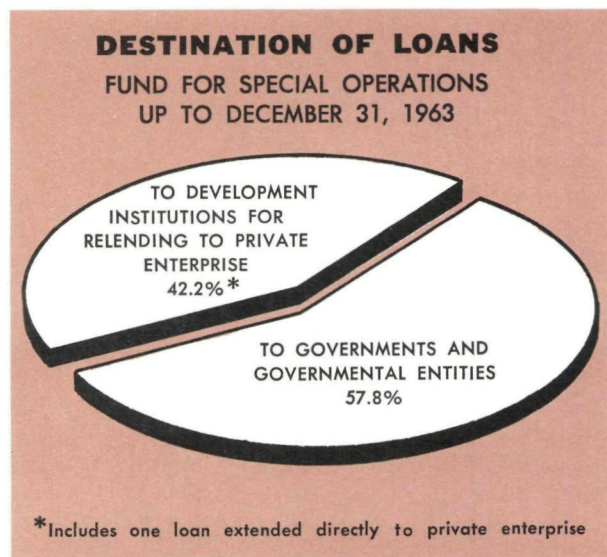
Looking to the Bank's future needs, the Board of Governors at its Fourth Annual Meeting in Caracas in April 1963 requested the Executive Directors to submit a report on the future relationships of the Fund for Special Operations to other activities of the Bank and on the sufficiency of the Fund's resources. The Executive Directors were asked to keep in mind in their study the desirability of strengthening the Bank's operations in carrying out the basic objectives of the Alliance for Progress and in the light of the needs of the member countries for the financing of economic and social development. The Executive Directors are studying the subject, with a view to reporting their conclusions to the Fifth Annual Meeting of the Board.

Loans

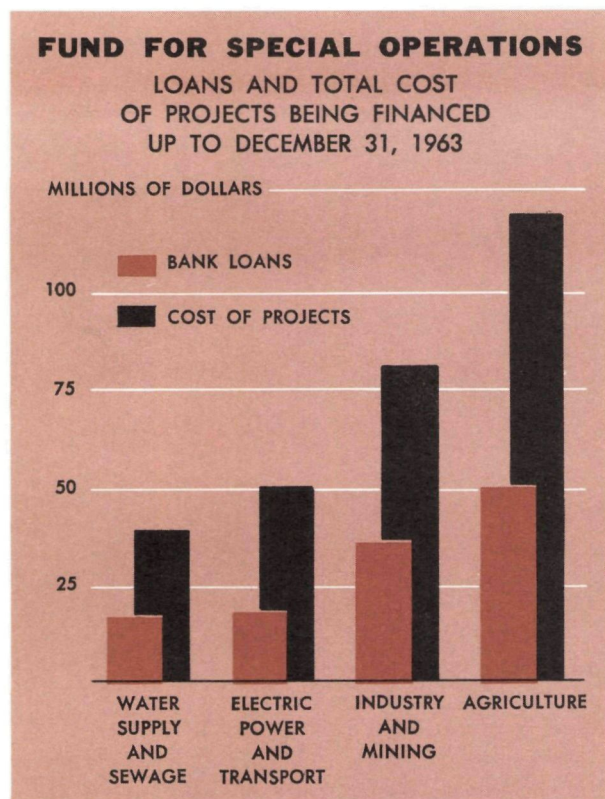
In 1963, the Bank approved nine loans totaling \$32,513,927 from its Fund for Special Operations, compared with 14 loans totaling \$40,772,245 au-

resources of \$146,316,000.

The cumulative cost of the projects financed with the loans extended from the Fund for Special Operations was \$287.3 million, of which the loans covered 42.4 per cent. Thus the Bank's lending activity has contributed to an important mobilization of resources.



thorized in 1962. This brought the Fund's total number of loans at year end to 37 and the total volume to \$121,694,263, net of exchange adjustments and cancellations. This figure represented a commitment of more than 83 per cent of the Fund's total original



As in the case of the ordinary capital resources, disbursements from the Fund for Special Operations rose notably during the year—nearly doubling. A total of \$15,306,849 was disbursed in 1963 compared with \$8,762,609 in 1962. This brought total disbursements as of the end of the year to \$26,649,381.

Two of the loans for a total of \$7,003,927 were made to development banks for relending to private enterprise—one to the Central American Bank for Economic Integration and the other to a development agency in Costa Rica.

Four loans amounting to \$21,110,000 went to governments or governmental entities for the re-

habilitation of Bolivia's mining industry, a rural development program in Bolivia, a water project in Brazil and a hydroelectric project in Paraguay.

Three loans totaling \$4,400,000 are being used to finance pre-investment studies on an electric power project in Guatemala, a regional development program in Mexico and a highway in Panama. It might be pointed out that portions of other Bank loans have also been devoted to technical assistance activities.

During the course of the year, the United Nations Special Fund purchased participations amounting to \$1,645,058 in five loans previously authorized from the Fund for Special Operations.

Description of Loans

This section describes the loans authorized during 1963 by the Bank from the Fund for Special Operations, grouped in these 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 1963 has been 4 per cent annually and amortization periods run up to 25 years, including grace periods. Except with regard to loans to national governments and to some government agencies, the Bank has obtained specific guarantees or security on its loans.

A. Development Loans for Relending to Private Enterprise

Central America

INDUSTRY AND INFRASTRUCTURE

\$6,003,927 20-year 4% loan of April 4, 1963

(\$5 million; 1,350,000 Costa Rican colones; 350,000 Salvadorian colones; 270,000 quetzales; 380,000 lempiras, and 1,400,000 córdobas)

Borrower: CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION

The Central American Bank for Economic Integration was created in 1960 to promote the economic integration and balanced development of its member countries—Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica. The Inter-American Bank has cooperated with it since its inception, providing \$100,000 in non-reimbursable technical assistance in 1961 to help organize it. In 1962 the two banks signed an agreement to coordinate their respective activities in the region.

This loan will help finance a \$10 million industrial and infrastructure development program. At least 75 per cent of the funds will be channeled by the Central American Bank to small- and medium-sized industrial enterprises to help finance so-called regional industries, which are characterized by a production capacity exceeding the individual market requirements, by the use of raw materials from

more than one country in the area or by being complementary with other industries in the region. The remaining 25 per cent will finance investments in infrastructure works having regional impact.

Costa Rica

INDUSTRIAL AND AGRICULTURAL DEVELOPMENT

\$1 million 21-year 4% loan of April 4, 1963

Borrower: BANCO NACIONAL DE COSTA RICA

The *Banco Nacional de Costa Rica*, through a special department is encouraging the development of cooperatives as a means of accelerating the country's economic growth. Early in 1963 the nation had about 50 of these organizations with more than 13,000 members, the majority in rural areas, which were engaged in various agricultural activities. Thirty-five were organized through the efforts of the *Banco Nacional* and all have received financial or technical assistance from it.

This loan will provide short- and medium-term credits for agricultural, industrial and fishing projects of cooperatives to finance the purchase of equipment for farming, cattle and poultry raising, fishing and processing raw material.

B. Loans to Governments and Governmental Entities

Bolivia

MINE REHABILITATION

\$4,860,000 10-year 4% loan of February 14, 1963
(*\$4,460,000 and \$400,000 in Bolivian pesos*)

Borrower: CORPORACIÓN MINERA DE BOLIVIA

Through a multilateral arrangement, termed the Triangular Operation, put into effect in 1961, the United States, the Federal Republic of Germany and the Bank are cooperating with the *Corporación Minera de Bolivia (COMIBOL)* in a program to return the national tin mines to profitable levels of production. Commitments for the initial phase of the program, carried out during 1962, amounted to approximately \$23 million, including about \$13 million supplied by the United States, \$3.75 million by the Federal Republic of Germany and \$4.5 million by the Bank. Argentina also participated in this phase with a \$1.5 million credit. The Bank acts as financial agent for the administration of the German funds allocated to the program.

This loan, together with new commitments of about \$11 million by the United States and \$2.88 million by Germany, is helping to cover the second phase of the program. About \$10 million of the additional funds will be used to purchase materials, spare parts and equipment for the mines and to expand electric power output. The remainder will be used for new exploration, metallurgical research, technical assistance, separation of surplus workers, food purchases for the commissaries and additional working capital. The Bank's loan is being used solely for the procurement of machinery, equipment and services. The loan is guaranteed by the *Banco Central de Bolivia*.

AGRICULTURAL CREDIT

\$1.1 million 15-year 4% loan of October 31, 1963

Borrower: REPUBLIC OF BOLIVIA

To further its agrarian reform program and strengthen the nation's agricultural sectors, the Government of Bolivia has adopted a national plan

which contemplates the creation of 50 rural development bases within the next 10 years. These centers would provide technical, educational, health and extension services to farmers in surrounding areas. The program is administered by the Ministry of Rural Affairs through the *Dirección Nacional de Desarrollo Rural* and through Bolivia's Agricultural Bank.

As a first stage, the program calls for the improvement and completion during the program's first year of two existing centers at Pillapi and Otavi and the establishment of a new base at Paracaya, near the city of Cochabamba. During the second year the latter base would be completed and two new ones would be initiated. This stage is expected to benefit about 125,000 members of low-income farm families. The Bank is supporting the program with this loan and another for \$435,000 from the Social Progress Trust Fund (see page 86).

This loan will be used exclusively to provide credit to the farmers. Some 40 per cent of the proceeds will be devoted to short-term loans for the purchase of seeds, pesticides, fertilizer and cattle feed. The other 60 per cent will be used for medium-term credit to purchase agricultural tools, to build fences and to make farm improvements. The Bank will finance about 70 per cent of the cost of this stage of the plan, the U. S. Agency for International Development will provide 23 per cent and the Bolivian Government 7 per cent.

Brazil

WATER SUPPLY AND SEWAGE SYSTEM

\$3,150,000 25-year 4% loan of December 19, 1963
(*\$1,650,000 and \$1,500,000 in cruzeiros*)

Borrower: DEPARTAMENTO MUNICIPAL DE ÁGUA E ESGOTOS

Porto Alegre is the capital of the southern state of Rio Grande do Sul, Brazil's most important producer of wheat, grapes, potatoes, onions, cassava, corn and beans. The state's livestock herds number nearly 10 million head of cattle, 6 million

hogs and more than 10 million sheep. Only 82 per cent of Porto Alegre's population of 668,000 inhabitants have potable water service and only one-third of the city's area is served by the sewage system.

This loan will enable the borrower to construct three new water treatment plants, improve existing ones, build new reservoirs and extend the city's water distribution network. It will also help the city to lay out the principal sewage works under a master plan to be drafted by a firm of consulting engineers. This plan will provide for the city's long-term requirements. The Bank loan will finance 45 per cent of the cost of the project, which is designed to provide water and sewage service to 95 per cent of the population within four years. The loan is guaranteed by the *Banco do Estado do Rio Grande do Sul*.

Paraguay

ELECTRIC POWER

\$12 million 25-year 4% loan of April 18, 1963

Borrower: ADMINISTRACIÓN NACIONAL DE ELECTRICIDAD

One of the deterrents to industrial development in Paraguay has been the scarce and costly production of electric power. The Bank has devoted spe-

cial attention to helping the nation solve this problem. Through reimbursable technical assistance totaling \$400,000 the Bank first helped determine the feasibility, and then prepare the actual construction plans, for a 45,000-kilowatt hydroelectric plant on the Acaray River.

This loan will finance 40 per cent of the cost of the project, which includes the construction of the plant, 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. The Bank is consulting other external sources of funds in order to obtain parallel financing that would make possible the execution of the entire project.

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 and rates are high due to the costs of imported fuels and of domestic wood to operate the thermal plant. In addition to 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 where land settlement efforts are being carried out. The loan is guaranteed by the Republic of Paraguay.

C. Technical Assistance Loans

Guatemala

HYDROELECTRIC STUDIES

\$300,000 7-year 4% loan of December 31, 1963

Borrower: INSTITUTO NACIONAL DE ELECTRIFICACIÓN

The government of Guatemala is planning a 12-stage, 14-year program to increase the country's installed electric power capacity by 340,000 kilowatts in order to relieve Guatemala's power shortage. The program would require an investment of about \$75 million. The first stage is being financed with the aid of a \$3,150,000 loan from the ordinary resources (see page 26).

This technical assistance loan will finance 60 per

cent of the cost of studies to supplement the main feasibility report for the program's second stage, which contemplates the construction of electric power facilities on the Samala River, near Quetzaltenango, about 77 miles west of Guatemala City. The project, known as El Canada, would consist of the installation of a new 40,000-kilowatt generating plant and the expansion of the Santa María plant from 5,900 to 12,300 kilowatts. This output would supply additional power for the country's central region. The technical assistance funds will be used for exploration, surveying and the preparation of designs required to complete general specifications for the project. The loan is guaranteed by the Republic of Guatemala.

Mexico

LAND SETTLEMENT STUDIES

\$3.8 million 15-year 4% loan of April 4, 1963
(*\$600,000 and \$3.2 million in Mexican pesos*)

Borrower: NACIONAL FINANCIERA, S.A.

The Lerma-Chapala-Santiago basin is the second largest hydrographic system in Mexico. It covers an area of about 49,035 square miles in ten states in the nation's central highlands and contains 17 per cent of its total population. The Mexican Government has given high priority to the basin's development in view of the high population density, the prevailing low per capita incomes and the promising prospects which it offers for the expansion of the country's economy, particularly in the agricultural sector.

A planning group, the Lerma-Chapala-Santiago Commission, was appointed in 1950 to plan the utilization of the basin's water resources and prepare specific development projects to improve the region's economy.

This technical assistance loan will finance 76 per cent of the cost of pre-investment studies to help complete the general planning effort known as the Lerma Plan. The studies, which cover a variety of fields, are to be carried out over a period of three years. They are related to the natural resources, population and soil characteristics of the basin, as well as to methods of improving agriculture, livestock and poultry production. These studies are expected to result in the preparation of specific projects in agriculture and industry, some of which will later be presented for financing to the Bank or other international lending agencies.

The Bank has already extended three loans for projects included in the Lerma Plan: one for \$1.2 million from the ordinary resources to help finance an irrigation system in the zone of the San Bernabé dam on the Lerma River, another for \$3 million from the Social Progress Trust Fund to help finance 555 small irrigation works and a third for \$700,560 from the ordinary resources (see page 18) to help finance the installation of a carbon black manufacturing plant in the State of Guanajuato. The loan is guaranteed by the United States of Mexico.

Panama

HIGHWAY STUDY

\$300,000 10-year 4% loan of December 31, 1963

Borrower: REPUBLIC OF PANAMA

This loan will help finance the preparation of technical and economic feasibility studies for the construction of a highway linking the cities of Penonomé on the Pacific plateau and Colón on the Atlantic coast. At present all highway traffic between Penonomé and Colón must move through Panama City along a 147-mile route. The proposed 8-mile highway would link both cities directly and greatly reduce that distance.

Penonomé is the capital of the Province of Coclé, located in central Panama. A cattle raising area, the region also produces all the sugar of the nation and a high percentage of its output of rice, corn, beans, vegetables and fruits.

The proposed highway would result in a reduction in freight costs for the products sent from the central provinces to the Colón market area and abroad and reduce the cost of transporting industrial goods from Colón to the provinces. It also would open about 100,000 acres of agricultural land to settlement. It is estimated that it will take about one year to perform the studies and prepare the plans, designs and specifications for the highway.

Technical Assistance

The Bank maintained a high rate in its technical assistance activities during 1963, authorizing \$6,357,315 from its own resources for such activities. Of this amount \$5,145,075 was approved on a reimbursable basis—in the form of loans, portions of loans, or otherwise—and \$1,212,240 in the form of grants. These authorizations brought total commitments for technical assistance from the Bank's ordinary resources and its Fund for Special Operations as of December 31, 1963, to a total sum of \$16,830,292 net of cancellations. A total of \$12,782,227 of this amount is reimbursable and \$4,048,065 is non-reimbursable. Expenditures for non-reimbursable assistance have been financed, on a cumulative basis, from the net income of the Fund for Special Operations.

As in previous years, the 1963 authorizations were essentially devoted to fostering the economic development of member countries by:

- Helping to establish or reorganize development institutions in the member countries to enable them to use their own financial and human resources more effectively and absorb a greater amount of external aid.

- Helping to finance pre-investment and special studies and assisting in the preparation of specific development projects and general programs.

- Helping to spread knowledge on development techniques through training programs, fellowships and other means.

Much of the Bank's technical assistance during the year was extended at the regional level—a large portion for personnel training programs, for the preparation of feasibility and development studies with a multinational scope, and for research studies, seminars and other activities related to economic integration. Following is a summary statement of the technical assistance provided during the year:

I. Reimbursable Technical Assistance

Activities in Brazil, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Mexico, Panama and Paraguay	\$5,145,075
---	-------------

II. Non-Reimbursable Technical Assistance

a) Country activities	\$580,850
b) Regional activities	631,390
Total Non-Reimbursable	1,212,240
GRAND TOTAL	\$6,357,315

Country Activities

BOLIVIA

The Bank authorized \$150,000 to finance its share of the 1964 phase of a program under which the Bank, the Federal Republic of Germany, the U.S. Agency for International Development and Bolivia joined to make available \$1 million yearly in non-reimbursable technical assistance to provide the Bolivian Government with an independent advisory body to help prepare final studies of specific

projects contained in its national development plan. A similar amount was furnished by the participants in 1962.

BRAZIL

The Bank provided \$14,575 in reimbursable assistance to the *Centro Estadual de Abastecimento S. A.*, to study fisheries in the São Paulo, Bahia and Rio Grande do Sul areas of Brazil with a view to increasing production and improving distribution and storage methods.

COLOMBIA

The Bank approved \$25,000 in non-reimbursable assistance to supplement \$48,000 granted in 1962 to help finance a technical assistance mission sent by the Inter-American Agricultural Development Committee at the request of the Coffee Growers Federation, the Coffee Bank and the Financial Corporation of Caldas. The mission is helping to prepare a program of industrial development and agricultural diversification for the Department of Caldas, a major coffee producing region of Colombia.

COSTA RICA

The Bank authorized \$45,000 in reimbursable technical assistance to finance technical and economic feasibility studies of the project to expand and improve El Coco airport. In addition, the Bank extended a \$35,000 grant to the *Banco de Costa Rica* to study the organization and procedures of that development institution's industrial credit department. The *Banco* received a loan from the Inter-American Bank in 1962 to help finance private industrial projects.

DOMINICAN REPUBLIC

Up to \$500,000 of a \$6 million loan extended from the ordinary resources in 1963 to the *Banco Agrícola y Pecuário* to help finance a livestock and poultry development program (see page 21), has been allocated to the technical assistance requirements of the plan. The Bank made a \$46,000 grant to the country's Central Bank to provide technical advice to public and private credit institutions in connection with loan and technical assistance applications. The Bank extended another grant for \$8,900 to the same institution to advise it on its export financing activities. In addition, the Bank

made a \$45,000 grant to continue the activities of the OAS-IDB-ECLA Tripartite Mission which during 1963 worked on a national development plan.

ECUADOR

The Bank extended \$69,000 to the *Junta Nacional de Planificación y Coordinación Económica* to provide technical advice on a legislative proposal which would transform the *Comisión Nacional de Valores* into an investment institution and provide a consultant to coordinate the Bank's technical missions in Ecuador. The Bank provided \$21,200 in grants and \$28,600 in reimbursable technical assistance to the *Empresa Eléctrica Miraflores, S. A.*, a municipally owned electric power company, to evaluate its activities and its growth potential and engage a consulting firm to help prepare projects.

GUATEMALA

The Bank provided \$24,400 in reimbursable assistance to the *Banco de Guatemala* to provide that development institution with a credit specialist who will advise on the preparation and evaluation of credit applications connected with an industrial and agricultural development program which the Inter-American Bank is helping to finance with a \$5 million loan extended in 1961. The Bank also made a \$300,000 loan to the *Instituto Nacional de Electrificación* (see page 58) to help finance activities and studies to supplement a feasibility report on a hydroelectric project.

HAITI

The Bank made two grants amounting to \$35,000 to the *Institut de Développement Agricole et Industriel*, to carry out studies on the feasibility of rehabilitating a sugar mill and to review several proposals to provide electric power to communities in Haiti. The Bank also made a \$42,200 grant to the *Banque Nationale de la République d'Haiti* to advise this development agency on operations.

HONDURAS

The Bank made a \$25,000 grant to the *Consejo Nacional de Economía* to help prepare specific projects to build warehouses and silos, as well as to advise on the preparation of a master plan for the urbanization of Honduran cities.

MEXICO

The Bank extended a \$3.8 million technical assistance loan to *Nacional Financiera* to help carry out a program of pre-investment studies for the development of Mexico's Lerma-Chapala-Santiago basin (see page 59).

NICARAGUA

A Bank grant for \$2,300 was made to help the Ministry of Economy and the *Instituto Nacional de Desarrollo* prepare a tobacco production development plan.

PANAMA

The Bank amended a loan resolution to allocate \$85,000 of the \$2.9 million loan extended to the *Instituto de Fomento Económico* in 1961 to finance technical assistance in connection with the Institute's reorganization. A \$300,000 loan to the Republic of Panama was authorized to help finance studies on a proposed highway linking the cities of Penonomé and Colón (see page 59).

PARAGUAY

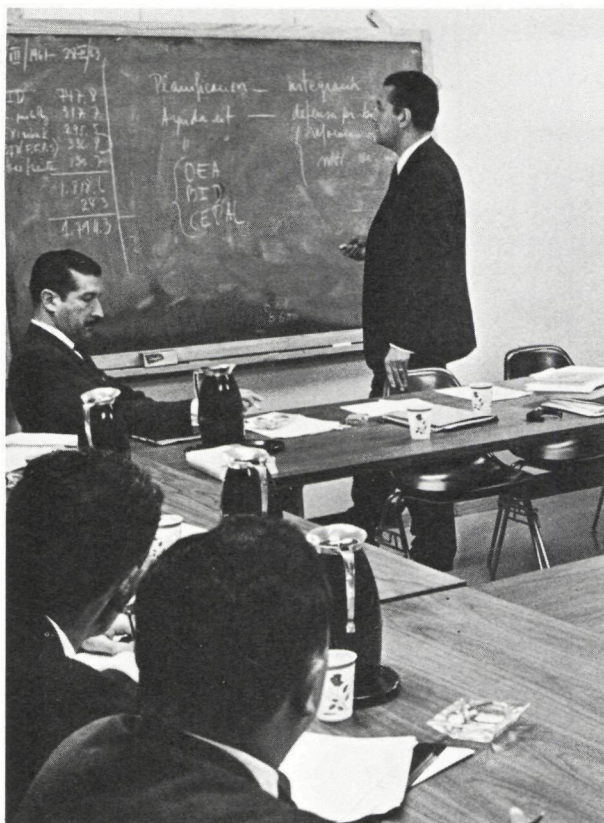
The Bank approved \$47,500 in reimbursable technical assistance to the Government of Paraguay to help prepare studies on the expansion and improvement of Asunción's airport. A \$27,000 Bank grant to the *Banco Nacional de Fomento* is providing technical advice on that development agency's operations. The Bank also granted \$10,000 to help finance the OAS-IDB-ECLA Tripartite Mission which is helping prepare a national economic and social development program.

PERU

The Bank made a \$20,000 grant to the Government of Peru to help expand the activities of the OAS-IDB-ECLA Tripartite Mission which is advising in the preparation of Peru's national development plan.

URUGUAY

To expand the activities of the OAS-IDB-ECLA Tripartite Mission the Bank made two grants totaling \$12,750. The mission is working on Uruguay's national development plan.



Latin American development officials receive training at the Bank's headquarters.

Training and Other Activities

In addition to its technical assistance operations in the individual member countries, the Bank approved technical assistance grants totaling more than \$631,390 to help finance activities at the regional level. Grants of \$282,350 were devoted to training programs to benefit Latin American officials engaged in economic and social development tasks in their countries. Additional grants, totaling \$349,040 were allocated to special studies, seminars and specific technical assistance projects of regional character.

Two six-week training courses on financial aspects of economic and social development were conducted at Bank headquarters for personnel of financial and economic development institutions from 18 Latin American countries. (A Social Progress Trust Fund grant was also allocated to this purpose.) The Bank also continued support for the joint training program carried out with the Center for Latin

American Monetary Studies. Two training courses were carried out under the program in 1963. The Bank also provided a grant to help finance a basic training course on sectoral planning conducted jointly with the regional office in Mexico of the Economic Commission for Latin America. (A grant from the Social Progress Trust Fund was also authorized for this project.)

Several grants for fellowships were provided by the Bank for courses offered by the Latin American Institute for Economic and Social Development Planning, and the Latin American Center of Demographic Studies of the United Nations, both at Santiago, Chile. Fellowships were also provided to officers of development banks in the Dominican Republic, Ecuador, Honduras, Nicaragua and Paraguay.

The Bank made several grants for research studies of activities related to regional integration. One grant was devoted to a preliminary study on the development possibilities of the frontier region of Colombia and Venezuela; another was extended to the permanent secretariat of the Central American Treaty for Economic Integration to enable it to investigate obstacles to the mobility of the factors of production among the countries of the treaty region. The Bank also made a grant to help finance the activities of the OAS-IDB-ECLA Tripartite Mission in Central America, which is helping prepare economic and social development plans in countries of that region.

The International Union of Christian Businessmen (UNIAPAC), the Inter-American Institute of International Juridical Studies, the Inter-American Bar Association and the Inter-American Bar Foundation also received Bank grants to help finance studies and seminars on the role of private enterprise in Latin America's integration process as well as its legal aspects.

The Bank also made a grant to the Atlantic Institute to help finance a study on economic relations between Europe and Latin America and another to assist the Pan American Health Organization to expand its research programs in Latin America.

The Bank devoted two grants to help finance activities of a technical nature with the World Bank. One is jointly financing a \$300,000 program to pre-

pare about 200 Spanish and Portuguese language libraries on economic development for selected government agencies and banking and educational institutions in Latin America and Europe. The other helped finance a seminar jointly with the World Bank and the International Monetary Fund, which was conducted by the International Economic Association on topics pertaining to Latin American development.

The Organization of American States, the Bank and the Economic Commission for Latin America have joined their efforts through the OAS-IDB-ECLA Ad Hoc Coordinating Committee in granting technical assistance to Latin American governments in programming economic development. The Charter of Punta del Este called on the three agencies to strengthen their joint efforts especially in reference to agrarian reform, rural development, health, housing, training, cooperatives and tax matters. By the end of 1963, such activities were being carried out in the five Central American countries, the Dominican Republic, Paraguay, Peru and Uruguay.

Financial Operations

The net earnings of the Fund for Special Operations, before charges for technical assistance expenses, in 1963 were \$939,942. Technical assistance expenses amounted to \$1,023,102. Gross income for the year was \$2,704,231 consisting of \$855,612 derived from short-term investments; \$1,069,763 in interest on negotiable certificates of deposit; \$769,217 in interest on loans, and \$9,639 in income from other sources. At the end of the fiscal year the general reserve of the Fund amounted to \$304,302.

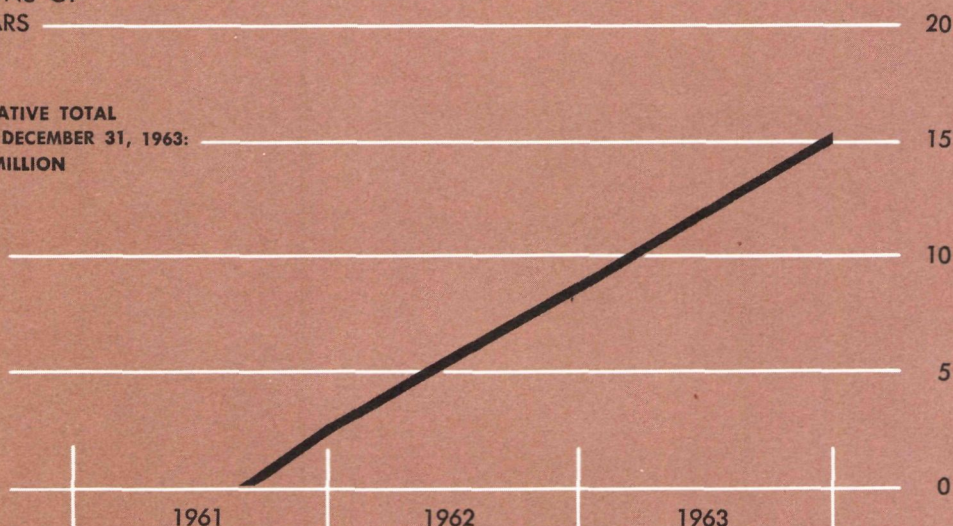
The total administrative expenses, not including technical assistance expenses, chargeable to the Fund for Special Operations was \$1,764,289. Disbursements on loans from the Fund amounted to \$15,306,849, which brought total disbursements at the end of the year to \$26,649,381. Repayments on Fund loans by borrowers amounted to \$88,273.

The financial operations of the Fund for Special Operations are shown in the statements on the following pages.

ANNUAL DISBURSEMENTS—FUND FOR SPECIAL OPERATIONS

MILLIONS OF
DOLLARS

CUMULATIVE TOTAL
UP TO DECEMBER 31, 1963:
\$26.6 MILLION



FINANCIAL STATEMENTS

Opinion of Independent Auditor Fund for Special Operations

1710 H Street, N.W.
Washington, D. C.
February 21, 1964

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

In our opinion, the accompanying financial statements present fairly, in terms of United States currency, the financial position of Inter-American Development Bank—Fund for Special Operations at December 31, 1963, 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.

Financial Statements—Fund for Special Operations

	<i>Appendix</i>
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Comparative Statement of Income and Expenses	II-2
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Inter-American Development Bank Fund for Special Operations

BALANCE SHEET

DECEMBER 31, 1963

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	\$ 1,313,050	
Member currencies other than United States dollars	9,834,515	\$ 11,147,565
Restricted (Note C)		
Member currencies other than United States dollars		3,259,431 \$ 14,406,996

Investments

Government obligations (at cost or amortized cost)		
United States (face amount \$16,300,000) (Appendix II-4) ..	16,257,533	
Time deposits maturing within thirteen months		
United States dollars	30,500,000	
Accrued interest	939,188	47,696,721

Loans outstanding held by Bank (Appendix II-5)

Total loans approved by Bank, less cancellations	121,694,263	
Less principal repayments to Bank	88,273	121,605,990
Less loans sold		1,645,058
Approved loans held by Bank		119,960,932
Less undisbursed balance of approved loans held by Bank		95,044,882 24,916,050

Accrued charges on loans held by Bank	255,543
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Due from members (Note D)

Non-negotiable, non-interest-bearing demand notes denominated in members' currencies (Appendix II-7)	59,269,550
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Other assets	171,870
--------------------	---------

Total assets	<u>\$146,716,730</u>
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Liabilities and Fund Balance

Liabilities

Accrued expenses and accounts payable	\$ 96,428
---	-----------

Fund balance

Contribution quotas (Appendix II-6) (Notes D and E)		
Total quotas subscribed	\$146,316,000	
General reserve for losses (Note G)	304,302	146,620,302
Total liabilities and Fund balance		<u>\$146,716,730</u>

**Inter-American Development Bank
Fund for Special Operations**

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1962 AND DECEMBER 31, 1963

See Notes to Financial Statements—Appendix II-8

Expressed in United States Dollars

	Year ended	
	December 31, 1962	December 31, 1963
Income		
From loans		
Interest	\$ 259,558	\$ 769,217
From Investments	3,047,943	1,925,375
From other sources	5,372	9,639
Gross income	<u>3,312,873</u>	<u>2,704,231</u>
Expenses		
Administrative expenses (Note F)		
Board of Governors		
Annual Meeting	\$ 81,178	\$ 54,020
Board of Executive Directors		
Salaries	88,205	80,278
Other Compensation and benefits	22,627	26,433
Travel	18,574	17,682
Staff		
Salaries	1,032,850	925,674
Other Compensation and benefits	416,942	348,241
Travel	130,215	89,790
Other administrative expenses		
Communications	63,042	55,101
Office occupancy	199,531	193,398
Publications and printing	63,766	46,896
Supplies and equipment	103,756	58,967
Miscellaneous expenses	122,561	102,435
Field offices (1)	148,032	131,483
	<u>2,491,279</u>	<u>2,130,398</u>
Less amounts charged to Social Progress Trust		
Fund for indirect and overhead expenses by		
Bank as Administrator (See Appendix III-6,		
Note B)	447,993	366,109
Net income for the year	<u>\$1,269,587</u>	<u>\$ 939,942</u>

(1) Amount reported as "Field offices" for the year ended December 31, 1962 consists of amounts previously reported as "Staff" and "Other administrative expenses" for that year.

**STATEMENT OF DISPOSITION OF NET INCOME
AND OF CHANGES IN GENERAL RESERVE FOR LOSSES
FOR THE YEARS ENDED DECEMBER 31, 1962 AND DECEMBER 31, 1963**

	Year ended	
	December 31, 1962	December 31, 1963
Net income for the year	<u>\$1,269,587</u>	<u>\$ 939,942</u>
Disposition:		
Expenditures for technical assistance		
(Appendix II-3) (Note H)	667,542	1,023,102
Addition to or (deduction from) general re-		
serve for losses (Notes G and H)	602,045	(83,160)
	<u>\$1,269,587</u>	<u>\$ 939,942</u>

**Inter-American Development Bank
Fund for Special Operations**

STATEMENT OF TECHNICAL ASSISTANCE EXPENDITURES (NOTE H)

JANUARY 1 TO DECEMBER 31, 1963

See Notes to Financial Statements—Appendix II-8

Expressed in United States Dollars

Central American Bank for Economic Integration	\$ 33,421
Central America—Tripartite Mission	40,179
Secretariat for Central American Economic Integration	5,000
Bolivia	183,243
Brazil	21,700
Colombia	29,304
Costa Rica	897
Dominican Republic	31,554
Ecuador	62,119
El Salvador	11,487
Haiti	64,512
Honduras	122,317
Nicaragua	2,690
Panama	12,432
Paraguay	56,605
Peru	11,563
Uruguay	23,409
Intern training in the Bank	39,593
Program of fellowships	104,652
Substantive studies	42,637
Courses and seminars	115,134
Training units	24,591
	<u>1,039,039</u>
Less refunds and reimbursements	15,937
	<u><u>\$1,023,102</u></u>

APPENDIX II-4

**Inter-American Development Bank
Fund for Special Operations**

INVESTMENTS IN UNITED STATES TREASURY OBLIGATIONS

DECEMBER 31, 1963

<u>Maturity date</u>	<u>Face value</u>
November 15, 1965	\$ 5,800,000
February 15, 1967	7,000,000
August 15, 1967	3,500,000
	<u>\$16,300,000</u>
Cost or amortized cost	<u><u>\$16,257,533</u></u>

Inter-American Development Bank—Fund for Special Operations

SUMMARY STATEMENT OF LOANS

DECEMBER 31, 1963

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	Loans sold	Approved loans held by Bank			Currency in which disbursed portion of approved loans held by Bank is repayable	
				Total	Undisbursed	Disbursed	United States dollars(5)	Member's currency(6)
Argentina	\$ 6,214,859		\$ 67,740	\$ 6,147,119	\$ 5,907,574	\$ 239,545	\$ 200,000	\$ 39,545
Bolivia	23,060,000			23,060,000	10,445,371	12,614,629	8,854,624	3,760,005
Brazil	24,915,000			24,915,000	21,969,923	2,945,077	2,548,375	396,702
Chile	8,847,658		663,158	8,184,500	5,893,500	2,291,000	1,436,842	854,158
Colombia	3,208,091		115,384	3,092,707	2,815,025	277,682	69,955	207,727
Costa Rica	1,000,000			1,000,000	1,000,000			
Ecuador	8,462,000			8,462,000	7,562,763	899,237	770,775	128,462
El Salvador	182,728			182,728		182,728	123,802	58,926
Guatemala	300,000			300,000	300,000			
Haiti	3,500,000			3,500,000	3,078,420	421,580		421,580
Honduras	9,210,000		798,776	8,411,224	6,417,601	1,993,623	1,124,199	869,424
Mexico	3,800,000			3,800,000	3,800,000			
Panama	3,200,000			3,200,000	2,765,431	434,569	369,620	64,949
Paraguay	16,450,000	\$88,273		16,361,727	14,192,347	2,169,380		2,169,380
Uruguay	640,000			640,000	443,000	197,000	197,000	
Venezuela	2,700,000			2,700,000	2,700,000			
Central American Countries—Central American Bank for Economic Integration	6,003,927			6,003,927	5,753,927	250,000	250,000	
Total	\$121,694,263	\$88,273	\$1,645,058	\$119,960,932 (3)	\$95,044,882 (4)	\$24,916,050	\$15,945,192	\$8,970,858

(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 \$88,077,705 had become effective (i.e. eligible for disbursement) as of December 31, 1963 (see (2) above).

(4) Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse \$3,677,485.

(5) Amounts include loan balance of \$50,000 which, subject to the Bank's approval, may be repaid in members' currencies.

(6) Amounts include loan balances of \$813,000 which, at the option of the borrower, may be repaid in United States dollars.

Inter-American Development Bank—Fund for Special Operations

STATEMENT OF CONTRIBUTION QUOTAS

DECEMBER 31, 1963

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	7.05	\$ 10,314,000	\$ 5,157,000	\$ 168,045	\$ 4,988,955
Bolivia .....	.57	828,000	414,000	24,000	390,000
Brazil	7.05	10,314,000	5,157,000	5,157,000	
Chile	1.94	2,832,000	1,416,000	1,416,000	
Colombia	1.93	2,830,000	1,415,000	1,415,000	
Costa Rica .....	.28	414,000	207,000	207,000	
Dominican Republic .....	.38	552,000	276,000	276,000	
Ecuador .....	.38	552,000	276,000	276,000	
El Salvador .....	.28	414,000	207,000	207,000	
Guatemala .....	.38	552,000	276,000	276,000	
Haiti .....	.28	414,000	207,000	207,000	
Honduras .....	.28	414,000	207,000	207,000	
Mexico	4.53	6,630,000	3,315,000	3,315,000	
Nicaragua .....	.28	414,000	207,000	207,000	
Panama .....	.28	414,000	207,000	72,815	134,185
Paraguay .....	.28	414,000	207,000	207,000	
Peru .....	.94	1,382,000	691,000	106,910	584,090
United States	68.35	100,000,000	50,000,000		50,000,000
Uruguay .....	.76	1,106,000	553,000	5,530	547,470
Venezuela	3.78	5,526,000	2,763,000	138,150	2,624,850
Total	100.00	\$146,316,000	\$73,158,000	\$13,888,450	\$59,269,550

Inter-American Development Bank — Fund for Special Operations

STATEMENT OF CURRENCIES AND DEMAND NOTES HELD BY THE BANK

DECEMBER 31, 1963

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	7,260,038	\$ 87,974	411,713,524	\$ 4,988,955	418,973,562	\$ 5,076,929
Argentina	Peso	137.10	33,636	245			33,636	245
Bolivia	Peso Boliviano	11.875	2,360,397	198,770	4,631,250	390,000	6,991,647	588,770
Brazil	Cruzeiro	18.50	92,903,383	5,021,805			92,903,383	5,021,805
Brazil	Cruzeiro	225.00	450,000	2,000			450,000	2,000
Brazil	Cruzeiro	620.00	570,741	921			570,741	921
Chile	Escudo	2.00	2,448,422	1,224,082			2,448,422	1,224,082
Colombia	Peso	9.00	10,835,329	1,203,926			10,835,329	1,203,926
Colombia	Peso	7.26	830	114			830	114
Colombia	Peso	9.98	25,479	2,553			25,479	2,553
Costa Rica	Colon	6.62	656,405	99,155			656,405	99,155
Costa Rica	Colon	6.63	685,473	103,390			685,473	103,390
Dominican Republic	Peso	1.00	266,628	266,628			266,628	266,628
Ecuador	Sucre	18.00	2,706,442	150,358			2,706,442	150,358
El Salvador	Colon	2.50	356,691	142,676			356,691	142,676
Guatemala	Quetzal	1.00	255,878	255,878			255,878	255,878
Haiti	Gourde	5.00	967,510	193,502			967,510	193,502
Honduras	Lempira	2.00	218,924	109,462			218,924	109,462
Mexico (Note C)	Peso	12.50	40,742,882	3,259,431			40,742,882	3,259,431
Nicaragua	Cordoba	7.00	1,441,076	205,868			1,441,076	205,868
Panama	Balboa	1.00	4,731	4,731	134,185	134,185	138,916	138,916
Paraguay	Guarani	122.00	24,275,954	198,983			24,275,954	198,983
Paraguay	Guarani	126.00	22,286,031	176,873			22,286,031	176,873
Peru	Sol	26.95			6,523,113	242,045	6,523,113	242,045
Peru	Sol	26.81	2,552,686	95,205	9,170,226	342,045	11,722,912	437,250
United States	Dollar	1.00	1,313,050	1,313,050	50,000,000	50,000,000	51,313,050	51,313,050
Uruguay	Peso	16.50	29,370	1,780	9,033,255	547,470	9,062,625	549,250
Venezuela	Bolivar	3.335	292,267	87,636	8,753,875	2,624,850	9,046,142	2,712,486
Total expressed in United States dollars				\$14,406,996		\$59,269,550		\$73,676,546

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

**Inter-American Development Bank
Fund for Special Operations**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1963**

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, 1963. 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 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 authorized contribution quotas of the Fund total \$150,000,000 in terms of United States dollars of the weight and fineness in effect on January 1, 1959. The subscribed contribution quotas were 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, of the Agreement, in lieu of part of the payment required to be made in the member's currency.

On January 28, 1964, the Board of Governors approved an increase of 50% in the authorized contribution quotas of members. As of February 21, 1964, 16 members, which had subscribed 94.90% of the initial contribution quotas of the Fund, had agreed to contribute the increases in their quotas, which are payable 50% in gold and/or United States dollars and 50% in the currency of the respective member. Payment of the increased contribution by the members is required to be completed on or before April 28, 1964.

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 36, 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." 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.

Note G

Pursuant to actions of the Board of Governors the net income less technical assistance expenditures of the Fund for Special Operations for each of the years ended December 31, 1960 and December 31, 1962 has been allocated in the following year to a general reserve for possible future losses. The excess of technical assistance expenditures over net income for the years ended December 31, 1961 and December 31, 1963 has been charged to such reserve. Pursuant to action of the Board of Governors in April, 1963 the future net income from 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 of the Agreement, 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, 1963, the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,872,924. In December, 1962, the Board of Executive Directors passed a resolution specifying that 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 reserve for losses 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, 1963, include \$62,508 which may be reimbursed to the Fund if loans are granted as a result of the technical assistance projects.

**STATEMENT
OF LOANS**



Inter-American Development Bank—Fund for Special Operations

Statement of Approved Loans

AS OF DECEMBER 31, 1963

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
ARGENTINA										
Republic of Argentina Public entity	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	25,000,000 500,000 686,859 67,740 619,119	19,519,083 232,260 379,574 67,740 379,574	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 be- ginning 1/15/65 ¹
Province of Rio Negro Public entity	Agricultural and in- dustrial development and resettlement pro- gram	7/31/62 contract signed 5/10/63	Pesos ² U.S. dollars Total in U.S. dollars	2,845,000 2,683,000 5,528,000 ³	2,845,000 2,683,000 5,528,000				4	30 semiannual be- ginning 11/30/68 ¹
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				6,214,859	5,907,574	307,285		307,285		
Less: Taken by participants				67,740		67,740		67,740		
Net total of loans to Argentina expressed in U.S. dollars				6,147,119	5,907,574	239,545		239,545		
BOLIVIA										
Corporación Boliviana de Fomento (Banco Central de Bolivia) Public entity	Industrial and agricultural projects	2/24/61 contract signed 5/11/61	U.S. dollars	10,000,000	4,605,067	5,394,933		5,394,933	4½	20 semiannual be- ginning 11/11/64 (First 16 interest and first 10 principal pay- ments in pesos, the balance in dollars)
Corporación Minera de Bolivia (Banco Central de Bolivia) Public entity	Mine rehabilitation program	7/14/61 contract signed 8/31/61	U.S. dollars	4,500,000		4,500,000		4,500,000	4	14 semiannual be- ginning 3/1/65 ¹
Corporación Boliviana de Fomento (Banco Central de Bolivia) Public entity	Farm settlement program	12/28/62 contract signed 1/24/63	U.S. dollars	2,600,000	2,600,000				4 4	25 semiannual be- ginning 1/15/66 ¹ (Interest and princi- pal payable in pesos or dollars, at bor- rower's option)
Corporación Minera de Bolivia (Banco Central de Bolivia) Public entity	Mine rehabilitation program	2/14/63 contract signed 3/15/63	Pesos ² U.S. dollars Total in U.S. dollars	400,000 4,460,000 4,860,000	396,880 1,743,424 2,140,304	3,120 2,716,576 2,719,696		3,120 2,716,576 2,719,696	4	15 semiannual be- ginning 4/1/66 (Interest and princi- pal payable in pesos, except that payments on one-half the dollar portion are payable in dollars)
Republic of Bolivia Public entity	Agricultural credit project	10/31/63	U.S. dollars	1,100,000 ³	1,100,000					25 semiannual be- ginning 36 months after date of contract (Interest payable in dollars; principal payable in pesos or dollars, at borrower's option)
TOTAL LOANS TO BOLIVIA EXPRESSED IN U.S. DOLLARS				23,060,000	10,445,371	12,614,629		12,614,629		

BRAZIL									
Banco do Nordeste do Brasil <i>Public entity</i>	Industrial and agricultural projects	4/9/61 contract signed 8/3/61	U.S. dollars	<u>10,000,000</u>	<u>8,220,000</u>	<u>1,780,000</u>		<u>1,780,000</u>	4½ 24 semiannual beginning 12/15/65 ¹
Fundação Comissão de Planejamento Econômico da Bahia <i>Public entity</i>	Technical assistance	2/21/62 contract signed 8/9/62	Cruzeiros ²	<u>265,000</u>	<u>178,000</u>	<u>87,000</u>		<u>87,000</u>	4 13 semiannual beginning 8/9/64 ¹
Banco do Estado da Guanabara, S.A. (State of Guanabara) <i>Public entity</i>	Water supply program	3/13/62 contract signed 5/5/62	Cruzeiros ² U.S. dollars Total in U.S. dollars	<u>2,500,000</u> <u>9,000,000</u> <u>11,500,000</u>	<u>2,500,000</u> <u>7,921,923</u> <u>10,421,923</u>	<u>1,078,077</u> <u>1,078,077</u> <u>1,078,077</u>		<u>1,078,077</u> <u>1,078,077</u> <u>1,078,077</u>	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 program	12/19/63	Cruzeiros ² U.S. dollars Total in U.S. dollars	<u>1,500,000</u> <u>1,650,000</u> <u>3,150,000</u> ³	<u>1,500,000</u> <u>1,650,000</u> <u>3,150,000</u>				4 42 semiannual beginning 54 months after date of contract ¹
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				<u>24,915,000</u>	<u>21,969,923</u>	<u>2,945,077</u>		<u>2,945,077</u>	
CHILE									
Corporación de Fomento de la Producción de Chile <i>Public entity</i>	Farm settlement program	12/21/61 contract signed 5/2/62	Escudos U.S. dollars Total in U.S. dollars	<u>1,470,000</u> <u>5,657,000</u> <u>6,482,658</u>	<u>1,270,000</u> <u>5,032,000</u> <u>5,667,000</u>	<u>200,000</u> <u>625,000</u> <u>815,658</u>		<u>200,000</u> <u>625,000</u> <u>815,658</u>	4 27 annual beginning 5/2/66 (Interest and principal payable in escudos or in currencies loaned, at borrower's option)
Corporación de Fomento de la Producción de Chile <i>Public entity</i>	Technical assistance	12/21/61 contract signed 5/2/62	U.S. dollars	<u>265,000</u>	<u>226,500</u>	<u>38,500</u>		<u>38,500</u>	4 7 annual beginning 5/2/65 ⁴
Corporación de Fomento de la Producción de Chile <i>Public entity</i>	Technical assistance	10/18/62 contract signed 12/20/62	U.S. dollars Less: Participations Net total in U.S. dollars	<u>2,100,000</u> <u>663,158</u> <u>1,436,842</u>	<u>2,100,000</u> <u>663,158</u> <u>1,436,842</u>	<u>2,100,000</u> <u>663,158</u> <u>1,436,842</u>		<u>2,100,000</u> <u>663,158</u> <u>1,436,842</u>	4 19 semiannual beginning 1/15/66 ¹
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				<u>8,847,658</u>	<u>5,893,500</u>	<u>2,954,158</u>		<u>2,954,158</u>	
Less: Taken by participant				<u>663,158</u>		<u>663,158</u>		<u>663,158</u>	
Net total of loans to Chile expressed in U.S. dollars				<u>8,184,500</u>	<u>5,893,500</u>	<u>2,291,000</u>		<u>2,291,000</u>	
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	<u>3,300,000</u> <u>380,000</u> <u>708,091</u>	<u>2,199,233</u> <u>344,661</u> <u>565,025</u>	<u>1,100,767</u> <u>35,339</u> <u>143,066</u>		<u>1,100,767</u> <u>35,339</u> <u>143,066</u>	4 12 semiannual beginning 1/17/66 ¹

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
Instituto Nacional de Fomento Municipal (Republic of Colombia) <i>Public entity</i>	Water supply and sewage program	7/12/62 contract signed 8/21/62	Pesos ² U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,000,000 1,500,000 <u>2,500,000</u> 115,384 <u>2,384,616</u>	900,000 1,350,000 <u>2,250,000</u> 115,384 <u>2,250,000</u>	100,000 150,000 <u>250,000</u> 115,384 <u>134,616</u>		100,000 150,000 <u>250,000</u> 115,384 <u>134,616</u>	4	52 semiannual be- ginning 2/21/67 ¹
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS Less: Taken by participant Net total of loans to Colombia expressed in U.S. dollars				3,208,091 115,384 <u>3,092,707</u>	2,815,025 <u>2,815,025</u>	393,066 115,384 <u>277,682</u>		393,066 115,384 <u>277,682</u>		
COSTA RICA Banco Nacional de Costa Rica <i>Public entity</i>	Development of cooperatives	4/4/63	U.S. dollars	<u>1,000,000</u> ³	<u>1,000,000</u>				4	37 semiannual be- ginning 36 months after date of con- tract (Interest pay- able in dollars; principal in colones)
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				<u>1,000,000</u>	<u>1,000,000</u>					
ECUADOR Comisión Nacional de Valores (Republic of Ecuador) <i>Public entity</i>	African oil palm cultivation	7/13/61 contract signed 10/31/61	Sucres ² U.S. dollars Total in U.S. dollars	276,000 2,089,000 <u>2,365,000</u>	147,538 2,001,697 <u>2,149,235</u>	128,462 87,303 <u>215,765</u>		128,462 87,303 <u>215,765</u>	5	24 semiannual be- ginning 6/15/64 (In- terest during the period of disburse- ment payable in sucres; thereafter principal and interest payable in the cur- rencies loaned)
Banco Nacional de Fomento <i>Public entity</i>	Technical assistance	7/5/62 contract signed 9/20/62	U.S. dollars	<u>97,000</u>	<u>13,528</u>	<u>83,472</u>		<u>83,472</u>	4	2 annual beginning 9/20/64 ¹
Sistema de Crédito de Fomento (Republic of Ecuador) <i>Public entity</i>	Agricultural and industrial projects	10/25/62 contract signed 11/7/62	U.S. dollars	<u>6,000,000</u>	<u>5,400,000</u>	<u>600,000</u>		<u>600,000</u>	4	20 semiannual be- ginning 5/7/66 ¹
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				<u>8,462,000</u>	<u>7,562,763</u>	<u>899,237</u>		<u>899,237</u>		
EL SALVADOR Banco Central de Reserva (Republic of El Salvador) <i>Public entity</i>	Rural electrification program	8/10/61 contract signed 11/17/61	Colones U.S. dollars	<u>147,317</u> <u>123,802</u>		<u>147,317</u> <u>123,802</u>		<u>147,317</u> <u>123,802</u>	4	34 semiannual begin- ning 5/17/70; 2,683 Colones and \$41,198 of loan balance cancelled ¹
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				<u>182,728</u>		<u>182,728</u>		<u>182,728</u>		

GUATEMALA Instituto Nacional de Electrificación (Republic of Guatemala) <i>Public entity</i>	Hydroelectric project studies	12/31/63	U.S. dollars	<u>300,000</u> ³	<u>300,000</u>			4	10 semiannual beginning 30 months after date of contract ¹
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				<u>300,000</u>	<u>300,000</u>				
HAITI Banque Nationale de la République d'Haiti (Republic of Haiti) <i>Public entity</i>	Agricultural and industrial projects	4/9/61 contract signed 8/17/61	U.S. dollars	<u>3,500,000</u>	<u>3,078,420</u>	<u>421,580</u>	<u>421,580</u>	4	24 semiannual beginning 2/17/65 ⁴
TOTAL LOANS TO HAITI EXPRESSED IN U.S. DOLLARS				<u>3,500,000</u>	<u>3,078,420</u>	<u>421,580</u>	<u>421,580</u>		
HONDURAS Government of Honduras <i>Public entity</i>	Highway construction	5/11/61 contract signed 8/11/61	U.S. dollars	<u>2,250,000</u>	<u>1,380,576</u>	<u>869,424</u>	<u>869,424</u>	4	32 semiannual beginning 1/1/66 (Interest payable in dollars; principal payable in lempiras)
Government of Honduras <i>Public entity</i>	Technical assistance	11/9/61 contract signed 3/30/62	U.S. dollars Less: Participations Net total in U.S. dollars	<u>960,000</u> <u>198,776</u> <u>761,224</u>	<u>609,189</u> <u>198,776</u> <u>609,189</u>	<u>350,811</u> <u>198,776</u> <u>152,035</u>	<u>350,811</u> <u>198,776</u> <u>152,035</u>	4	10 semiannual beginning 9/30/64 ¹
Banco Nacional de Fomento (Banco Central de Honduras) <i>Public entity</i>	Agricultural projects	4/12/62 contract signed 6/8/62	U.S. dollars Less: Participations Net total in U.S. dollars	<u>6,000,000</u> <u>600,000</u> <u>5,400,000</u>	<u>4,427,836</u> <u>600,000</u> <u>4,427,836</u>	<u>1,572,164</u> <u>600,000</u> <u>972,164</u>	<u>1,572,164</u> <u>600,000</u> <u>972,164</u>	4	24 semiannual installments 12/8/66 ¹
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				<u>9,210,000</u>	<u>6,417,601</u>	<u>2,792,399</u>	<u>2,792,399</u>		
Less: Taken by participant				<u>798,776</u>		<u>798,776</u>	<u>798,776</u>		
Net total of loans to Honduras expressed in U.S. dollars				<u>8,411,224</u>	<u>6,417,601</u>	<u>1,993,623</u>	<u>1,993,623</u>		
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 ² U.S. dollars	<u>3,200,000</u> <u>600,000</u> <u>3,800,000</u>	<u>3,200,000</u> <u>600,000</u> <u>3,800,000</u>			4	24 semiannual beginning 3/19/67 ¹
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				<u>3,800,000</u>	<u>3,800,000</u>				
PANAMA Instituto de Fomento Económico (Republic of Panama) <i>Public entity</i>	Agricultural projects	12/7/61 contract signed 1/10/62	Balboas U.S. dollars Total in U.S. dollars	<u>186,000</u> <u>2,714,000</u> <u>2,900,000</u>	<u>121,051</u> <u>2,344,380</u> <u>2,465,431</u>	<u>64,949</u> <u>369,620</u> <u>434,569</u>	<u>64,949</u> <u>369,620</u> <u>434,569</u>	4	24 semiannual beginning 7/15/65 ¹
Republic of Panama <i>Public entity</i>	Highway construction studies	12/31/63	U.S. dollars	<u>300,000</u> ³	<u>300,000</u>			4	17 semiannual beginning 24 months after date of contract ¹
TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS				<u>3,200,000</u>	<u>2,765,431</u>	<u>434,569</u>	<u>434,569</u>		

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Status of Loans			Interest %	Repayment Terms Principal Installments
						Disbursed	Repaid	Outstanding		
PARAGUAY										
Banco Nacional de Fomento del Paraguay (Republic of Paraguay) Public entity	Industrial and agri- cultural projects	3/24/61 contract signed 7/28/61	U.S. dollars	3,000,000	1,171,371	1,828,629	60,495	1,768,134	5¾	14 semiannual begin- ning 5/7/63 ¹
Republic of Paraguay Public entity	Land settlement project	5/26/61 contract signed 7/28/61	U.S. dollars	250,000	8,976	241,024	27,778	213,246	4	18 semiannual begin- ning 2/1/63 ¹
Republic of Paraguay Public entity	Technical assistance	4/5/62 contract signed 12/3/62	U.S. dollars	800,000	800,000				4	10 semiannual begin- ning 11/30/66 (Inter- est and principal pay- able in guaranies or dollars at borrower's option) ⁴
Administración Nacional de Electricidad (Banco Central del Paraguay) Public entity	Hydroelectric project studies	12/6/62 contract signed 12/7/62	U.S. dollars	400,000	212,000	188,000		188,000	4	8 semiannual begin- ning 5/30/65 (Inter- est and principal payable in guaranies or dollars at borrow- er's option)
Administración Nacional de Electricidad (Republic of Paraguay) Public entity	Electric power project	4/18/63	U.S. dollars	12,000,000 ³	12,000,000				4	40 semiannual begin- ning 66 months after date of contract (First 20 principal and interest install- ments payable either in dollars or gua- ranies; remaining in- stallments payable in dollars)
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				16,450,000	14,192,347	2,257,653	88,273	2,169,380		
URUGUAY										
Establecimientos Frigoríficos del Cerro, S.A. Private entity	Meat-processing plant expansion	8/3/61 contract signed 11/30/61	Pesos ² U.S. dollars	190,000 450,000	190,000 253,000	197,000		197,000	5¾	14 semiannual begin- ning 5/31/64 ¹
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				640,000	443,000	197,000		197,000		
VENEZUELA										
Instituto Agrario Nacional (Republic of Venezuela) Public entity	Rural settlement program	11/8/62 contract signed 12/19/62	Bolivares ²	2,700,000 ³	2,700,000				4	39 semiannual begin- ning 12/19/63 ³
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				2,700,000	2,700,000					

CENTRAL AMERICA									
Central American Bank for Economic Integration <i>Public entity</i>	Industrial and in- frastructure projects	4/4/63 contract signed 4/26/63	Colones (Costa Rica) Colones (El Salvador) Quetzales Lempiras Cordobas U.S. dollars	<u>1,350,000</u> <u>350,000</u> <u>270,000</u> <u>380,000</u> <u>1,400,000</u> <u>5,000,000</u>	<u>1,350,000</u> <u>350,000</u> <u>270,000</u> <u>380,000</u> <u>1,400,000</u> <u>4,750,000</u>	<u>250,000</u>		<u>250,000</u>	4 <

¹ Interest and amortizations are payable in currencies lent.

² Expressed in U.S. dollars equivalent.

³ Not eligible for disbursement.

⁴ Interest and amortizations are payable in local currency.

Notes: Loans granted in Latin American currencies have been expressed in their equivalent in U.S. dollars at the rates of exchange in effect December 31, 1963.

Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$3,677,485.



Part III

SOCIAL PROGRESS TRUST FUND

*(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)*

Operations/Fiscal Year 1963



SOCIAL PROGRESS TRUST FUND

Activities

The Bank has been administering the Social Progress Trust Fund since June 1961 under an agreement signed with the United States Government. This Fund was established by the United States as part of the Alliance for Progress program with a capital of \$394 million to foster social development in Latin America. The administration of the Trust Fund brought to the Bank responsibilities additional to those given to it by its own charter of accelerating the economic development of its member countries. This new task consists of making capital resources and technical assistance available in support of the efforts of the Latin American countries to initiate or expand measures to bring about greater social progress and balanced economic growth.

Under the terms of the agreement governing the operations of the Trust Fund, the Bank uses the resources to finance projects and programs in four fields of social development: land settlement and

improved land use, housing for low-income groups, community water supply and sanitary facilities and advanced education and training.

In administering the Trust Fund, the Bank takes into account the institutional improvements which a country is initiating or expanding; the measures undertaken for the success of a particular project or program; the effectiveness of the self-help undertaken, and the local contribution to the project.

Two important developments affecting the resources of the Trust Fund occurred in 1963:

- During the course of the year the Bank committed nearly all of the \$64.7 million still uncommitted in the original resource at the beginning of 1963.

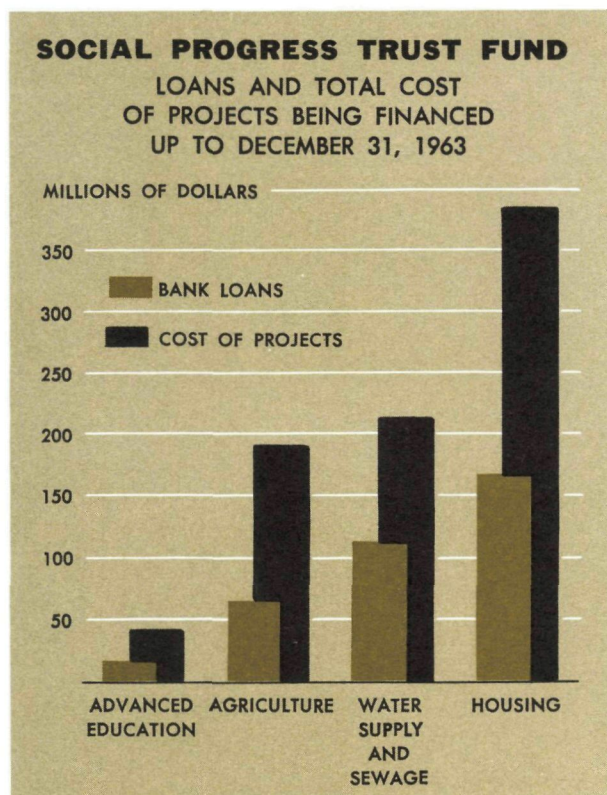
- In December 1963 the United States Congress appropriated additional funds to replenish the Trust Fund and shortly after the end of the year the U.S. Government made available to the Fund \$131 million. Thus the resources of the Trust Fund now total \$525 million.

From 1961 to 1963, the Bank approved 73 loans from the Trust Fund amounting to \$367,632,000 for projects and programs in the four fields eligible for financing, whose total cost is estimated at \$840 million. Thus Trust Fund loans, representing 43.8 per cent of the total cost of the projects and programs, are contributing to the mobilization of other resources—essentially from the member countries—totaling \$472.4 million; that is, each Trust Fund dollar committed has been more than matched in the over-all financing.

In addition to loan commitments, the Bank by December 31, 1963, had approved nearly \$3.5 million from the Trust Fund for the financing of technical assistance activities consistent with the Fund's objectives. The over-all commitments represented more than 94 per cent of the original resources entrusted to the Bank.

Early in 1963, in view of the limited volume of uncommitted resources available to the Bank, the Bank had to program its 1963 Trust Fund lending activities in the social development field on a restricted basis. Moreover, the replenishment of the Fund by the United States did not become available until after the end of the year.

In accordance with the terms of the Trust Fund



Agreement, the Bank, as Administrator of the Fund, publishes a separate detailed report on the operations of the Fund as well as on the measures being taken in the borrowing countries to accomplish the objectives of the Act of Bogota and the Charter of Punta del Este. The following chapters describe the Bank's loans from the Trust Fund during 1963.

Loans

During 1963 the Bank authorized 20 loans amounting to \$47,070,000 from the Social Progress Trust Fund, compared with \$204,927,000 extended in 1962. The year's lending brought the total authorized from the resources of the Trust Fund to \$367,632,000.

The \$47.1 million approved for new Trust Fund loans in 1963 was less than the amount authorized in either 1961 or 1962. This decrease resulted principally from the fact that only \$64.7 million was available in the Trust Fund for new lending operations at the beginning of 1963.

Although this shortage of funds made it impossible to continue lending at the same rate as in the two previous years, substantial progress was made in 1963 in the actual utilization of loans for which contracts had been signed, and in the preparation of projects particularly in the agricultural and educational fields with a view to their future consideration by the Bank.

Disbursements from the Social Progress Trust Fund more than tripled during the year. They amounted to \$65,905,268 during the course of the year bringing total disbursements as of December 31, 1963, to \$88,647,621.

Eight of the loans totaling \$16,535,000 extended from the Fund were for land settlement and improved land use projects in Bolivia, Brazil, Chile, Ecuador (which received two) Guatemala, Honduras and Mexico.

Three housing loans amounting to \$16 million were extended in Bolivia, Chile and Mexico.

Five loans totaling \$10,435,000 were to finance community water supply or sanitation facilities in Brazil, Costa Rica, Ecuador, Honduras and Nicaragua.

Finally, of the four loans totaling \$4.1 million for higher education and advanced training, two were



Brahman cattle purchased with the aid of a Social Progress Trust Fund loan arrive in Honduras.

extended in Ecuador and one each in Mexico and Venezuela.

Description of Loans

This section contains a description of the loans authorized from the Social Progress Trust Fund during 1963, grouped in the following 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 charged on these loans has been $1\frac{1}{4}$ per cent annually in categories A, B and D and $2\frac{3}{4}$ per cent annually in category C. Principal and interest payments are made in local currency, or, at the option of the borrower, in dollars. The Bank also requires a service charge of $\frac{3}{4}$ of 1 per cent, payable in dollars, on principal amounts outstanding. The maturities, including grace periods, varied between 13 and 30 years, except for two devoted to studies of water supply and sewage projects which were granted for 7 years.

A. Land Settlement and Improved Land Use

Bolivia

\$435,000 25-year 1¼ % loan of October 31, 1963

Borrower: REPUBLIC OF BOLIVIA

This loan together with a \$1.1 million loan from the Fund for Special Operations (see page 57) will finance 70 per cent of the cost of the first two-year stage of a 10-year Bolivian Government plan to establish 50 rural development bases in the country. The plan is designed to raise the social, economic and educational level of indigenous rural groups in Bolivia in order to integrate them into the social and economic life of the country. The bases will serve as key centers in carrying out the program, which is expected to benefit about 125,000 low-income persons.

During the first two years of the plan, two existing centers, at Pillapi and Otavi, will be improved and completed; a new base will be established at Paracaya, near the city of Cochabamba, and two other centers will be started. About \$171,000 of this loan will be used for the construction of farm buildings, carpentry shops, sanitation facilities, small irrigation works and water wells. The remaining \$263,000 will be used to finance the purchase of tools, water pumps, agricultural implements and a limited number of vehicles required at the bases. The program will be administered by the Ministry of Rural Affairs through the *Dirección Nacional de Desarrollo Rural* and through the *Banco Agrícola*.

Brazil

\$2 million 20-year 1¼ % loan of January 24, 1963

Borrower: BANCO DE CRÉDITO AGRÍCOLA DO ESPÍRITO SANTO S.A.

Espírito Santo, the smallest state in Brazil, is the fourth-ranking coffee producing state in the country. Coffee accounts for 45 per cent of the state's agricultural output and 750,000 acres or half of its cultivated land. Under a 10-year agricultural diversi-

fication program, efforts are being made to reduce this heavy dependence on coffee.

This loan will strengthen the state's credit system in order to ease the transition into diversified agriculture. It will help finance the first stage of the program, under which short-, medium- and long-term credits will be made available to low-income farmers and cooperatives to purchase machinery, tools, fertilizers, insecticides, seeds and livestock; to develop pastures; to build storage facilities, and to improve marketing systems. About 100,000 acres now in coffee plantations are scheduled to be replanted in such foodstuffs as corn, beans, rice, vegetables, peanuts, mandioc and dairy products. The plan is expected to benefit about 10 per cent of the farmers in the state.

The *Associação de Crédito y Assistência Rural do Espírito Santo (ACARES)*, a non-profit institution which provides agricultural extension services, will join the state's Department of Agriculture, Land and Colonization in providing technical assistance for the program. This technical aid will represent 11 per cent of the cost of the \$3.4 million first stage. The Bank loan will finance 59 per cent, *Banco Agrícola* 6 per cent, the State Government 15 per cent and the Federal Government 9 per cent. The loan is guaranteed by the State of Espírito Santo.

Chile

\$600,000 13-year 1¼ % loan of January 31, 1963

Borrower: COOPERATIVA DE CONSUMIDORES UNIDOS "UNICOOP"—SANTIAGO LTDA.

UNICOOP is a consumer-cooperative formed in 1961 to sell foodstuffs to its members. It began operations with two small supermarkets, one store and a warehouse. Its membership which was about 1,500 at the end of 1962, is expected to grow by about 3,600 each year.

This loan will finance 51 per cent of the cost of a project of the cooperative to build and equip four

new supermarkets in low- and medium-income neighborhoods in Santiago and to construct a central distributing warehouse which would replace the present one. The project is expected to permit the cooperative to improve the variety and quality of the produce it sells and to charge lower prices. At the same time, it will help *UNICOOP* to be in a stronger position to offer higher prices to farm suppliers. The loan is guaranteed by the *Corporación de Fomento de la Producción de Chile*.

Ecuador

\$2.6 million 20-year 1¼ % loan of January 31, 1963

Borrower: INSTITUTO NACIONAL DE COLONIZACIÓN

As part of its short-range development plan, the Government of Ecuador has programmed several projects to bring new lands under cultivation in the country's interior and raise the standard of living of the rural population. During 1963 the Bank approved two loans from the Social Progress Trust Fund to help finance two of these projects, one involving land settlement and the other rural development (see next loan) in the Sierra Andina, the nation's highlands.

This loan will finance 65 per cent of the cost of a project which calls for the settlement of about 1,600 low-income families on a 185,000-acre area in the zone of Santo Domingo de los Colorados in the provinces of Pichincha, Esmeraldas, Los Ríos and Manabí.

Under the voluntary settlement plan each settler will receive a plot of about 125 acres which may be planted in such crops as cacao, corn, citrus fruits and pastures.

The loan proceeds will be used for rural credit to enable the settlers to acquire seeds, fertilizers, tools, fencing material and livestock; for materials for about 1,600 homes which will be built through the aided self-help system; for equipment, tools and materials for the construction of about 112 miles of access roads; for three community centers; for an experimental farm which also will serve as an instruction center, and for technical assistance services. The Ecuadorian Government will finance 28 per

cent of the project's cost with national resources. Its financing will include the construction of 20 schools. The remaining 7 per cent will be financed through contributions of labor by the families benefitted. The loan is guaranteed by the Republic of Ecuador.

\$1,815,000 30-year 1¼ % loan of January 31, 1963

Borrower: REPUBLIC OF ECUADOR

This loan, complementary to the one above, will finance 37.5 per cent of the cost of the first stage of a five-year rural development program to integrate the rural population of the Sierra Andina into the nation's economic life. With the help of the Andean Mission, a UN field group under the direction of the International Labor Organization, the Ecuadorian Government has launched a program to increase agricultural productivity in the interior and raise the population's living standards. The first stage of the program will benefit 220 communities with a population of about 81,000 people.

This loan will help finance a rural credit program as well as the construction of 2,800 homes, 434 miles of access roads, 80 miles of ditches and canals, 26 small dams, 63 deep water wells and 60 reservoirs. It will also finance equipment for 220 agricultural plots which will be developed at schools to provide practical farm instruction and for 660 family gardens to serve a similar purpose in the towns. The Government of Ecuador will finance 27 per cent of the total cost of the project, the communities to be benefitted will cover another 22 per cent by providing the labor involved and the remainder will come from other external resources.

Guatemala

\$2.5 million 25-year 1¼ % loan of February 14, 1963

Borrower: REPUBLIC OF GUATEMALA

The *Servicio Cooperativo Interamericano de Crédito Agrícola Supervisado*, a rural credit agency of the Department of Agriculture of Guatemala, has

prepared a supervised farm credit program designed to help small-scale farmers to increase production, improve housing and facilitate the marketing of their crops. The program also calls for the provision of technical assistance to farmers in connection with cultivation methods, crop rotation techniques and the use of fertilizers and fungicides.

This loan will finance 71 per cent of the initial two-year stage of the program and will benefit more than 2,300 low-income farm families working plots of less than 75 acres in size. About \$2 million of the loan will be used to grant short-, medium- and long-term loans to farmers for amounts of up to \$1,500 to finance the purchase of machinery, seeds, fertilizers, cattle, hogs, poultry, work animals and farm equipment. Credits will also be granted for small irrigation and drainage works, rural buildings, fences and other land improvements.

A total of \$300,000 of the loan will be made available in credits of up to \$1,200 for the construction or improvement of rural homes through the aided self-help method; another \$100,000 in credits of up to \$500 each for equipment needed for crop conservation and marketing, and the remaining \$100,000 will help finance technical assistance connected with the project.

Honduras

\$1,585,000 20-year 1¼ % loan of December 31, 1963

Borrower: REPUBLIC OF HONDURAS

One of the obstacles to the economic development of Honduras has been the inadequacy of its transportation system. In order to correct this deficiency, the national public investment plan of Honduras, currently being evaluated by an ad hoc committee of the Panel of Nine has assigned preferential attention to the solution of this problem. The lack of transportation facilities has been acute in the Sula Valley in the northern part of the country. Due to its fertility, the valley's economic potential is among the brightest in Honduras. Its most important economic activities are the livestock and dairy industries, with approximately 60 per cent of the land devoted to grazing and the remainder to such products as

corn, sugar cane, beans and rice.

However, development of the region, which contains 3,000 farms on 308,750 acres, has been restricted due to the primitive state of its communication facilities. The present roads—built of dirt by the farmers themselves—lack ballast, drainage and bridges, and during months of heavy rainfall farmers and ranchers are unable to transport their products to the consumer markets.

This loan will finance 76 per cent of the cost of a project to improve and build farm-to-market roads in the valley. The Republic of Honduras will use the loan to build roads ranging in length from about one to 15 miles with a total length of 70 miles. The project, which contemplates the grading and excavation of land, purchase of material, installation of drain pipes and construction of bridges, will be carried out by the General Highway Division of the Department of Communications and Public Works.

Mexico

\$5 million 25-year 1¼ % loan of June 20, 1963

Borrower: NACIONAL FINANCIERA, S.A.

This loan supplements a \$25.5 million loan from the ordinary capital resources (see page 27) in helping to finance a land settlement and general development project in the State of Tabasco on a 130,000-acre tract known as El Limón. Initially about 3,300 low-income farm families will be located in the area on plots of 25 acres each, almost all under the *ejidal* system, under which they pool their efforts in carrying out activities common to all, although each has exclusive right to the use and output of his own plot.

This loan will help finance the project's urban and community facilities including housing and water supply and sanitary systems in 12 small communities where the farm families will live and where schools, municipal offices, cooperatives and social and trade facilities will be located. The project is expected to result in a gradual increase in the settlers' income level from the present \$73 per capita annually to more than \$500 by the end of the 14th year of the effort, when more than 4,300 families will have been settled in El Limón. The loan is guaranteed by the United States of Mexico.

B. Housing for Low-Income Groups

Bolivia

\$4 million 30-year 1¼ % loan of March 21, 1963

Borrower: CORPORACIÓN BOLIVIANA DE FOMENTO

Bolivia's urban housing deficit, estimated at about 89,000 units, is growing at a rate of about 6,000 units per year. One of the goals of the nation's 10-year national plan is to check the growth of the housing deficit by stimulating construction to cover the needs of the increased population during the decade. This will require the construction of more than 101,000 urban units and 127,000 rural units at an estimated cost of about \$169 million.

This loan will finance 74 per cent of the cost of a project which represents the first stage in the national housing program. About 3,870 homes for low-income families are to be built in the cities of La Paz, Cochabamba, Potosí, Oruro and Santa Cruz, where 89 per cent of the nation's urban population lives. About \$2,831,500 of the proceeds will help housing cooperatives to build 2,350 houses; \$946,500 will help finance 1,200 homes through the aided self-help system; \$122,000 will provide credits for the completion of 320 homes, and \$100,000 will be channeled through savings and loan associations to individuals for another 100 homes. A periodic readjustment of the individual mortgage balances will be undertaken as part of the plan in order to maintain the real value of the credits granted and thus assure a constant program of re-investment of the resources available. In addition to the loan, the Bank extended a \$150,000 technical assistance grant, also from the Social Progress Trust Fund, to help organize a national housing agency, establish new housing cooperatives, develop a savings and loan system and provide instruction on self-help building methods. The loan is guaranteed by the *Banco Central de Bolivia*.

Chile

\$2 million 30-year 1¼ % loan of October 24, 1963

Borrower: CORPORACIÓN DE LA VIVIENDA (CORVI)

At the end of 1960 Chile's housing deficit was

estimated at 550,000 units, about 50 per cent of which were in the urban sector. To meet this deficit, 20 per cent of the fixed investments contemplated in Chile's 10-year economic and social development plan has been allocated to home construction to be carried out largely through the *Corporación de la Vivienda*, Chile's principal public housing agency, and through the nation's savings and loan system.

This loan will help finance a project to build about 2,400 homes over a two-year period at the Centro Habitacional Almirante Gómez Carreño, a housing development about five miles north of Viña del Mar. The homes will be assigned to families of port and industrial workers and employees of the area who now live in slums and whose average monthly income is less than \$100. The total cost of the project is \$5.6 million. The Bank's share is 36 per cent, *CORVI's* 51 per cent, that of the Municipality of Viña del Mar 9 per cent and the future owners 4 per cent. The Municipality's contribution will cover the construction of community facilities. The loan will be used exclusively to finance construction of houses and *CORVI's* contribution will be used for home construction and the installation of water supply and sewage facilities.

Mexico

\$10 million 30-year 1¼ % loan of August 27, 1963

Borrower: NACIONAL FINANCIERA, S.A.

The Mexican Government has prepared a broad long-term program to build an average of 42,000 houses annually through 1970, and more thereafter, primarily with savings mobilized in the private banks. This rate, together with publicly financed housing contemplated by the Government, will double the annual production of housing units in the country.

This loan will contribute to the attainment of the above goals by helping finance the construction of 23,000 homes for low-income families during the next two years. The proceeds will be transferred by the borrower, the *Fondo de Operación y Descuento Bancario de la Vivienda*, to a housing fund recently created under the trusteeship of the *Banco de México, S. A.* The loan will finance 17 per cent of

the cost of the project. Another 33 per cent will be financed with a \$20 million loan from the Agency for International Development (AID) and the remaining 50 per cent with resources of the Mexican Government, the mortgage and savings banks, unions, employers and the beneficiaries.

Since the loans of the Bank and AID will be repaid from public sources other than those of the housing fund, the loans, together with the Mexican Government's contribution to the project, consisting of an initial \$16 million allocation to the housing fund, will form a permanent \$46 million capital to be used on a revolving basis to finance housing for low-income families.

C. Community Water Supply and Sanitation Facilities

Brazil

2.5 million 30-year 2¾ loan of November 21, 1963

Borrower: DEPARTAMENTO DE ÁGUAS E ESGÓTOS

Less than 50 per cent of the 330,000 inhabitants of the city of Belem, the principal port of northern Brazil's Amazon Valley, have home water service and only about 2 per cent have access to the city's inadequate sewage system. These deficiencies are reflected in a high infant mortality rate and a high incidence of such tropical diseases as malaria and elephantiasis. To cope with this situation, the State of Pará has formulated a two-stage, \$7.7 million program designed to provide water supply and sewage service to the entire city.

This loan will help finance the first stage of the program, which includes the installation of about 125 miles of additional water mains and the construction and expansion of reservoirs, pumping stations and auxiliary water facilities. It also contemplates the installation of about 13 miles of principal and auxiliary sewage lines. By 1965, when the first stage of the water supply phase is to be completed, the improvements are expected to benefit about 68,000 persons, who are currently without water. The cost of the first stage is estimated at \$4.7 million. The Bank loan will finance 52 per cent of this and the State of Pará and two federal agencies the remainder. The loan is guaranteed by the State of Pará.

The housing fund will be able to provide financial assistance to more than 1,000 mortgage financing institutions throughout Mexico and will bring together unions, employers, workers and banks to undertake large-scale housing projects. The Government also will make an initial \$2 million contribution to a guarantee fund, which will offer financial support to private commercial institutions participating in the program. At least 50 per cent of the homes built under the two-year plan will be awarded to families with monthly incomes of less than \$130. The cost of homes to be financed with the loan will not exceed \$4,400. The loan is guaranteed by the United States of Mexico.

Costa Rica

\$100,000 7-year 2¾% loan of December 12, 1963

Borrower: SERVICIO NACIONAL DE ACUEDUCTOS Y ALCANTARILLADOS

The *Servicio Nacional de Acueductos y Alcantarillados*, a semi-autonomous governmental agency which administers Costa Rica's water supply and sanitary facilities, has undertaken a program of studies in several communities as the initial step in an effort to improve water supply and sewage services and extend them to a greater number of people.

This loan will finance 67 per cent of the cost of a technical assistance program under which experienced consulting firms will study the technical, economic and budgetary feasibility—as well as draft designs, plans and specifications—for specific projects within the program. Among the cities whose systems will be studied are Liberia, Limón and Puntarenas.

Ecuador

\$5.5 million 30-year 2¾% loan of February 19, 1963

Borrower: REPUBLIC OF ECUADOR

Like other countries of Latin America, Ecuador is undergoing heavy migration from the countryside to the city. In an effort to reduce this migra-

tion, the nation is actively seeking through its development programs to promote economic and social improvements in the hinterlands. The Bank has associated itself in these efforts and in 1963 granted this and two other loans from the Social Progress Trust Fund (see page 87) to help finance projects designed to improve living conditions outside the large cities of Quito and Guayaquil.

This loan will finance 88 per cent of the cost of a program to build water supply and sewage facilities in 18 communities in the western half of Ecuador. The water supply projects, which call for the construction of new or the expansion of existing systems, will benefit about 110,000 persons in the communities of Bahía de Caráquez, Guaranda, Ibarra, Otavalo, Pujilí, Balzar, Esmeraldas, Quindé, Muisne, Baba, Ventanas, Malacatos, Tulcán, Macas and Loja. The sewage projects will benefit the communities of Cariamanga, San Gabriel, Patate and Loja, whose combined population is approximately 150,000 persons.

Honduras

\$2,150,000 25-year 2¾% loan of March 7, 1963

Borrower: SERVICIO AUTÓNOMO NACIONAL DE ACUEDUCTOS Y ALCANTARILLADOS (SANAA)

About 40 per cent of the population of the Tegucigalpa City district lacks home water service, and the quality and quantity of the service to the remainder of the population is deficient. The district, which has a population of about 165,000, is supplied by six water sources in the northeastern sector and two others in the south and southwestern sectors. SANAA has prepared a short-term plan to increase the utilization of the northeastern sources to the maximum extent possible and to suspend use of the other two, which are contaminated, until they are purified. This loan will finance 80 per cent of the cost of the plan.

D. Higher Education and Advanced Training

Ecuador

\$600,000 20-year 1¼% loan of December 31, 1963

Borrower: UNIVERSIDAD DE GUAYAQUIL

The project calls for the expansion of the north-eastern sources of supply and the pipelines to the city, as well as the installation of two chlorinating plants, a water analysis laboratory and 5,000 water meters. These improvements are expected to meet the District's needs until 1970, when the population will reach about 182,000. The sources in the south and southwestern sectors would then be decontaminated and reopened and dams would be built at several spots. The project is part of a four-year public health plan started by Honduras in 1961 to build 12 water supply systems and expand another 67 by 1965. Up to \$150,000 of the loan will finance technical assistance connected with the project and the preparation of preliminary studies related to the improvement of the District's sewage system. The loan is guaranteed by the Republic of Honduras.

Nicaragua

\$185,000 7-year 2¾% loan of June 28, 1963

Borrower: REPUBLIC OF NICARAGUA

Managua's sewer system serves only 40 per cent of the capital city's urban area. Under the auspices of Nicaragua's Bureau of Urban Affairs a plan was prepared in 1962 to improve and expand these services and provide for the city's needs through 1984.

This loan will provide technical assistance to engage specialists who will advise on the revision of the existing plan and undertake new studies, including the design of a sewage treatment plant. Studies also will be undertaken on the financing of the construction stage and on a new rate schedule, with a view to making the system largely self-sufficient. The project will be designed to permit construction in stages and special attention will be paid to the preparation of the necessary plans to get the first stage underway promptly.

Under its general economic and social development plan which is currently being evaluated by an ad hoc committee of the Panel of Nine, Ecuador hopes to train some 29,000 professionals during the



A Social Progress Trust Fund loan is helping to build houses for low-income families in El Salvador.

1964-73 decade and increase the percentage of university level students who complete their studies from the 44.5 per cent figure of 1962 to 60 per cent by 1973.

This loan to the *Universidad de Guayaquil* will help Ecuador to achieve these goals. It will finance 75 per cent of the cost of a project to establish an Institute of Basic Sciences, consisting of Departments of Mathematics, Physics, Chemistry and Biology, where professors will serve on a full time basis and will be able to devote part of their time to research. The loan will be used for the construction of a building for the Institute, for the purchase of equipment and laboratory material for the institute and for the Schools of Civil and Industrial Engineering, for a central engineering shop and for the purchase of bibliographic material for the central library. Up to \$50,000 of the loan may be used

for technical assistance services. This will supplement continuing assistance being provided to the University by the University of Houston, Texas. The loan is guaranteed by the Republic of Ecuador.

\$400,000 20-year 1¼ % loan of December 31, 1963

Borrower: UNIVERSIDAD CENTRAL DE QUITO

As is the case at the University of Guayaquil, the teaching of basic sciences and technology at the Central University of Quito requires additional laboratory facilities and teaching materials. In addition the faculty should teach on a full time basis and engage in scientific research.

This loan will finance 47.6 per cent of the cost of a program of the *Universidad Central de Quito* to improve and expand the teaching of basic sci-



A Trust Fund loan is helping to provide water for the city of Merida in Mexico.

ences and technology by helping to establish an Institute of Basic Sciences consisting of Departments of Mathematics, Physics, Chemistry and Biology.

The loan will be used to help construct the building of the institute and to cover the costs of acquiring laboratory equipment and material for the institute and for the faculties of Civil and Chemical Engineering and the School of Veterinary Medicine.

The United States Agency for International Development is providing technical assistance for the project through the University of Pittsburgh, Pennsylvania.

This represents 40.5 per cent of the cost of the project. The remaining 11.9 per cent is being provided by the University. The loan is guaranteed by the Republic of Ecuador.

Mexico

\$2.1 million 20-year 1¼ % loan of December 31, 1963

Borrower: NACIONAL FINANCIERA, S.A.

As part of a general effort to develop the country's agricultural sector, the Mexican Government has prepared a project to improve higher education in the agricultural sciences and to spread modern technology in the countryside by improving agricultural research and extension services. The project contemplates the establishment of a national agricultural center at Chapingo where four agricultural institutions will be consolidated and their physical facilities will be expanded.

The project includes the construction of additional buildings and training facilities for the National School and its Post Graduate Center, as well as for the National Institute of Agricultural Research

and the Department of Farm Extension Services whose headquarters will be transferred to Chapingo from Mexico City to integrate them into the national center. Other construction includes an administrative building, a center for the Farm Extension Department, an agricultural library, a student center, housing for faculty and students, and expanded water, sewage and electric power facilities.

A Tropical Agricultural Center will be established in the State of Tabasco and laboratories and other facilities will be built in other regional centers of the National Institute of Agricultural Research. In the five years following completion of the construction phase, the Government intends to provide for a substantial increase in students, professors and technicians engaged in agricultural research and extension by gradually doubling the present budgets of the institutions.

The loan which will cover 22 per cent of the cost of the project, will help finance the construction of the library building at Chapingo and buildings and laboratory equipment at five regional research centers. The Mexican Government will finance 27 per cent of the cost, the U. S. Agency for International Development 21 per cent, a Rockefeller Foundation grant 15 per cent, a Ford Foundation grant 12 per cent, and a grant from the United Nations Special Fund 3 per cent. The loan is guaranteed by the United States of Mexico.

Venezuela

\$1 million 15-year 1¼ % loan of April 18, 1963

Borrower: UNIVERSIDAD DE ORIENTE DE VENEZUELA

The *Universidad de Oriente* consists of five educational centers located in Cumaná, Jusepín, Barcelona, Ciudad Bolívar and Isla Margarita. It provides advanced education to students in Venezuela's eastern region, which embraces more than half the nation's total area and a fifth of its population.

This loan will help finance a project to improve and expand instruction in basic sciences and technological subjects in the Cumaná, Jusepín and Barcelona Centers. The Bank will finance 41.7 per cent of the project's total cost, the University 45.8

per cent and a Ford Foundation grant the remaining 12.5 per cent. The loan will finance the purchase of equipment for the chemistry, physics, biology and geology laboratories as well as other teaching aids at Cumaná; laboratory equipment for the chemical, mechanical and electrical engineering departments and the electronics and glassmaking workshops at Barcelona, and equipment for petroleum engineering, agronomy and veterinary medicine instruction at Jusepín.

Up to \$250,000 of the loan, as well as the Ford Foundation grant of \$300,000, will finance technical assistance to be provided by visiting specialists. This assistance will include the preparation of a teaching curriculum for the Schools of Basic Studies and Sciences at Cumaná and other services. The University's contribution is being used to finance the construction of buildings. The loan is guaranteed by the *Corporación Venezolana de Fomento*.

Technical Assistance

During 1963 a total of \$2,667,310 was authorized from the Trust Fund for technical assistance. Of this amount, \$1,060,800 represented special technical assistance loans or portions of other loans allocated to finance technical assistance services. The remainder, amounting to \$1,606,510, was extended in the form of grants for technical assistance projects in individual countries and for regional programs.¹

The 1963 authorizations brought the net total volume of effective technical assistance commitments from the Trust Fund to \$6,488,337 as of December 31, 1963, including \$3,497,087 in non-reimbursable and \$2,991,250 in reimbursable assistance. The 1963 allocations were primarily devoted to:

- The reorganization or establishment of institutions concerned with improving living standards among low-income groups such as housing, water supply and rural credit agencies, and fostering a more efficient utilization of their resources.
- The initiation or expansion of personnel training programs and of studies regarding the institu-

¹ In some instances technical assistance for a particular project was provided from both the Bank's own resources and those of the Social Progress Trust Fund.

tional structure of member countries in order to accelerate social reforms.

- The preparation of pre-investment and social development studies and of plans with a multi-national scope which were consonant with the objectives of the Trust Fund.

Technical assistance authorizations approved in 1963 from the Trust Fund were:

I. Reimbursable Technical Assistance:

Activities in Costa Rica, Chile, Ecuador, Guatemala, Honduras, Nicaragua and Venezuela	\$1,060,800
--	-------------

II. Non-Reimbursable Technical Assistance

a) Country activities	\$ 251,035
b) Regional activities	1,355,475
Total Non-Reimbursable	1,606,510
GRAND TOTAL	\$2,667,310

Country Activities

Following is a summary of the technical assistance provided by the Bank on a country basis from the Social Progress Trust Fund in 1963.

BOLIVIA

A \$4 million loan to help finance a housing project for low-income families in Bolivia (see page 89) was accompanied by \$150,000 in non-reimbursable technical assistance from the Trust Fund to help organize a national housing agency, establish housing cooperatives, develop a savings and loan system and initiate a self-help housing program.

A \$5,000 technical assistance grant is helping the National Engineering Faculty of the Technical University of Oruro in its reorganization plans.

CHILE

A \$45,000 grant was extended to the *Cooperativa de Consumidores Unidos (UNICOOP)*, a non-profit consumer cooperative of Santiago engaged in selling foodstuffs to its members, to improve its buying and sales promotion procedures. *UNICOOP* received a loan from the Trust Fund in 1963 to assist in financing the installation of four cooperative supermarkets in the Chilean capital (see page

86). A \$6,500 grant was made to Chile's Ministry of Public Works to help finance the completion of a water supply program for rural areas.

COSTA RICA

A \$100,000 technical assistance loan (see page 90) was extended to help finance studies for water supply and sewage systems in several Costa Rican communities.

DOMINICAN REPUBLIC

Two technical assistance grants amounting to \$1,412 were made to the University of Santo Domingo for the preparation of a project to expand its School of Agronomy.

ECUADOR

A loan extended for land settlement in Santo Domingo de los Colorados in Ecuador (see page 87), provides an allocation of up to \$165,000 to finance technical assistance expenses. Two other loans, one for water supply and sewage facilities in 18 Ecuadorian communities (see page 90) and another to the University of Guayaquil to improve and expand the teaching of basic sciences and technology (see page 91), provide for technical assistance expenditures of up to \$50,000 each. An \$8,000 grant was made to the Ecuadorian Housing Bank to provide technical advice on its housing programs.

GUATEMALA

Up to \$100,000 of a \$2.5 million loan for a rural credit program in Guatemala (see page 87) may be devoted to technical assistance in connection with the reorganization of the agency in charge of the program and for agricultural advisory services on crop rotation, production techniques and marketing procedures. The Bank made a \$13,000 grant to the Ministry of the Treasury and the *Banco de Guatemala*, a development agency, to help review legislation governing state banks and to provide technical advice on their organization.

HONDURAS

Up to \$150,000 of a \$2,150,000 loan to help finance improvements in the water supply system of Tegucigalpa (see page 91), may be used to finance technical assistance related to the project and to prepare preliminary studies for the city's sewage

system. A \$10,500 grant was provided by the Bank to the National Agrarian Institute to advise it on its agrarian reform program.

NICARAGUA

A \$185,000 technical assistance loan (see page 91), is designed to finance studies on the sewage system of Managua.

PARAGUAY

The Bank authorized a \$10,890 Trust Fund grant to finance studies on Paraguay's housing situation and to help establish a National Housing Institute.

VENEZUELA

Up to \$250,000 of a \$1 million Trust Fund loan to Venezuela's *Universidad de Oriente*, may be devoted to technical assistance in connection with the preparation of teaching and research plans and other training activities.

Training and Other Activities

In addition to the technical assistance authorized in individual member countries, the Bank granted \$1,355,475 from the Social Progress Trust Fund for activities having a regional scope. Of that amount \$743,750 was allocated to fellowships and training programs connected with aspects of social and economic development, \$204,225 to agrarian reform courses, seminars and studies, \$340,000 to help prepare socio-economic studies and plans, and \$67,500 to other activities.

Two grants for \$320,000 each were made to two Latin American institutions to help organize graduate schools on public administration and political science. The funds will be disbursed over a period of five years. The grants were made to the Latin American School of Social Sciences, at Santiago, Chile, and the Getulio Vargas Foundation, at Rio de Janeiro, Brazil. The curricula of the two schools which will be open to students of all the Bank's member countries, will include a general studies program and a specialized program. Between 40 and 50 students are expected to graduate from each school every year.

Technical assistance resources also were committed to two training programs which were financed in part with grants authorized from the Bank's own

resources. One program consisted of two six-week courses on financial aspects of economic and social development which were conducted at Bank headquarters. Students from development institutions of 18 member countries participated in the courses during 1963. The other program was devoted to a basic training course on sectoral planning conducted jointly in Mexico with the Economic Commission for Latin America. A grant also was extended to help finance the second inter-american course on agricultural credit organized by the Latin American Institute of Agricultural Sciences in Mexico.

Agrarian Reform

The Bank continued to lend its support to a program of courses on agrarian reform begun in 1962 in collaboration with the Organization of American States and the UN Food and Agricultural Organization. In 1963, grants were made to finance fellowships to the second course, held in Santiago, Chile, to the third, in Campinas, Brazil, and to the fourth in Bogota, Colombia. The grants financed approximately 70 fellowships to the courses. Assistance also was given to the Peruvian Institute of Agricultural Reform and Colonization and to the Chilean Institute of Agrarian Development for courses and studies on agrarian reform problems. In addition, the Inter-American Committee for Agricultural Development received a grant to complete a study on land tenure systems in seven Latin American countries. Two other grants approved in 1963 will finance studies on legal aspects of agrarian reform.

Land Settlement and Colonization

The Bank authorized a \$200,000 grant to four South American countries to help finance a study on the feasibility of building a highway linking their interior sectors, which would promote land settlement and improved land use. The assistance will enable Bolivia, Colombia, Ecuador and Peru, which are contributing \$200,000 to the project, to evaluate the prospects for the construction of a 3,700-mile highway bordering the Amazon jungle.

A Trust Fund grant also was made to the OAS-IDB-ECLA Tripartite Mission in Central America which supplemented a grant from the Bank's own resources devoted to the preparation of social and economic development plans in the countries of the

region. In addition, the Bank extended aid to the Central American Bank for Economic Integration for the study of the legal, economic, technical and financial aspects of establishing a regional savings and loan system to promote construction of housing for low-income groups.

A grant supplemented non-reimbursable assistance from the Bank's own resources to the Pan American Health Organization in connection with its research programs in Latin America. Other grants were made to the Second Latin American Meeting of Savings and Loan Associations in Santiago, Chile, and for a program of studies on tax administration sponsored since 1961 jointly by the OAS, the Bank and ECLA in cooperation with Harvard University.

Financial Operations

Under the terms of the Social Progress Trust Fund Agreement signed in June 1961, the United States Government placed \$394 million at the disposition of the Bank as Administrator. In Febru-

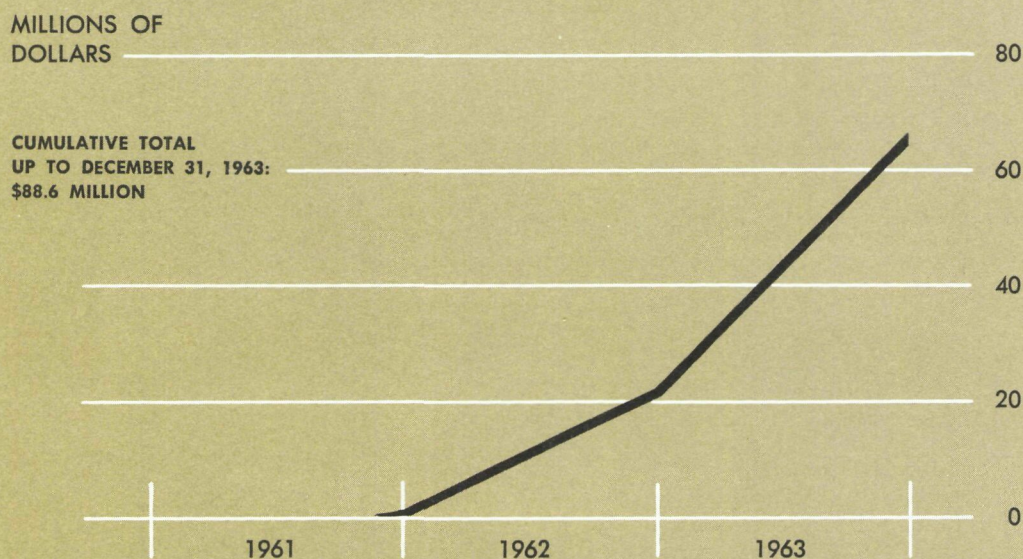
ary 1964, the United States made available another \$131 million to the Bank to carry out the objectives of the Trust Fund. This brings the total resources in the Trust Fund to \$525 million. Funds are withdrawn from the United States Treasury only as actually needed for the operations of the Trust Fund.

The Social Progress Trust Fund incurred expenses in excess of earnings, before technical assistance expenses, of \$1,080,809. Technical assistance expenses were \$812,105. The earnings of the Fund, consisting of interest on loans and service charges, amounted to \$1,293,681.

Administrative expenses chargeable to the Trust Fund amounted to \$2,372,673 and currency exchange adjustments amounted to \$1,817. During 1963, the Bank received \$1,287,441 in amortizations on loans from the Trust Fund. Disbursements during 1963 amounted to \$65,905,268, bringing total disbursements at the end of the year to \$88,647,621.

The financial operations of the Trust Fund are shown in the statements on the following pages.

ANNUAL DISBURSEMENTS—SOCIAL PROGRESS TRUST FUND



FINANCIAL STATEMENTS

Opinion of Independent Auditor Social Progress Trust Fund

1710 H Street, N.W.
Washington, D.C.
February 21, 1964

To: Inter-American Development Bank
Administrator of the Social Progress Trust Fund
Washington, D.C.

In our opinion, the accompanying financial statements present fairly, in terms of United States currency, the financial position at December 31, 1963, 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.

Financial Statements Social Progress Trust Fund

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Comparative Statement of Income and Expenses	III-2
Statement of Technical Assistance Expense	III-3
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**Social Progress Trust Fund
Administered by Inter-American Development Bank**

BALANCE SHEET

DECEMBER 31, 1963

See Notes to Financial Statements—Appendix III-6

Expressed in United States Dollars

Assets

Due from banks (Appendix III-5)

United States dollars	\$ 1,825,162	
Currencies other than United States dollars	<u>1,771,531</u>	\$ 3,596,693

Loans outstanding (Appendix III-4)

Total loans approved	\$367,632,000		
Undisbursed balance	<u>278,984,379</u>	88,647,621	
Less repayments		<u>1,692,141</u>	86,955,480

Accrued charges on loans			418,031
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Available from United States Government

(Note B)			298,000,000
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Other assets			<u>67,928</u>
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Total assets			<u>\$389,038,132</u>
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Liabilities and Fund Balance

Liabilities

Accrued expenses and accounts payable			\$ 158,036
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Fund balance

Original balance (Note B)		\$394,000,000	
Excess of total expenses over income			
June 19, 1961 to December 31, 1962	\$ 3,226,990		
Excess of total expenses over income January 1			
to December 31, 1963 (Appendix III-2)	<u>1,892,914</u>	<u>5,119,904</u>	<u>388,880,096</u>
Total liabilities and Fund balance			<u>\$389,038,132</u>

Social Progress Trust Fund
Administered by Inter-American Development Bank
COMPARATIVE STATEMENT OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1962 AND DECEMBER 31, 1963
See Notes to Financial Statements—Appendix III-6
Expressed in United States Dollars

	Year ended	
	December 31, 1962	December 31, 1963
Income from loans		
Interest	\$ 136,833	\$ 902,010
Service charges	59,594	391,671
Gross income	<u>196,427</u>	<u>1,293,681</u>
Administrative expenses		
Salaries (Note B)	\$ 600,327	\$ 619,001
Professional services	63,959	36,252
Travel	169,842	159,410
Printing	60,803	118,032
Field offices (1)	78,496	125,156
Miscellaneous	3,570	7,291
Indirect and overhead expenses (Note B)		
Paid or payable to Bank—Ordinary Capital		
(See Appendix I-2)	764,281	941,422
Paid or payable to Bank—Fund for Special		
Operations (See Appendix II-2)	447,993	366,109
Total administrative expenses	<u>2,189,271</u>	<u>2,372,673</u>
Loss arising from fluctuations of exchange rates		
(Note A)	2,505	1,817
	<u>2,191,776</u>	<u>2,374,490</u>
Excess of expenses over income before deducting		
technical assistance expense	1,995,349	1,080,809
Technical assistance expense (Appendix III-3) (Note C)	<u>566,767</u>	<u>812,105</u>
Excess of total expenses over income	<u>\$2,562,116</u>	<u>\$1,892,914</u>

(1) Amount reported as "Field offices" for the year ended December 31, 1962 consists of amounts previously reported as other elements of "Administrative expenses" for that year.

Social Progress Trust Fund
Administered by Inter-American Development Bank
STATEMENT OF TECHNICAL ASSISTANCE EXPENSE (NOTE C)
JANUARY 1 TO DECEMBER 31, 1963

See Notes to Financial Statements—Appendix III-6

Expressed in United States Dollars

Bolivia.....	\$ 37,772
Brazil.....	19,385
Chile.....	19,591
Dominican Republic.....	46,372
Ecuador.....	9,878
El Salvador.....	17,185
Guatemala.....	6,184
Honduras.....	19,606
Mexico.....	18,946
Nicaragua.....	11,585
Panama.....	10,821
Paraguay.....	58,188
Peru.....	16,843
Venezuela.....	563
Intern training in the Bank.....	38,674
Program of fellowships.....	95,000
Substantive studies.....	142,997
Courses and seminars.....	266,324
Central America-Tripartite Mission.....	41,353
	<hr/> 877,267
Less refunds and reimbursements.....	65,162
	<hr/> \$812,105

**Social Progress Trust Fund
Administered by Inter-American Development Bank**

SUMMARY STATEMENT OF LOANS

DECEMBER 31, 1963

See Notes to Financial Statements—Appendix III-6

Expressed in United States Dollars

<i>Countries in which loans have been approved (1)</i>	<i>Approved loans</i>				
	<i>Total (2)</i>	<i>Undisbursed</i>	<i>Disbursed (Note D)</i>	<i>Repayments (Note D)</i>	<i>Outstanding (Note D)</i>
Argentina	\$ 35,000,000	\$ 31,900,000	\$ 3,100,000	\$ 25,000	\$ 3,075,000
Bolivia	10,935,000	10,795,117	139,883		139,883
Brazil	55,360,000	45,689,413	9,670,587	65,981	9,604,606
Chile	25,638,000	19,869,461	5,768,539	97,500	5,671,039
Colombia	31,337,000	18,035,873	13,301,127	192,500	13,108,627
Costa Rica	3,600,000	100,348	3,499,652	35,000	3,464,652
Dominican Republic	6,500,000	4,306,853	2,193,147	60,000	2,133,147
Ecuador	24,515,000	23,297,441	1,217,559	65,000	1,152,559
El Salvador	11,640,000	4,972,712	6,667,288	93,600	6,573,688
Guatemala	11,300,000	11,198,563	101,437	10,000	91,437
Honduras	7,235,000	6,518,241	716,759	6,250	710,509
Mexico	30,700,000	29,995,783	704,217	15,000	689,217
Nicaragua	7,885,000	4,571,800	3,313,200	36,000	3,277,200
Panama	10,362,000	3,538,563	6,823,437	89,810	6,733,627
Paraguay	2,900,000	2,800,000	100,000		100,000
Peru	26,300,000	15,897,212	10,402,788	290,500	10,112,288
Uruguay	10,500,000	10,500,000			
Venezuela	53,000,000	32,071,999	20,928,001	610,000	20,318,001
Central American Countries— Central American Bank for Economic Integration	2,925,000	2,925,000			
Total	\$367,632,000 (3)	\$278,984,379 (4)	\$88,647,621	\$1,692,141	\$86,955,480

(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 \$275,592,000 had become effective (i.e., eligible for disbursement) as of December 31, 1963 (see (2) above).

(4) Of the undisbursed balances, the Bank as Administrator has entered into irrevocable commitments to disburse \$5,810,313.

Social Progress Trust Fund
Administered by Inter-American Development Bank

STATEMENT OF CURRENCIES HELD BY THE BANK

DECEMBER 31, 1963

See Notes to Financial Statements—Appendix III-6

<i>Country</i>	<i>Unit of currency</i>	<i>Exchange rate (1)</i>	<i>Due from banks</i>	
			<i>Amount in local currency</i>	<i>Expressed in United States dollars</i>
Argentina	Peso	132.50	3,879,440	\$ 29,279
Brazil	Cruzeiro	620.00	85,126,944	137,302
Chile	Escudo	3.03	129,577	42,765
Colombia	Peso	9.98	1,882,954	188,673
Costa Rica	Colon	6.65	508,111	76,408
Dominican Republic	Peso	1.00	74,026	74,026
El Salvador	Colon	2.50	387,108	154,843
Guatemala	Quetzal	1.00	11,497	11,497
Honduras	Lempira	2.00	16,412	8,206
Mexico	Peso	12.50	197,255	15,780
Nicaragua	Cordoba	7.00	318,882	45,554
Panama	Balboa	1.00	95,913	95,913
Peru	Sol	26.82	10,488,048	391,053
United States	Dollar	1.00	1,825,162	1,825,162
Venezuela	Bolivar	4.54	2,271,055	500,232
Total expressed in United States dollars				<u>\$3,596,693</u>
(1) See Appendix III-6, Note A.				

Social Progress Trust Fund
Administered by Inter-American Development Bank
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1963

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, 1963. 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. As of December 31, 1963, \$96,000,000 had been received by the Bank from the United States. The remainder of \$298,000,000 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. 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.

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 of the Social Development Division of the Bank and by the professional staff, exclusive of heads and assistant heads, of the Operations and Technical Departments, and the Loan, Technical Assistance, Economics, Project Analysis, Operations Control, and Legal Divisions of the Bank,
- (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.

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, 1963, the amount approved by the Bank as Administrator for technical assistance projects but not yet disbursed was \$2,031,850. The accumulated technical assistance expenditures made by the Bank as Administrator as of December 31, 1963, include \$39,113 which may be reimbursed to the Bank as Administrator if loans are granted as a result of the technical assistance projects.

Note D

All loan disbursements have been made in United States dollars. 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.

**STATEMENT
OF LOANS**



Inter-American Development Bank—Social Progress Trust Fund
Statement of Approved Loans
AS OF DECEMBER 31, 1963

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date* Approved	Amount Approved ¹	Undisbursed Balance	Status of Loans			Interest % ²	Repayment Terms Principal Installments ³
					Disbursed	Repaid	Outstanding		
ARGENTINA									
Republic of Argentina <i>Public entity</i>	Higher education	3/22/62 (5/4/62)	\$ 5,000,000	\$ 4,500,000	\$ 500,000	\$ 25,000	\$ 475,000	1¼	15 annual beginning 4/30/63
Banco Hipotecario Nacional <i>Public entity</i>	Housing program	11/29/62 (1/24/63)	30,000,000	27,400,000	2,600,000		2,600,000	1¼	49 semiannual begin- ning 1/24/64
TOTAL LOANS TO ARGENTINA			<u>\$35,000,000</u>	<u>\$31,900,000</u>	<u>\$ 3,100,000</u>	<u>\$ 25,000</u>	<u>\$ 3,075,000</u>		
BOLIVIA									
Corporación Boliviana de Fomento (Banco Central de Bolivia) <i>Public entity</i>	Land settlement program	12/28/62 (1/24/63)	\$ 6,500,000	\$ 6,360,117	\$ 139,883		\$ 139,883	1¼	49 semiannual begin- ning 1/15/64
Corporación Boliviana de Fomento (Banco Central de Bolivia) <i>Public entity</i>	Housing program	3/21/63 (6/14/63)	4,000,000 ⁴	4,000,000				1¼	59 semiannual begin- ning 6/15/64
Government of Bolivia <i>Public entity</i>	Land settlement program	10/31/63	435,000 ⁴	435,000				1¼	49 semiannual begin- ning 12 months after date of contract
TOTAL LOANS TO BOLIVIA			<u>\$10,935,000</u>	<u>\$10,795,117</u>	<u>\$ 139,883</u>		<u>\$ 139,883</u>		
BRAZIL									
Supertendência de Águas y Esgotos do Recôncavo (State of Bahia) <i>Public entity</i>	Water supply project	11/30/61 (3/1/62)	\$ 4,120,000	\$ 2,501,791	\$ 1,618,209	\$ 15,000	\$ 1,603,209	2¾	23 annual beginning 3/15/63
Banco do Estado da Guanabara, S.A. (State of Guanabara) <i>Public entity</i>	Water supply project	3/13/62 (5/5/62)	12,500,000	7,765,588	4,734,412	15,000	4,719,412	2¾	59 semiannual begin- ning 5/5/63
Banco do Estado da Guanabara, S.A. (State of Guanabara) <i>Public entity</i>	Sewage project	3/13/62 (5/5/62)	11,000,000	8,822,034	2,177,966	19,981	2,157,985	2¾	59 semiannual begin- ning 5/5/63
Banco do Nordeste do Brasil, S.A. (United States of Brazil) <i>Public entity</i>	Water supply and sewage projects	4/5/62 (5/2/63)	12,990,000	12,750,000	240,000		240,000	2¾	30 annual beginning 5/2/64
Caixa Econômica do Estado de Minas Gerais (State of Minas Gerais) <i>Public entity</i>	Agricultural credit project	4/12/62 (10/31/62)	6,400,000	5,700,000	700,000	16,000	684,000	1¼	20 annual beginning 11/1/63
Banco do Nordeste do Brasil, S.A. (United States of Brazil) <i>Public entity</i>	Housing program	8/16/62 (12/13/63)	3,850,000 ⁴	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 pro- gram	1/24/63 (6/10/63)	2,000,000	1,800,000	200,000		200,000	1¼	39 semiannual begin- ning 3/1/64

Departamento de Aguas e Esgotos (State of Pará) <i>Public entity</i>	Water supply and sewage projects	11/21/63	2,500,000 ⁴	2,500,000				2¾	59 semiannual beginning 12 months after date of contract
TOTAL LOANS TO BRAZIL			<u>\$55,360,000</u>	<u>\$45,689,413</u>	<u>\$ 9,670,587</u>	<u>\$ 65,981</u>	<u>\$ 9,604,606</u>		
CHILE									
Republic of Chile <i>Public entity</i>	Water supply projects	11/22/61 (5/16/62)	\$ 2,470,000	\$ 2,114,891	\$ 355,109	\$ 17,500	\$ 337,609	2¾	20 annual beginning 5/16/63
Corporación de Fomento de la Producción de Chile Corporación de la Reforma Agraria <i>Public entities</i>	Rural development program	12/21/61 (5/2/62)	1,268,000	1,118,000	150,000	5,000	145,000	1¼	30 annual beginning 5/2/63
Corporación de Fomento de la Producción de Chile <i>Public entity</i>	Agricultural credit program	12/21/61 (5/16/62)	10,000,000	8,758,959	1,241,041	50,000	1,191,041	1¼	20 annual beginning 1/30/63
Caja Central de Ahorros y Préstamos (Government of Chile) <i>Public entity</i>	Housing program	5/17/62 (6/13/62)	5,000,000	1,750,111	3,249,889	25,000	3,224,889	1¼	27 annual beginning 6/13/63
Promotoras de Viviendas Económicas Limitada y Compañía, C.P.A. (Corporación de la Vivienda) <i>Private entity</i>	Housing project	7/26/62 (1/22/63)	2,000,000	1,507,500	492,500		492,500	1¼	21 annual beginning 1/22/64
Universidad de Chile (Corporación de Fomento de la Producción de Chile) <i>Public entity</i>	Higher education	11/15/62 (12/19/62)	2,300,000	2,070,000	230,000		230,000	1¼	29 semiannual beginning 12/19/63
Cooperativa de Consumidores Unidos "UNICOOP"—Santiago Ltda. (Corporación de Fomento de la Producción de Chile) <i>Private entity</i>	Farm product marketing	1/31/63 (4/26/63)	600,000	550,000	50,000		50,000	1¼	25 semiannual beginning 4/24/64
Corporación de la Vivienda <i>Public entity</i>	Housing project	10/24/63 (11/5/63)	2,000,000 ⁴	2,000,000				1¼	59 semiannual beginning 11/5/64
TOTAL LOANS TO CHILE			<u>\$25,638,000</u>	<u>\$19,869,461</u>	<u>\$ 5,768,539</u>	<u>\$ 97,500</u>	<u>\$ 5,671,039</u>		
COLOMBIA									
Establecimiento Público Empresas Municipales de Cali (Republic of Colombia) <i>Public entity</i>	Water supply project	10/26/61 (4/16/62)	\$ 2,454,000	\$ 908,543	\$ 1,545,457	\$ 20,000	\$ 1,525,457	2¾	39 semiannual beginning 4/16/63
Instituto de Crédito Territorial (Republic of Colombia) <i>Public entity</i>	Housing program	11/16/61 (2/2/62)	15,200,000	6,259,043	8,940,957	76,000	8,864,957	1¼	20 annual beginning 2/2/63
Empresas Municipales de Cúcuta (Republic of Colombia) <i>Public entity</i>	Water supply and sewage projects	11/22/61 (2/3/62)	5,183,000	3,218,287	1,964,713	54,000	1,910,713	2¾	60 semiannual beginning 2/3/63

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date* Approved	Amount Approved ¹	Undisbursed Balance	Status of Loans			Interest % ²	Repayment Terms Principal Installments ³
					Disbursed	Repaid	Outstanding		
COLOMBIA (Cont'd.) Instituto Nacional de Fomento Municipal (Republic of Colombia) Public entity	Water supply and sewage projects	7/12/62 (8/21/62)	8,500,000	7,650,000	850,000	42,500	807,500	2¾	4 annual and 52 semi- annual beginning 8/21/63
TOTAL LOANS TO COLOMBIA			<u>\$31,337,000</u>	<u>\$18,035,873</u>	<u>\$13,301,127</u>	<u>\$192,500</u>	<u>\$13,108,627</u>		
COSTA RICA Instituto Nacional de Vivienda y Urbanismo de Costa Rica Public entity	Housing project	8/10/61 (10/31/61)	\$ 3,500,000	\$ 348	\$ 3,499,652	\$ 35,000	\$ 3,464,652	1¼	25 annual beginning 10/15/62
Servicio Nacional de Acueductos y Alcantarillados (SNAA) Public entity	Water supply and sewage studies	12/12/63 (12/13/63)	100,000 ⁴	100,000				2¾	13 semiannual begin- ning 12/13/64
TOTAL LOANS TO COSTA RICA			<u>\$ 3,600,000</u>	<u>\$ 100,348</u>	<u>\$ 3,499,652</u>	<u>\$ 35,000</u>	<u>\$ 3,464,652</u>		
DOMINICAN REPUBLIC Banco Agrícola (Dominican Republic) Public entity	Agricultural credit pro- gram	8/23/62 (10/12/62)	\$ 3,000,000	\$ 849,209	\$ 2,150,791	\$ 60,000	\$ 2,090,791	1¼	20 annual beginning 10/15/63
Government of the Dominican Re- public Public entity	Housing program	12/28/62 (2/28/63)	3,400,000 ⁴ 100,000	3,400,000 57,644	42,356		42,356	1¼	53 semiannual begin- ning 7/23/63
TOTAL LOANS TO THE DOMINICAN REPUBLIC			<u>\$ 6,500,000</u>	<u>\$ 4,306,853</u>	<u>\$ 2,193,147</u>	<u>\$ 60,000</u>	<u>\$ 2,133,147</u>		
ECUADOR Banco Ecuatoriano de la Vivienda (Republic of Ecuador) Public entity	Housing program	2/28/62 (7/23/62)	\$10,600,000	\$ 9,583,281	\$ 1,016,719	\$ 50,000	\$ 966,719	1¼	59 semiannual begin- ning 7/23/63
Municipalidad de Quito (Republic of Ecuador) Public entity	Sewage project	2/28/62 (7/10/62)	3,000,000	2,799,160	200,840	15,000	185,840	2¾	2 annual and 36 semi- annual beginning 7/10/63
Republic of Ecuador Public entity	Land settlement program	1/31/63 (10/24/63)	1,815,000 ⁴	1,815,000				1¼	59 semiannual begin- ning 10/24/64
Instituto Nacional de Colonización (Republic of Ecuador) Public entity	Land settlement project	1/31/63 (10/1/63)	2,600,000 ⁴	2,600,000				1¼	39 semiannual begin- ning 10/1/64
Republic of Ecuador Public entity	Water supply and sewage projects	2/19/63 (10/1/63)	5,500,000 ⁴	5,500,000				2¾	59 semiannual begin- ning 10/1/64
Universidad de Guayaquil (Republic of Ecuador) Public entity	Higher education	12/31/63	600,000 ⁴	600,000				1¼	39 semiannual begin- ning 12 months after date of contract
Universidad Central de Quito (Republic of Ecuador) Public entity	Higher education	12/31/63	400,000 ⁴	400,000				1¼	39 semiannual begin- ning 12 months after date of contract
TOTAL LOANS TO ECUADOR			<u>\$24,515,000</u>	<u>\$23,297,441</u>	<u>\$ 1,217,559</u>	<u>\$ 65,000</u>	<u>\$ 1,152,559</u>		

EL SALVADOR									
Banco Central de Reserva de El Salvador (Republic of El Salvador) Public entity	Agricultural credit program	8/3/61 (11/24/61)	\$ 2,000,000	\$ 1,100,000	\$ 900,000	\$ 10,000	\$ 890,000	1¼	20 annual beginning 12/1/62
Banco Central de Reserva de El Salvador (Republic of El Salvador) Public entity	Sewage projects	8/10/61 (11/17/61)	840,000	202,806	637,194	12,600	624,594	2¾	60 semiannual beginning 11/17/62
Banco Central de Reserva de El Salvador (Republic of El Salvador) Public entity	Water supply and sewage projects	10/12/61 (11/17/61)	2,700,000	543,697	2,156,303	40,500	2,115,803	2¾	60 semiannual beginning 11/17/62
Instituto de Vivienda Urbana (Republic of El Salvador) Public entity	Housing program	3/29/62 (6/7/62)	6,100,000	3,126,209	2,973,791	30,500	2,943,291	1¼	59 semiannual beginning 6/7/63
TOTAL LOANS TO EL SALVADOR			<u>\$11,640,000</u>	<u>\$ 4,972,712</u>	<u>\$ 6,667,288</u>	<u>\$ 93,600</u>	<u>\$ 6,573,688</u>		
GUATEMALA									
Banco de Guatemala Public entity	Water supply and sewage projects	3/8/62 (8/3/62)	\$ 3,500,000	\$ 3,400,000	\$ 100,000	\$ 10,000	\$ 90,000	2¾	22 annual beginning 8/3/63
Banco de Guatemala Public entity	Housing program	8/2/62 (10/1/62)	5,200,000 ⁴ 100,000	5,200,000 98,563	1,437		1,437	1¼	27 annual beginning 10/1/63
Republic of Guatemala Public entity	Agricultural credit program	2/14/63 (10/4/63)	2,500,000 ⁴	2,500,000				1¼	49 semiannual beginning 10/4/64
TOTAL LOANS TO GUATEMALA			<u>\$11,300,000</u>	<u>\$11,198,563</u>	<u>\$ 101,437</u>	<u>\$ 10,000</u>	<u>\$ 91,437</u>		
HONDURAS									
Banco Nacional de Fomento (Banco Central de Honduras) Public entity	Agricultural credit program	8/30/62 (12/1/62)	\$ 2,500,000	\$ 1,783,241	\$ 716,759	\$ 6,250	\$ 710,509	1¼	40 semiannual beginning 11/30/63
Instituto de la Vivienda (Republic of Honduras) Public entity	Housing program	12/6/62 (5/7/63)	1,000,000	1,000,000				1¼	54 semiannual beginning 5/7/64
Servicio Autónomo Nacional de Acueductos y Alcantarillados (Republic of Honduras) Public entity	Water supply project	3/7/63 (4/8/63)	2,150,000	2,150,000				2¾	49 semiannual beginning 4/8/64
Republic of Honduras Public entity	Farm-to-market roads	12/31/63	1,585,000 ⁴	1,585,000				1¼	39 semiannual beginning 12 months after date of contract
TOTAL LOANS TO HONDURAS			<u>\$ 7,235,000</u>	<u>\$ 6,518,241</u>	<u>\$ 716,759</u>	<u>\$ 6,250</u>	<u>\$ 710,509</u>		
MEXICO									
Nacional Financiera, S.A. (United States of Mexico) Public entity	Water supply projects	3/15/62 (6/15/62)	\$ 9,200,000	\$ 8,678,200	\$ 521,800		\$ 521,800	2¾	4 annual and 32 semi-annual beginning 6/15/64
Nacional Financiera, S.A. (United States of Mexico) Public entity	Land settlement project	4/19/62 (6/15/62)	1,000,000	900,000	100,000		100,000	1¼	4 annual and 32 semi-annual beginning 6/15/64

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date* Approved	Amount Approved ¹	Undisbursed Balance	Status of Loans			Interest % ²	Repayment Terms Principal Installments ³
					Disbursed	Repaid	Outstanding		
Instituto Mexicano de Investigaciones Tecnológicas, A.G. (Nacional Financiera, S.A.) Public entity	Higher education	4/19/62 (8/30/62)	400,000	317,583	82,417	\$ 15,000	67,417	1½	29 semiannual beginning 8/31/63
Nacional Financiera, S.A. (United States of Mexico) Public entity	Improved land use project	12/28/62 (6/6/63)	3,000,000	3,000,000				1½	39 semiannual beginning 6/6/64
Nacional Financiera, S.A. (United States of Mexico) Public entity	Land settlement project	6/20/63 (9/19/63)	5,000,000 ⁴	5,000,000				1½	49 semiannual beginning 9/19/64
Nacional Financiera, S.A. (United States of Mexico) Public entity	Housing program	8/27/63	10,000,000 ⁴	10,000,000				1½	59 semiannual beginning 12 months after date of contract
Nacional Financiera, S.A. (United States of Mexico) Public entity	Advanced training	12/31/63	2,100,000 ⁴	2,100,000				1½	39 semiannual beginning 12 months after date of contract
TOTAL LOANS TO MEXICO			<u>\$30,700,000</u>	<u>\$29,995,783</u>	<u>\$ 704,217</u>	<u>\$ 15,000</u>	<u>\$ 689,217</u>		
NICARAGUA									
Instituto Nicaraguense de la Vivienda Public entity	Housing program	3/29/62 (8/2/62)	\$ 5,200,000	\$ 2,136,800	\$ 3,063,200	\$ 26,000	\$ 3,037,200	1½	25 annual beginning 8/2/63
Banco Nacional de Nicaragua Public entity	Agricultural credit program	6/14/62 (9/20/62)	2,500,000	2,250,000	250,000	10,000	240,000	1½	20 annual beginning 9/20/63
Republic of Nicaragua Public entity	Sewage system studies	6/28/63 (9/27/63)	185,000 ⁴	185,000				2¾	13 semiannual beginning 9/27/64
TOTAL LOANS TO NICARAGUA			<u>\$ 7,885,000</u>	<u>\$ 4,571,800</u>	<u>\$ 3,313,200</u>	<u>\$ 36,000</u>	<u>\$ 3,277,200</u>		
PANAMA									
Instituto de Vivienda y Urbanismo (Republic of Panama) Public entity	Housing project	8/3/61 (8/22/61)	7,600,000	1,562,831	6,037,169	76,000	5,961,169	1½	27 annual beginning 9/1/62
Instituto de Acueductos y Alcantarillados Nacionales (Republic of Panama) Public entity	Water supply projects	5/31/62 (6/14/62)	2,762,000	1,975,732	786,268	13,810	772,458	2¾	27 annual beginning 6/14/63
TOTAL LOANS TO PANAMA			<u>\$10,362,000</u>	<u>\$ 3,538,563</u>	<u>\$ 6,823,437</u>	<u>\$ 89,810</u>	<u>\$ 6,733,627</u>		
PARAGUAY									
Banco Nacional de Fomento (Republic of Paraguay) Public entity	Agricultural credit program	12/20/62 (2/1/63)	\$ 2,900,000	\$ 2,800,000	\$ 100,000		\$ 100,000	1½	40 semiannual beginning 2/1/64
TOTAL LOANS TO PARAGUAY			<u>\$ 2,900,000</u>	<u>\$ 2,800,000</u>	<u>\$ 100,000</u>		<u>\$ 100,000</u>		
PERU									
Republic of Peru Public entity	Housing program	10/19/61 (11/24/61)	\$22,800,000	\$13,933,550	\$ 8,866,450	\$ 228,000	\$ 8,638,450	1½	20 annual beginning 11/23/62

Cooperativa de Crédito Central del Perú (Republic of Peru) <i>Private entity</i>	Rural development project	10/19/61 (10/27/61)	1,000,000	200,000	800,000	50,000	750,000	1¼	21 annual beginning 10/27/62
Asociación Mutual de Crédito para la Vivienda "El Pueblo" (Republic of Peru) <i>Private entity</i>	Housing project	3/15/62 (5/1/62)	1,000,000	263,662	736,338	12,500	723,838	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)	1,500,000 ⁴	1,500,000				1¼	29 semiannual beginning 12/17/63
TOTAL LOANS TO PERU			<u>\$26,300,000</u>	<u>\$15,897,212</u>	<u>\$10,402,788</u>	<u>\$ 290,500</u>	<u>\$10,112,288</u>		
URUGUAY									
Gobierno del Departamento de Montevideo <i>Public entity</i>	Sewage project	12/7/61	\$ 2,500,000 ⁴	\$ 2,500,000				2¾	41 semiannual beginning 12 months after date of contract
Republic of Uruguay <i>Public entity</i>	Housing program	9/20/62 (5/21/63)	8,000,000 ⁴	8,000,000				1¼	51 semiannual beginning 5/18/64
TOTAL LOANS TO URUGUAY			<u>\$10,500,000</u>	<u>\$10,500,000</u>					
VENEZUELA									
Banco Obrero de Venezuela (Republic of Venezuela) <i>Public entity</i>	Housing program	8/3/61 (11/15/61)	\$12,000,000	\$ 5,514,112	\$ 6,485,888	\$ 400,000	\$ 6,085,888	1¼	40 semiannual beginning 5/15/62
Republic of Venezuela <i>Public entity</i>	Water supply projects	12/7/61 (5/3/62)	10,000,000	4,418,555	5,581,445	80,000	5,501,445	2¾	39 semiannual beginning 4/30/63
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) <i>Public entity</i>	Water supply projects	12/14/61 (5/3/62)	10,000,000	2,437,894	7,562,106	80,000	7,482,106	2¾	20 annual beginning 4/30/63
Banco Obrero de Venezuela (Republic of Venezuela) <i>Public entity</i>	Housing program	3/29/62 (6/8/62)	10,000,000	9,000,000	1,000,000	50,000	950,000	1¼	22 annual beginning 6/8/63
Instituto Agrario Nacional (Republic of Venezuela) <i>Public entity</i>	Land settlement program	11/8/62 (12/19/62)	10,000,000	9,701,438	298,562		298,562	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)	1,000,000 ⁴	1,000,000				1¼	29 semiannual beginning 10/17/64
TOTAL LOANS TO VENEZUELA			<u>\$53,000,000</u>	<u>\$32,071,999</u>	<u>\$20,928,001</u>	<u>\$ 610,000</u>	<u>\$20,318,001</u>		

Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date* Approved	Amount Approved ¹	Undisbursed Balance	Status of Loans			Interest % ²	Repayment Terms Principal Installments ³
					Disbursed	Repaid	Outstanding		
CENTRAL AMERICA Universities of Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua (Republics of Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua) Public entities	Higher education	12/20/62 (6/17/63)	\$ 2,925,000 ⁴	\$ 2,925,000				1¼	35 semiannual begin- ning 6/18/64
TOTAL LOANS TO CENTRAL AMERICA			<u>\$ 2,925,000</u>	<u>\$ 2,925,000</u>					
GRAND TOTAL			<u>\$367,632,000</u>	<u>\$278,984,379</u>	<u>\$ 88,647,621</u>	<u>\$ 1,692,141</u>	<u>\$ 86,955,480</u>		

¹ All Social Progress Trust Fund loans are made in U.S. dollars.
² In addition to the interest rate shown, all loans have a service charge of 0.75% per annum on principal amounts outstanding.
³ Interest and amortizations may be made in local currency.
⁴ Not eligible for disbursement.
* Date of approval of the loan and, in parenthesis, date of respective loan contract.
Note: Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$5,810,313.

**GENERAL
APPENDICES**



Governors and Alternate Governors

COUNTRY	GOVERNOR	ALTERNATE
ARGENTINA	Félix Gilberto María Elizalde	Enrique García Vázquez
BOLIVIA	Alfonso Gumucio Reyes	Roberto Jordán Pando
BRAZIL	Ney Neves Galvão	Octavio Augusto Dias Carneiro
CHILE		Luis Mackenna
COLOMBIA	Emilio Toro	Antonio José Gutiérrez
COSTA RICA	Carlos Manuel Escalante D.	Alvaro Castro Jenkins
DOMINICAN REPUBLIC	Diógenes H. Fernández	Luis Scheker
ECUADOR	José C. Cárdenas	Enrique Amador Márquez
EL SALVADOR	Abelardo Torres	Guillermo Hidalgo Qüehl
GUATEMALA	Carlos E. Peralta Méndez	Jorge L. Caballeros Mazariegos
HAITI	Marcel Daumec	
HONDURAS	Tomás Cálix Moncada	Roberto Ramírez
MEXICO	Antonio Ortiz Mena	Rodrigo Gómez
NICARAGUA	Andrés García Pérez	Francisco J. Laínez M.
PANAMA	Julio E. Linares	Miguel A. Corro
PARAGUAY	César Barrientos	César Romeo Acosta
PERU	Hipólito Larrabure Price	Ramón Remolina Serrano
UNITED STATES	C. Douglas Dillon	David E. Bell
URUGUAY	Juan Eduardo Azzini	Raúl Ibarra San Martín
VENEZUELA	Andrés Germán Otero	Héctor Hurtado

As of Feb. 27, 1964

Executive Directors and Alternates

		NO. OF VOTES	PERCENTAGE
Manuel Barros Sierra	Elected by:	DOMINICAN REPUBLIC	687 0.82
MEXICO		EL SALVADOR	549 0.65
Julio E. Heurtematte (Alternate)		GUATEMALA	687 0.82
PANAMA		HONDURAS	549 0.65
		MEXICO	6,765 8.05
		PANAMA	549 0.65
		URUGUAY	1,241 1.48
		<u>11,027</u>	<u>13.12</u>
Guillermo Bedregal Gutiérrez	Elected by:	BOLIVIA	963 1.15
BOLIVIA		PARAGUAY	549 0.65
Julio Solsona Flores (Alternate)		<u>1,512</u>	<u>1.80</u>
URUGUAY			
Francisco Norberto Castro	Elected by:	ARGENTINA	10,449 12.44
ARGENTINA		PERU	1,517 1.81
Juan Ramírez V. (Alternate)		<u>11,966</u>	<u>14.25</u>
PERU			
Raúl Hess	Elected by:	COSTA RICA	549 0.65
COSTA RICA		NICARAGUA	549 0.65
José María Castillo (Alternate)		<u>1,098</u>	<u>1.30</u>
NICARAGUA			
Tom Killefer	Appointed by:	UNITED STATES	35,135 41.82
UNITED STATES			
Alexander M. Rosenson (Alternate)			
UNITED STATES			
Cleantho de Paiva Leite	Elected by:	BRAZIL	10,449 12.44
BRAZIL		ECUADOR	687 0.82
Federico Intrigo Arrata (Alternate)		HAITI	549 0.65
ECUADOR		<u>11,685</u>	<u>13.91</u>
Oscar Niemtschik	Elected by:	COLOMBIA	2,965 3.53
VENEZUELA		CHILE	2,967 3.53
Luis Fernando Echavarría V. (Alternate)		VENEZUELA	5,661 6.74
COLOMBIA		<u>11,593</u>	<u>13.80</u>
		TOTAL	<u>84,016</u> <u>100.00</u>

As of Feb. 27, 1964

Principal Officers of the Bank

President	Felipe Herrera
Executive Vice-President	T. Graydon Upton
Financial-Administrative Department	
Manager	Ignacio Copete-Lizarralde
Financial Advisor	Robert B. Menapace
Treasurer	Carlos A. Paz
Secretary	Jorge Hazera
Director, Division of Administration	Fausto Ruggiero
Director, Division of Information	Joaquín E. Meyer
Operations Department	
Manager	Ewaldo Correia Lima
Director, Loan Division, Northern Zone	Guillermo Moore
Director, Loan Division, Southern Zone	G. Lincoln Sandelin
Director, Project Analysis Division	Alfredo E. Hernández
Director, Operations Control Division	Hawthorne Arey
Technical Department	
Manager	Alfonso Rochac
Director, Economic Development Division	Pedro Irañeta
Director, Social Development Division	Alfred C. Wolf
Coordinator, Technical Assistance Division	Milton Messina
Office of the General Counsel	
General Counsel	Elting Arnold
Deputy General Counsel	Rodrigo Llorente
Office in Europe	
Representative in Europe	Julio González del Solar

As of Feb. 27, 1964

Channels of Communication 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'Haiti
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 Feb. 27, 1964

