

1962

**INTER-AMERICAN DEVELOPMENT BANK**  
THIRD ANNUAL REPORT



**Part I**

**Part II**

**Part III**





## THE CONTENTS

- 3 President's Letter of Transmittal
- 5 Introduction

### ORDINARY CAPITAL RESOURCES

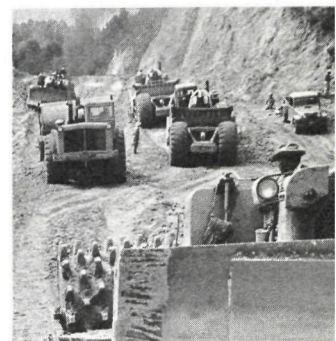
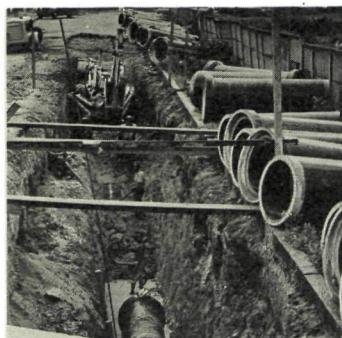
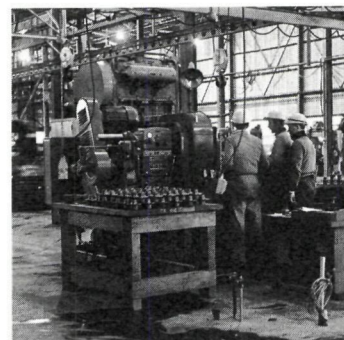
- 13 Resources
- 15 Loans
- 17 Description of Loans
- 28 Technical Assistance
- 30 Board of Governors
- 31 Administration
- 31 Relations with Other Organizations
- 33 Financial Operations
- 34 Financial Statements
- 43 General Appendices

### FUND FOR SPECIAL OPERATIONS

- 59 Resources
- 59 Loans
- 61 Description of Loans
- 68 Financial Operations
- 69 Financial Statements
- 78 Appendix

### SOCIAL PROGRESS TRUST FUND

- 85 Activities
- 86 Loans
- 87 Description of Loans
- 102 Technical Assistance
- 104 Financial Operations
- 105 Financial Statements
- 113 Appendix









## **Inter-American Development Bank**

Washington, D. C., February 21, 1963

Mr. Chairman:

Pursuant to Section 2 of the By-laws of the Bank, the Board of Executive Directors has authorized me to submit to the Board of Governors the Annual Report of the Bank for 1962.

The first part of this document, pages 13 to 56, contains the Bank's Annual Report 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 58 to 83, presents a separate report and the financial statements on the Fund for Special Operations, in accordance with the provisions of Article IV, Section 8(d), of the Agreement.

In the third part, pages 85 to 119, the Bank, as Administrator of the Social Progress Trust Fund, presents a separate summary and the financial statements on the Trust Fund, pursuant to Section 5.04 of the Trust Agreement signed between the United States Government and the Bank on June 19, 1961.

The report is prefaced by an introduction which serves to relate these three parts.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Felipe Herrera", with a long horizontal flourish extending to the left.

FELIPE HERRERA, *President*

Chairman, Board of Governors  
INTER-AMERICAN DEVELOPMENT BANK



## The Inter-American Development Bank

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**1957 August 15-September 4:** The Economic Conference of the Organization of American States in Buenos Aires recommends that the Inter-American Economic and Social Council convoke a specialized committee to continue studies on the establishment of an inter-American financial institution, long sought by the Latin American countries.

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**1958 September 24:** An informal 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 such an institution.

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**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 Final Act of the Specialized Committee, containing the Agreement Establishing the Bank, is signed.  
**December 30:** The Agreement Establishing the Bank enters into effect.

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**1960 February 13-16:** First Meeting of the Board of Governors is held in San Salvador, El Salvador. The By-laws of the Bank and the Regulations of the Board of Governors are approved. The President of the Bank is elected for a five-year term, and six Executive Directors, representing the Latin American countries, are elected for three-year terms. The United States accredits its Executive Director.  
**February 16:** The Board of Executive Directors holds its first meeting.  
**September 12:** Third Meeting of the Special Committee to Study the Formulation of New Measures for Economic Cooperation, within the spirit of "Operation Pan America" proposed by President Kubitschek in 1958, opens at 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.

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**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.

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**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.

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## Introduction

This document, which contains three separate reports, describes the activities of the Inter-American Development Bank during 1962: a year in which the Bank was further strengthened and in which the scope of its activities in fostering the economic and social development of its member countries in Latin America grew in importance. The first report covers operations pertaining to the ordinary capital resources; the second, the activities of the Fund for Special Operations, and the third, those of the Social Progress Trust Fund which the Bank holds and administers under a trust agreement.

The Bank's lending volume in 1962 was higher than that achieved in 1961. A total of 68 loans amounting to the equivalent of \$329,393,432<sup>1</sup> was approved from the Bank's three sources of funds, compared with 73 loans totaling \$293,695,118 authorized during 1961. As of December 31, 1962, the Bank's total lending volume had risen to \$617,666,854, taking into account deductions for cancellations and exchange adjustments.<sup>2</sup> This volume represents approximately 39 per cent of the total cost of the projects which the Bank is helping to finance. Thus the Bank's financing has led to a very important mobilization of domestic resources.

5

A breakdown of the loans approved from the three "windows" follows:

*Ordinary capital resources*, 19 loans totaling \$83,694,187. Loans from the ordinary capital resources are extended on conditions, including interest rates and terms and currencies of repayment, similar to those granted by other international financial institutions for normal credit operations. In extending such loans the Bank gives primary weight to the contribution which the project will make to the economic growth of the member country as well as to the productivity of the project. Indicative of the soundness of the credits is the fact that the Bank has sold participations in the early maturities of many of these loans to commercial banks in the United

<sup>1</sup> Throughout the rest of this document dollar figures may include, as appropriate, both U.S. dollars and the U.S. dollar equivalent of such amounts in other currencies as may be involved.

<sup>2</sup> Cancellations totaled \$900,625 and exchange adjustments amounted to \$4,521,071.

States and Western Europe. As of December 31, 1962, such participations had risen to a total of \$7,671,742.

*Fund for Special Operations*, 14 loans aggregating \$40,772,245. Loans from the Fund for Special Operations are made on more flexible terms and conditions than those from the ordinary capital resources in order to deal with special circumstances arising in specific countries or with regard to specific projects. The conditions include possible repayment in the currency of the borrowing country, lower interest rates and longer terms of repayment.

6 *Social Progress Trust Fund*, 35 loans amounting to \$204,927,000. The Trust Fund is administered by the Bank under a trust agreement signed with the United States Government on June 19, 1961. The resources of this Fund are used to extend loans and provide technical assistance to help member countries achieve greater social progress and more balanced economic growth. Such loans are extended for projects in four specific social development fields, on flexible terms and conditions, including repayment in local currency, low interest rates and long amortization periods. The four fields are land settlement and improved land use, housing for low-income groups, community water supply and sanitation facilities and higher education and advanced training.

**T**he increase in the Bank's lending volume in 1962 was accompanied by a considerable rise in disbursements. These rose from \$6,606,297 at the end of 1961 to \$65,282,146 at the end of 1962 including participations.

**D**uring the course of the year all member countries completed payments on their subscriptions to the ordinary capital resources. Significantly, many of them did so in advance of the October 31, 1962, date set by the Bank for the payment of the third and final installment. Of the subscribed capital of \$813,160,000, an amount of \$381,580,000 has been completely paid in according to the terms of the Agreement Establishing the Bank. The remainder, which is the callable capital, amounting to \$431,580,000, serves as security for obligations the Bank sells on the capital markets. Of the paid-in part, a



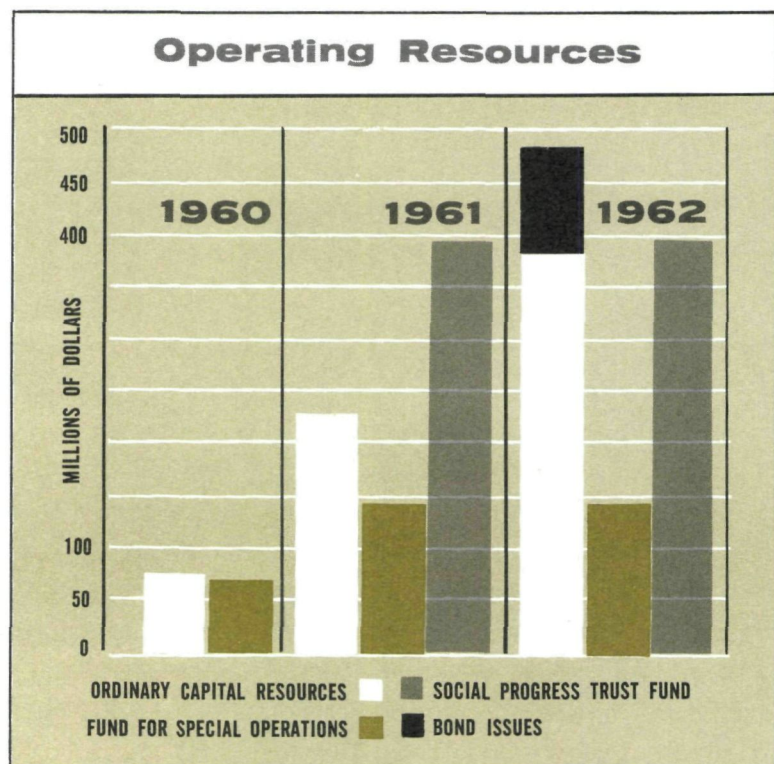
total of \$265,790,000 has been paid in gold or U.S. dollars and \$115,790,000 in currencies of other member countries.

In order to increase the lendable resources of the ordinary capital, the Bank in 1962 exercised for the first time the powers granted to it in the Agreement of raising funds in the financial markets, and sold two issues of bonds totaling nearly \$100 million. The first of these, for 15 billion freely convertible lire, equivalent to \$24,193,548, was sold in Italy on April 5. The issue was acquired by a banking group headed by the Banca d'Italia, managed by Mediobanca and which included five other leading Italian commercial banks.

The second issue, for \$75 million, was underwritten by a group of 102 United States investment banking houses and commercial banks, under the joint management of Lazard Frères & Co., Lehman Brothers and Blyth and Co., Inc., which sold the issue to the public on December 11.

The proceeds of these two bond issues have been incorporated in the ordinary capital resources of the Bank.

7



**T**he Bank's role in the technical assistance field grew in importance, particularly in connection with loans which it made and with reimbursable pre-investment studies on projects for possible financing. With its non-reimbursable technical assistance the Bank placed special emphasis on training Latin American professionals, particularly in fields connected with development banks, agricultural credit and land reform. The value of technical assistance operations rose from \$4,335,317 in 1961 to \$9,138,835 in 1962.

8 **L**ooking to the Bank's possible future needs, the Board of Governors at its Third Annual Meeting in Buenos Aires in April, asked the Board of Executive Directors to consider the question of enlarging the resources of the Bank through an increase in its authorized capital stock or an increase in the resources of the Fund for Special Operations, or both. In another resolution the Governors asked the Directors to carry out a study and make a report on the various systems or mechanisms appropriate to provide for the financing of Latin American exports, and, if pertinent, to submit a proposal to the Governors on the subject, and to study the conditions under which a regional system of export credit insurance might be established. These mandates have received the careful consideration of the Bank's staff and of its Board of Executive Directors. The report on export financing was submitted to the Governors on February 11, 1963, and the one on increasing the Bank's resources will be presented in due course.

**T**he increasingly important part played by the Bank in carrying out the objectives of the Alliance for Progress is illustrated by its role in connection with the national development programs of Bolivia and Colombia. In July 1962 the U.S. Agency for International Development and the Bank entered an agreement calling for the financing of specific projects totaling more than \$80 million to accelerate Bolivia's economic and social development. Of this amount, the Bank agreed to consider applications for more than \$20 million in loans from its own resources and those of the Social Progress Trust Fund. The arrangement grew out of recommendations of an ad-hoc



committee of experts which, in accordance with the terms of the Charter of Punta del Este, reviewed Bolivia's 10-year economic and social development plan.

The Bank is participating in the advisory group which is giving consideration to the external financing needed for Colombia's national development plan. The group is made up of international financial institutions and the leading capital exporting countries, including the United States and those of Western Europe. Its function is that of coordinating the outside assistance needed to finance specific projects within the plan, which also had previously been evaluated by an ad-hoc committee of experts.

**T**he First Annual Meeting of the Inter-American Economic and Social Council at the Ministerial Level, held in Mexico City, reviewed the achievements of the first year of the Alliance for Progress and adopted a number of measures affecting the Bank. One of these recognized the Bank's accomplishments and the especially important role played by the Social Progress Trust Fund in the Alliance for Progress. The resolution took note of the statements of several delegations to the effect that their governments intended to expand the resources of the Bank and of the intention of the U.S. Government to contribute more funds for the purposes of the Social Progress Trust Fund. After the period covered by this report, President Kennedy on January 16, 1963, asked the United States Congress in his budget message to approve an additional \$200 million to replenish the Trust Fund during the 1963-64 fiscal year.

9

At the Mexico City meeting the Bank offered to initiate a technical assistance program to study measures and promote projects designed to encourage and speed up the Latin American economic integration process. In the final report of the conference this offer was noted with satisfaction.

**D**uring 1962 the net income from the Bank's ordinary capital resources was \$2,807,285 and from the Fund for Special Operations, before charges for technical assistance, was \$1,269,587. After deducting technical assistance, net income of the Fund was \$602,045. Thus the net income of both sources of funds reached \$3,409,330.

## APPROVED LOANS

(Expressed in thousands of U.S. dollars)

COUNTRY	In 1962		Up to December 31, 1962	
	NUMBER	AMOUNT	NUMBER	AMOUNT
Argentina	6	\$ 43,641	12	\$ 72,161
Bolivia	2	9,100	4	23,600
Brazil	11	82,180	20	113,765
Chile	6	29,863	14	62,557
Colombia	5	17,080	12	51,338
Costa Rica	3	8,501	5	15,002
Dominican Republic	2	6,500	2	6,500
Ecuador	4	19,697	6	24,405
El Salvador	1	6,100	9	17,499
Guatemala	2	8,800	5	14,100
Haiti			1	3,500
Honduras	3	9,500	7	13,220
Mexico	6	20,544	8	36,544
Nicaragua	2	7,700	3	9,700
Panama	1	2,762	3	13,262
Paraguay	3	4,100	6	7,900
Peru	3	5,000	7	34,213
Uruguay	3	16,700	6	25,583
Venezuela	4	28,700	8	69,893
Central America	1	2,925	1	2,925
Total	68	\$329,393	139	\$617,667







BANK'S OWN RESOURCES

- ★ DEVELOPMENT LOANS FOR RELENDING
- INDUSTRY
- TRANSPORTATION
- TECHNICAL ASSISTANCE
- AGRICULTURE
- WATER SUPPLY
- ELECTRIC POWER

SOCIAL PROGRESS TRUST FUND

- IMPROVED LAND USE
- HOUSING
- WATER SUPPLY AND SANITATION
- ADVANCED EDUCATION

**LENDING ACTIVITIES**







## Part I:

# ORDINARY CAPITAL RESOURCES

Operations / Fiscal Year 1962

## Resources

Four leading events connected with the ordinary capital resources of the Bank took place in 1962. These were:

- All member countries completed payments of the third and final quota of the paid-in capital.
- The Bank sold nearly \$100 million in bonds in financial markets in order to increase its lendable resources.
- The rate of disbursements on approved loans rose notably.
- The Board of Governors asked the Board of Executive Directors to consider the possibility of increasing the Bank's authorized capital in view of the rapid lending rate maintained during the initial period of operations.

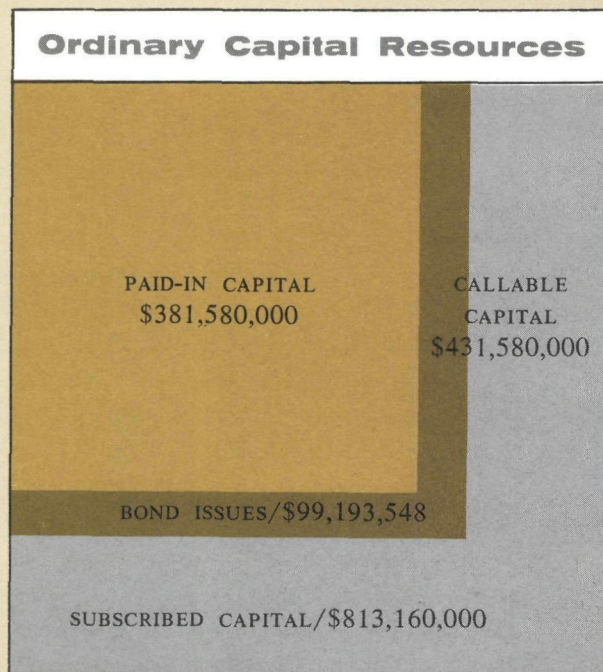
Under the terms of the Agreement Establishing the Bank, the subscribed ordinary capital resources of the Bank amount to \$813,160,000. Of this sum \$381,580,000 is paid-in capital and \$431,580,000 is callable capital.

The last installment of the paid-in capital was due October 31, 1962. The member countries paid in their entire subscriptions within the period established by the Agreement and several did so in advance of the due date. Half of these payments were made in gold or United States dollars and half in

the currencies of the respective member countries. The Agreement obliges member countries to maintain the value of the latter currencies in terms of United States dollars of the weight and fineness in effect on January 1, 1959.

The subscriptions to the ordinary capital resources are shown on the next page.

13



UP TO DECEMBER 31, 1962



## Subscriptions to the Ordinary Capital Resources

(Expressed in United States Dollars)

COUNTRY	PAID IN DOLLARS	PAID IN MEMBER CURRENCY	TOTAL PAID IN	CALLABLE SUBSCRIPTION	TOTAL
Argentina	\$ 25,785,000	\$ 25,785,000	\$ 51,570,000	\$ 51,570,000	\$103,140,000
Bolivia	2,070,000	2,070,000	4,140,000	4,140,000	8,280,000
Brazil	25,785,000	25,785,000	51,570,000	51,570,000	103,140,000
Chile	7,080,000	7,080,000	14,160,000	14,160,000	28,320,000
Colombia	7,075,000	7,075,000	14,150,000	14,150,000	28,300,000
Costa Rica	1,035,000	1,035,000	2,070,000	2,070,000	4,140,000
Dominican Republic	1,380,000	1,380,000	2,760,000	2,760,000	5,520,000
Ecuador	1,380,000	1,380,000	2,760,000	2,760,000	5,520,000
El Salvador	1,035,000	1,035,000	2,070,000	2,070,000	4,140,000
Guatemala	1,380,000	1,380,000	2,760,000	2,760,000	5,520,000
Haiti	1,035,000	1,035,000	2,070,000	2,070,000	4,140,000
Honduras	1,035,000	1,035,000	2,070,000	2,070,000	4,140,000
Mexico	16,575,000	16,575,000	33,150,000	33,150,000	66,300,000
Nicaragua	1,035,000	1,035,000	2,070,000	2,070,000	4,140,000
Panama	1,035,000	1,035,000	2,070,000	2,070,000	4,140,000
Paraguay	1,035,000	1,035,000	2,070,000	2,070,000	4,140,000
Peru	3,455,000	3,455,000	6,910,000	6,910,000	13,820,000
United States	150,000,000	—	150,000,000	200,000,000	350,000,000
Uruguay	2,765,000	2,765,000	5,530,000	5,530,000	11,060,000
Venezuela	13,815,000	13,815,000	27,630,000	27,630,000	55,260,000
Total	\$265,790,000	\$115,790,000	\$381,580,000	\$431,580,000	\$813,160,000

The callable capital constitutes, in effect, a guarantee for the securities which the Bank issues. In its second year of operations, the Bank successfully sold two bond issues totaling nearly \$100 million in Italy and the United States, thus carrying out one of the Bank's primary functions, that of channeling financial resources from the more advanced countries to the development of Latin America.

The first of these, totaling 15 billion Italian lire, equivalent to \$24,193,548, was sold on April 5 to a consortium of Italian banks headed by Banca d'Italia, managed by Mediobanca and which included the Banca Nazionale del Lavoro, Banco di Napoli, Banca Commerciale Italiana, Credito Italiano and Banco di Roma. The proceeds of the issue are freely convertible into other currencies. The issue, known as "5% Italian Lire Bonds of 1962," will mature April 1, 1982, but the Bank may, at its option, redeem all or part of the issue at par

on April 1, 1965, or on any subsequent interest payment date.

On December 11, the Bank placed a \$75 million bond issue in the capital market of the United States. The issue was underwritten by a syndicate of 102 United States investment banking houses and commercial banks under the joint management of Lazard Frères & Co., Lehman Brothers and Blyth and Co., Inc., of New York, which offered the bonds to the public at 100. The issue was completely sold out the same day and as a result of the demand the bonds were quoted at prices higher than par. Some \$2,400,000 of the issue was sold in countries outside the United States. The bonds bear interest at 4¼%, will mature in 20 years and are redeemable through a sinking fund which will retire \$5 million annually at par beginning in 1968. The bonds may not otherwise be redeemed before December 15, 1972. The Bank may redeem them, in whole or in part, on December



15, 1972, or on any date up to December 14, 1975, at a price of 102½ and subsequently at decreasing prices.

The issue was rated Triple A, the highest rating given by the three principal firms that rate securities in the United States for the information of the investing public.

The Bank's bonds can now be acquired by approximately 85 per cent of the United States institutional investment market. All national and State banks that are members of the Federal Reserve System are legally eligible to purchase the bonds. In the leading financial States the necessary legislation has been passed authorizing various classes of investors which are regulated by law, such as insurance companies, savings banks and trustees, to purchase the Bank's securities. The Bank is continuing efforts to secure approval of similar legislation in the remaining states.

As noted previously, the rate of disbursements on approved loans increased markedly during the year. As of December 31, 1961, total disbursements on loans from the ordinary resources amounted to \$3,176,374. At the end of 1962 this figure had risen to \$31,197,261 including participations.

Both the dollar portion of the funds received in payment of installments of the paid-in capital and the proceeds of the sale of the two bond issues made during the year, not required for loan disbursements, have been invested in United States Government short-term obligations or in time deposits in commercial banks represented in most instances by negotiable time certificates of deposit.

In outlining the Bank's operations during the previous year, the Administration pointed out at the Third Annual Meeting of the Board of Governors that the Bank would need increased resources in the future if it were to maintain the lending rate which it had achieved up to then. In view of this situation, the Board of Governors approved a resolution stating that "in accordance with the corresponding provisions of the Agreement Establishing the Bank, the Executive Directors promptly consider the question of enlarging the resources of the Bank through an increase in its authorized capital stock or an increase in the resources of the Fund for Special Operations or both, and, that if, having regard to the views expressed by

the Governors and considering all other aspects of the matter, the Executive Directors find that action to increase the resources would be desirable, they submit an appropriate proposal to the Board of Governors."

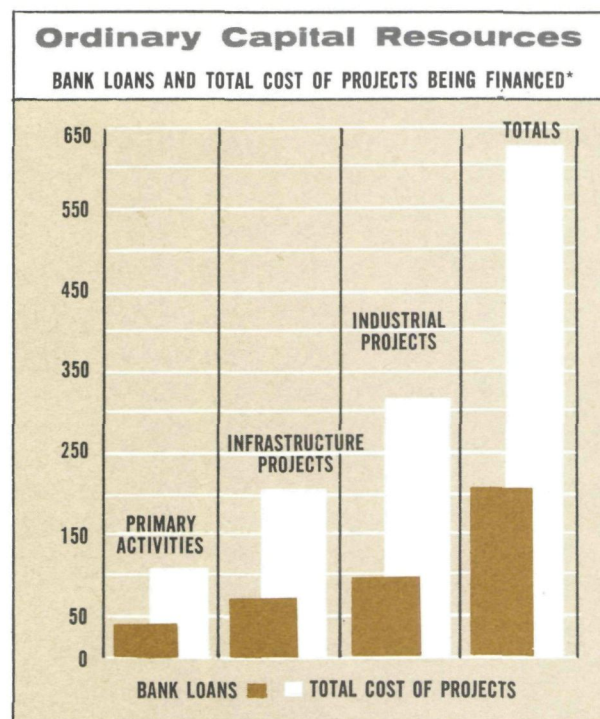
In compliance with this mandate, the Board of Executive Directors and the staff of the Bank has carried out a study which will be presented to the Board of Governors. According to the terms of the Agreement, an increase in the ordinary capital resources of the Bank must be approved by a two-thirds majority of the total number of Governors representing not less than three-fourths of the total voting power of the member countries.

## Loans

During 1962, the Bank authorized 19 loans for a total of \$83,694,187 from its ordinary capital resources.

Six of these loans, for a total of \$24,270,487, were made directly to private enterprises. One was granted in Argentina for a plant to process citrus products; one each in Argentina and Brazil for the production of automotive parts; one each in Chile and Colombia for pulp production, and one in Costa Rica for a cement plant.

15



Two loans, aggregating \$5,501,631, were extended to development or credit agencies for relending to small and medium private enterprises. In Costa Rica, one of these will be relent for the purchase of machinery and building construction equipment as part of an industrial development plan. The other, also part of an industrial development program, was extended in Peru. It will help to redistribute and decentralize manufacturing activities and thus aid to bring about a better geographic balance in such industries.

Two loans, totaling \$8,215,000, were extended to governmental agencies to help finance manufacturing activities. One of these will help Uruguay to expand a cement factory and enlarge and improve a petroleum refinery; the other will partially finance the construction of a synthetic rubber factory in the Northeast of Brazil.

Two loans, totaling \$10,000,000, were made to improve and expand water supply and sewage services. One will expand the water system of Maracaibo, Venezuela, and the other will help Colombia to construct or expand water supply and sewage systems in various cities in the country. Three loans, totaling \$9,407,069, were authorized for irrigation projects. One in the central area of Chile, and two in Mexico—one in the States of Zacatecas, Colima and Guerrero and the other in the Temascalcingo Valley in the State of Mexico.

Two loans, totaling \$17,700,000, will help finance the expansion of electric power facilities in Brazil and Costa Rica. A loan for \$4,100,000 will be used

for highway construction in Uruguay, and another for \$4,500,000 will help a farm mechanization project in the State of São Paulo, Brazil.

The financing of each project has been studied on an individual basis. This has permitted a determination of the conditions, such as the term of the loan and the nature of the guarantee, best suited for the particular project.

In its lending policy, the Bank has paid particular attention to the mobilization of public and private resources in each country. Thus, the loans made by the Bank from the ordinary capital resources through the end of the year represent 37 per cent of the total cost of the projects.

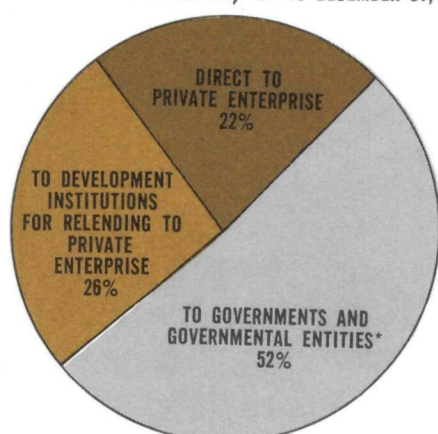
The principle that the Bank supplements and does not substitute other sources of financing is illustrated by the fact that one of the private enterprise loans was made in coordination with an investment of the International Finance Corporation, an affiliate of the World Bank, and with credits from foreign suppliers. Several other loans have also been linked with credits from external financial sources.

Maturities on loans for manufacturing enterprises take into account the turn over of the capital investment. They have varied from eight to 12 years and certain limitations have generally been imposed on the payment of dividends in order to strengthen the financial position of the debtor and, consequently, its capacity to repay the loan. Credits for economic infrastructure projects have generally been made for periods of up to 20 years.

The 19 loans for \$83,694,187, authorized from the ordinary capital resources during 1962, included \$64,620,000 in U.S. dollars, \$6,324,187 in other member currencies and \$12,750,000 in Italian lire. During the year, 23 commercial banks in the United States and Western Europe participated in the early maturities of many of these loans for \$3,080,095. In addition the Bank sold two participations from its 1961 portfolio of loans for a total of \$200,000. These participations were made without the guarantee of the Inter-American Bank. Among the participants were 18 banks in the United States, three in Belgium, one in the Netherlands and one in Switzerland. Total participations numbered 37 during the year. The Bank's cumulative total of participations as of December 31, 1962, was \$7,671,742.

16

**Loans**  
ORDINARY CAPITAL RESOURCES/ UP TO DECEMBER 31, 1962



\* INCLUDES TECHNICAL ASSISTANCE LOANS





*The construction of this fishing vessel is made possible by a \$6 million loan being relent in Chile to aid private projects.*

## **Description of Loans**

This section describes loans authorized by the Bank during 1962 from its ordinary capital resources. The loans are 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 includes the 1 per cent special commission which is

allocated to the Bank's Special Reserve. Loans also carry a commitment fee of  $\frac{3}{4}$  of 1 per cent on the undisbursed balance. The Italian lira portion of loans having a lira content also carries a service commission of 1 per cent and an additional commitment fee of  $\frac{3}{4}$  of 1 per cent. The terms of the loans described here varied between 8 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 of various types in a form satisfactory to it on all loans.



## A. Direct Private Enterprise Loans

### Argentina

#### CITRUS FRUIT PROCESSING PLANT

**\$1,510,487 14-year 5¾% loan of February 21, 1962**  
(*\$1.3 million and 28 million Argentine pesos*)

##### *Borrower:*

CORPORACION ENTREERRIANA DE CITRUS, SOCIEDAD ANONIMA DE ECONOMIA MIXTA, INDUSTRIAL, COMERCIAL Y FINANCIERA

Argentina is one of the world's largest citrus fruit growers. Its yearly average production of between 500,000 and 600,000 tons is exceeded by only six other countries. However, the country's citrus fruit processing capacity is only 25,000 tons a year.

The loan will finance 48 per cent of the cost of installing a plant at Concordia to process citrus fruit products. The plant will have the capacity to convert 60,000 tons of fruits a year into pasteurized canned juice, concentrated juice, dehydrated juice, aromatic oils and animal feeds. The corporation plans to sell part of its production abroad, thus creating a new source of foreign exchange for the country. The loan is guaranteed by the Provincia de Entre Ríos.

#### AUTOMOBILE COMPONENTS PLANT

**\$2 million 8-year 5¾% loan of March 8, 1962**  
(*\$1.25 million and 465 million Italian lire*)<sup>1</sup>

##### *Borrower:*

ARMETAL, INDUSTRIA ARGENTINA DE METALES, S.A.

The development of the Argentine automobile industry in the last few years has created a growing demand for spare parts and other components which can be supplied by intermediate industries.

The loan will contribute to the development of one such industry by financing 35 per cent of the cost of a factory which will produce 40,000 chassis

frames and 200,000 wheel hubs and brake drums a year. ARMETAL expects by 1966 to meet some 53 per cent of that portion of the market for wheel hubs and brake drums currently supplied through imports and 55 per cent of the market for chassis frames now dependent on imports. This could represent a net saving of about \$7 million a year in foreign exchange for Argentina. The loan is guaranteed by the Banco Industrial de la República Argentina.

*Participations*—The First Pennsylvania Banking and Trust Company and Girard Trust Corn Exchange Bank, both of Philadelphia, are participating in the loan for a total of \$500,000.

### Brazil

#### AUTOMOBILE CASTINGS PLANT

**\$560,000 8-year 5¾% loan of February 15, 1962**

##### *Borrower:*

FUNDIÇÃO TUPY S.A.

Brazil's size, its agricultural development goals and projections for the growth of the automobile industry, already relatively advanced, indicate a yearly demand of from 200,000 to 300,000 motor vehicles, including 10,000 to 15,000 tractors, within the next few years.

The loan is financing 34 per cent of the cost of an iron foundry that will produce castings for the automobile industry, as well as the first tractor parts to be manufactured in Brazil. Tupy is one of several plants now supplying parts to the automobile industry. The new foundry, which will employ about 500 persons, will have an annual capacity of 3,600 tons of parts for automobiles, trucks and tractors such as brake drums and linings and steering and differential casings. The increase in production of automobile parts alone is expected to result in annual gross foreign exchange savings of about \$500,000. The loan is secured by a mortgage.

<sup>1</sup> See conditions applicable to loans in which Italian lire are used (page 17).



## Chile

### EXPANSION OF PULP MILL

**\$16 million 15-year 5¾% loan of November 8, 1962**

*(\$6.4 million, \$1.6 million in escudos and 4.96 billion Italian lire)<sup>1</sup>*

#### *Borrower:*

COMPAÑIA MANUFACTURERA DE PAPELES Y CARTONES, S.A.

In 1960 the Chilean Government approved a 10-year development plan prepared by the Chilean Development Corporation (CORFO) to correct the imbalance in several sectors of the Chilean economy and increase the economic growth rate. The 10-year plan envisions various measures tending to promote industrial activity and gives high priority to the development of lumbering and related industries. One of the major projects in the private sector is the expansion of pulp production.

This loan will help finance the expansion of the borrower's plant at Laja in southern Chile. The financing has been effected jointly with the International Finance Corporation, an affiliate of the World Bank. The Inter-American Bank loan will finance about 50 per cent of the expansion program which will help to reduce production costs and strengthen Chile's competitive position in the international pulp market. IFC is providing 10 per cent of the project's cost and suppliers' credits, another 16 per cent. The borrower is financing the remainder. Total cost of the project is approximately \$32 million.

Compañía Manufacturera de Papeles y Cartones, S.A., a firm with more than 14,000 stockholders, has met virtually all of Chile's newsprint, pulp and paper needs in recent years. This has represented a substantial saving of foreign exchange for the country. The firm is also producing a surplus for export, largely for the Latin American market. During fiscal year 1961-62, its pulp production was more than 84,000 tons, 24,400 tons of which were sold abroad. It is estimated that up to 100,000 metric tons of pulp a year can be exported to Latin American customers once the expansion program is carried out.

<sup>1</sup> See conditions applicable to loans in which Italian lire are used (page 17).

This would represent about \$10 million a year in foreign exchange receipts. The loan is secured by mortgages.

*Participations*—Bank of America International of New York; Morgan Guaranty Trust Company of New York; The Philadelphia National Bank; Banque de Bruxelles S.A., Brussels, Belgium, and Grace National Bank and Meadow Brook National Bank, both of New York, are participating in the loan for a total of \$450,000.

## Colombia

### WOOD PULP MILL

**\$1.4 million 10-year 5¾% loan of January 18, 1962**

#### *Borrower:*

CELULOSA Y PAPEL DE COLOMBIA, S.A. (PULPAPEL)

Even though Colombia's volume of paper and pulp production showed a cumulative growth of 12 per cent a year from 1950 to 1959, imports of these products have remained at a relatively high level. Average yearly imports for the 1957-59 period, for example, amounted to 29,000 tons. In accordance with the nation's import substitution policy, the Colombian Government's four-year plan contained a project to convert tropical hardwoods, which are abundant, into pulp through a new industrial process.

The loan will finance 41 per cent of the cost of a project to build a plant at Puerto Isaacs, near Cali, adjacent to a paper and cardboard factory which will use PULPAPEL's production to manufacture wrapping paper, paper bags and lining for corrugated cardboard. The plant will have an initial capacity of 17,000 tons a year. This will be increased to 34,000 tons by 1965 or 1966. The new production is expected to result in net foreign exchange savings of more than \$1 million in 1963 and 1964, and of about \$1.7 million in 1965. The plant will employ about 180 persons and will also encourage the development of related industries, such as sulphur, coal and caustic soda. The loan is guaranteed by the Instituto de Fomento Industrial.

*Participations*—Meadow Brook National Bank and J. Henry Schroder Banking Corporation, both of New York, are participating in the loan for a total of \$100,000.



## Costa Rica

### CEMENT PLANT

**\$2.8 million 12-year 5¾% loan of January 11, 1962**

*Borrower:*

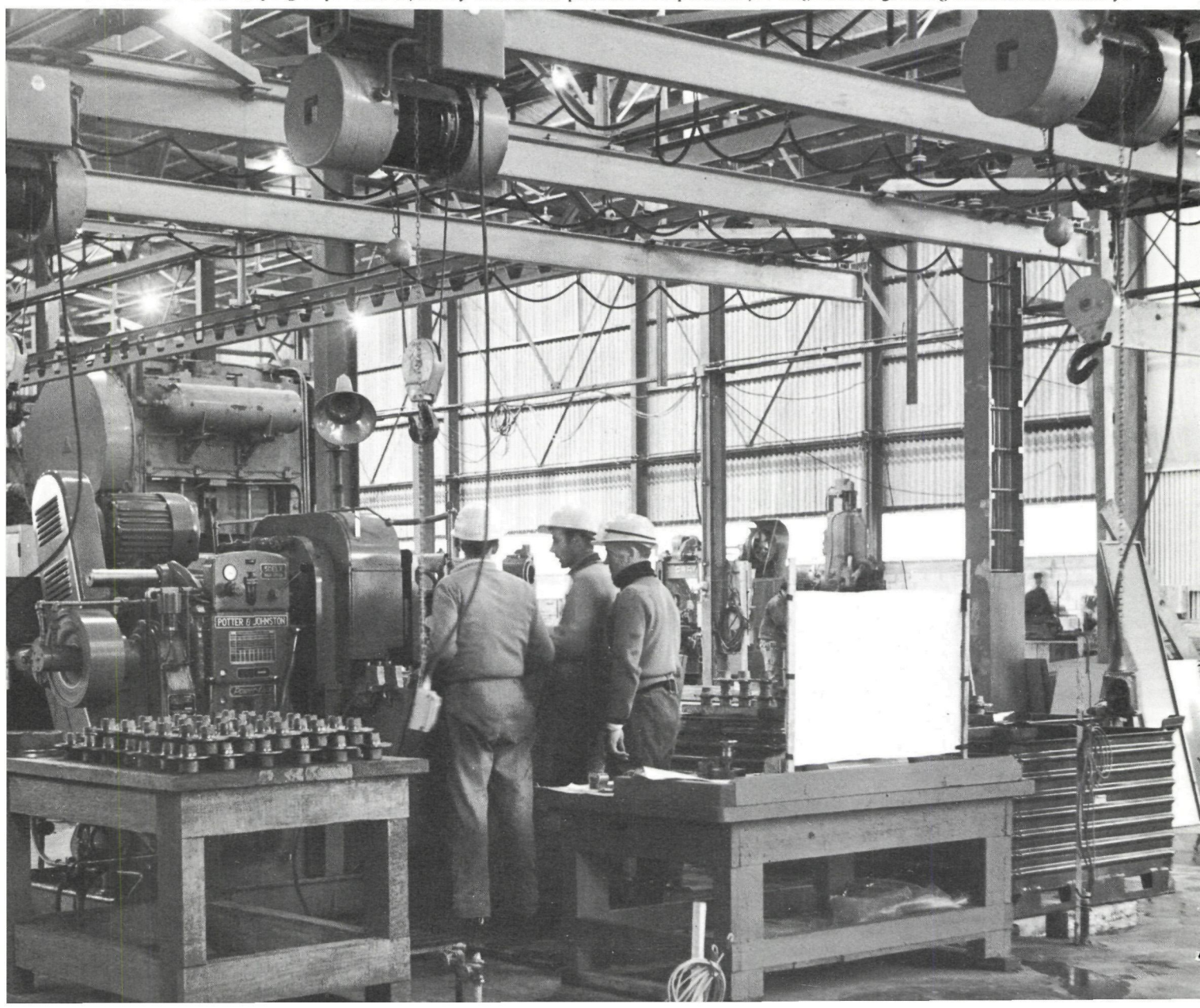
INDUSTRIA NACIONAL DE CEMENTO, S.A.

Costa Rica is one of the highest per capita consumers of cement in Latin America, yet up to now has lacked a cement plant. Various studies have been made since 1942 to determine the feasibility of such a plant. Interest in building a plant revived following passage of the Industrial Protection and Development Act of 1959, and resulted in a contract between the Ministry of Industries and Industria Na-

cional de Cemento, S.A.

The loan is financing 56 per cent of the cost of the plant which the borrower will build in the Province of Cartago, about 16 miles from the capital city of San Jose. The plant will have an initial capacity of 80,000 metric tons a year, but can be expanded later to produce one and one-half times this amount. It will permit Costa Rica to substitute cement imports, which totaled 63,000 tons in 1960, and thus save more than \$1.2 million a year in foreign exchange after 1965. The project will also stimulate development of industries such as the manufacture of brick, cement, piping and slabs. The loan is secured by mortgages.

*A \$2 million loan is helping to provide a factory which will produce components for Argentina's growing automobile industry.*





## **B. Development Loans for Relending to Private Enterprise**

### **Costa Rica**

#### INDUSTRIAL DEVELOPMENT

**\$3,001,631 12-year 5¾% loan of August 9, 1962**  
(*\$2.6 million and 2,660,000 colones*)

#### *Borrower:*

BANCO DE COSTA RICA

Costa Rica's industrial sector, which accounts for about 12 per cent of the country's gross national product, showed a growth of more than 7 per cent a year during the past decade. Industry is one of the most productive activities in the nation's economy and its development is favored by readily available skilled labor, agricultural raw materials lending themselves to industrial processing and a relatively advanced economic infrastructure.

This loan is financing 60 per cent of the cost of an industrial development program through which credits of up to \$300,000 will be extended by the Banco de Costa Rica to private enterprises for the purchase of machinery and equipment and for plant construction. The Banco and the beneficiaries will contribute about \$2 million to the program. Industries to be benefited include building materials, packaging for domestic manufacturers, insecticides, spare parts for machinery, pharmaceuticals, chemicals, textiles, electrical appliances, foodstuffs and lumber processing and related activities. The increased production of manufactured goods in Costa Rica is expected to reduce the need for imports of such goods and at the same time strengthen Central American economic integration by increasing Costa Rica's participation in the Central American market.

*Participations*—Irving Trust Company, New York, and Nederlandsche Handel-Maatschappij N.V., Am-

sterdam, Holland, are participating in the loan for a total of \$200,000.

### **Peru**

#### INDUSTRIAL DEVELOPMENT

**\$2.5 million 12-year 5¾% loan of October 18, 1962**

#### *Borrower:*

BANCO INDUSTRIAL DEL PERU

Industry ranks second among Peru's economic activities. In 1961 it was responsible for about 18 per cent of the gross national product and gave employment to almost a fifth of the labor force. The expansion of industry, which has been aided by the Industrial Development Act of 1959, has placed great strain on available credit resources.

The loan is financing 23 per cent of the cost of an industrial development program under which credits of up to \$500,000 are being made available to small and medium private enterprises. The program is also designed to contribute to the decentralization of manufacturing, now concentrated in the Lima and Callao areas. An incentive for this will be the granting of credits on more flexible terms to industries located or planning to locate in the interior of the country. Among activities that will benefit from the program are the chemical, machinery, metals and lumber industries. Expansion of these industries will stimulate the development of related enterprises, particularly those concerned with the processing of farm and forest products. The loan is guaranteed by the Republic of Peru.

*Participation*—Manufacturers Hanover Trust Company, New York, is participating in the loan for a total of \$375,000.



## C. Loans to Governments and Governmental Entities

### Brazil

#### FARM MECHANIZATION

**\$4.5 million 8-year 5¾% loan of June 28, 1962**  
(*\$3.5 million and 620 million Italian lire*)<sup>1</sup>

*Borrower:*

COMPANHIA AGRÍCOLA, IMOBILIÁRIA E COLONIZADORA  
(CAIC)

The State of São Paulo is carrying out a general agrarian reorganization plan designed to raise farm production in the area. The program contemplates settling some 8,000 families on approximately 400,000 acres of land, establishing a wholesale market to improve the distribution of farm products, and constructing a network of silos and other buildings to store harvests.

22

The loan will finance 42 per cent of the cost of a farm mechanization project within this general program, which is administered by the Departamento de Engenharia e Mécânica da Agricultura (DEMA) of the State Agricultural Department. The project calls for the purchase of heavy tractors to be allocated by DEMA among 16 mechanization stations now in operation and 14 others being organized. Each station, under the direction of an agricultural engineer, will be equipped with tractors and other farm machines. The stations will help prepare the land for settlers and will meet the needs of independent farmers who, like the settlers, will be able to rent equipment. The stations will also serve as agricultural extension agencies. The loan is guaranteed by the Banco do Estado de São Paulo.

#### SYNTHETIC RUBBER PLANT

**\$3,615,000 10-year 5¾% loan of July 5, 1962**

*Borrower:*

COMPANHIA PERNAMBUCANA DE BORRACHA SINTÉTICA  
(COPERBO)

The rapid growth of the Brazilian automobile industry, which uses about 87 per cent of the rubber

consumed in the country, has led to increased synthetic and natural rubber imports because local production is insufficient to meet the demand. The volume of these imports rose from 5,900 to 42,000 tons between 1956 and 1960.

The loan will finance 11 per cent of the cost of a synthetic rubber factory, the second of its kind in Brazil, being built near Recife in the Northeast. The total cost of the factory is about \$33 million. Other financing is being provided by Brazilian sources, the Agency for International Development and private capital in the United States and France. The factory will have a capacity of 25,000 metric tons a year of synthetic rubber (polybutadiene) using molasses alcohol, a by-product of the region's sugar industry, as the raw material. COPERBO's production is expected to be sufficient to eliminate the need to import natural rubber, permitting an annual saving in foreign exchange estimated at \$6.5 million beginning in 1965. The factory, the largest to be located in the Northeast, will contribute to the development of the region by using an abundant raw material and by encouraging the establishment of other industries using rubber. The loan is guaranteed by the Banco Nacional do Desenvolvimento Econômico.

#### ELECTRIC POWER

**\$15 million 17-year 5¾% loan of August 9, 1962**  
(*\$12 million and 1.86 billion Italian lire*)<sup>1</sup>

*Borrower:*

COMPANHIA HIDRO ELÉTRICA DE SÃO FRANCISCO  
(CHESF)

One of the biggest obstacles to the industrialization of Brazil's Northeast is a shortage of electric power. Until CHESF began operations in 1954 as the only large-scale producer in the region, only the bigger coastal cities were supplied with electricity. The company furnishes power to distributors within a

<sup>1</sup> See conditions applicable to loans in which Italian lire are used (page 17).



radius of 280 miles from its Paulo Afonso plant on the São Francisco River, the capacity of which is 310,000 kilowatts.

The loan is financing 36 per cent of the cost of an expansion program for the company's Leste System which will increase the plant's output to 810,000 kilowatts. The credit will cover the cost of importing three turbines, three generators, material for the manufacture of transmission lines and other general equipment. About 20 per cent of the power from this system is used by industry and 80 per cent by public utilities, commercial enterprises and housing and transportation companies.

The new power will be divided among present and new consumers. Of the 200,000 kilowatts to be supplied to new customers, it is estimated that 80 per cent will be used by new industries and the balance by public utilities. Among the most important industries to be supplied are steel, petroleum, a synthetic rubber plant being built with the help of a loan from the Bank, and other enterprises being established under the Northeast five-year plan drafted by SUDENE, the federal agency in charge of the development plans of the region. The loan is guaranteed by the United States of Brazil.

*Participation*—Banque Italo-Belge S.A., Antwerp, Belgium, is participating in the loan for a total of \$30,000.

## Chile

### IRRIGATION

**\$2,463,069 20-year 5¾% loan of February 8, 1962**  
(*\$1.575 million and 1.35 million escudos*)

*Borrower:*

REPUBLIC OF CHILE

The low proportion of irrigated land in Chile is one of the factors holding back the development of the country's agriculture, which has shown a comparatively slower growth than other sectors of the economy. Chile's national economic development plan proposes to improve this situation by bringing some 977,000 acres under irrigation during the period 1961-70. This would be a 29 per cent increase over lands irrigated in 1957.

The loan will finance 24 per cent of the cost of

one of the projects contained in the plan, whereby approximately 100,000 acres will be irrigated for the first time, and existing irrigation and reserves will be improved in another 80,000 acres. The project calls for the construction or expansion of irrigation systems in the area between the Claro and Maule Rivers in central Chile. Besides benefiting the economy of the area, the project is expected to exert a favorable effect on Chile's balance of payments, since the increase in agricultural production will permit a corresponding reduction in imports and, in some cases, even provide surpluses for export. The lands will be used for growing potatoes, beans, corn, wheat, sunflowers, sugar beets, fruits, grapes and fodder.

## Colombia

### WATER SUPPLY AND SEWAGE

**\$4 million 20-year 5¾% loan of July 12, 1962**

*Borrower:*

INSTITUTO NACIONAL DE FOMENTO MUNICIPAL

Colombia's Instituto Nacional de Fomento Municipal has drawn up a program to provide the entire population of the country with adequate water supply and sewage service by 1975. The program will be carried out in two stages, one a four-year plan for the 1962-65 period, and the other, of greater scope, for the 1966-71 period.

The Bank is helping to finance the first two years of the four-year plan with three loans approved from different funds. They include this loan of \$4 million from the ordinary capital resources, a \$2.5 million loan from the Fund for Special Operations (see page 64) and an \$8.5 million loan from the Social Progress Trust Fund (see page 98). The loans will help finance projects in 367 Colombian cities and towns, with a combined population of 3 million persons.

The total cost of these projects will be \$34 million. They include the construction or expansion of 215 water supply systems and technical studies for 36 others, the construction of 82 water treatment plants and technical studies for another 125, the installation of 151,000 water meters and the construction of 133 sewage systems and technical studies for another 104. Water supply installations will also be built at Buenaventura, the chief Pacific port,







where only 42 per cent of the 44,000 inhabitants have home connections. Besides reducing the death and sickness rates attributable to water-borne diseases, the program will encourage the development of industry. The water and sewage rates to be collected are expected to provide sufficient income to cover the administrative costs of the institute, as well as the costs of operation, maintenance and depreciation, and to pay the interest and amortization on the loans. The loan is guaranteed by the Republic of Colombia.

## Costa Rica

### ELECTRIC POWER

**\$2.7 million 19½-year 5¾% loan of August 9, 1962**

#### *Borrower:*

INSTITUTO COSTARRICENSE DE ELECTRICIDAD

In Costa Rica's Central Zone, which contains 60 per cent of the nation's population and most of its industry, the ratio of electric power connections to population is 1 to 9. To increase this ratio to 1 connection for each 6.4 inhabitants by 1970, a four-year program to improve and expand the area's power distribution system has been adopted. This will permit industry to continue expanding at the rate experienced in recent years.

The loan is financing 69 per cent of the cost of building primary substations, new distribution lines, home connections and meters, and improving street lighting. These installations will increase the power available to consumers in 10 cities and 16 towns in the Central Zone and two cities and six towns in the Pacific region of the country. The loan is guaranteed by the Republic of Costa Rica.

*Participation*—Continental Illinois National Bank and Trust Company of Chicago is participating in the loan for a total of \$253,125.

## Mexico

### IRRIGATION

**\$5,744,000 20-year 5¾% loan of January 25, 1962**

*(\$3 million and 34.3 million Mexican pesos)*

#### *Borrower:*

NACIONAL FINANCIERA, S.A.

Mexico's economic growth over the past 25 years

has been due in large measure to investments made in economic and social infrastructure works. Road mileage nearly doubled between 1950 and 1960, power generating capacity increased more than two-fold and irrigated lands rose by more than 75 per cent.

The loan is covering 49 per cent of the cost of three new irrigation projects which will benefit approximately 38,000 acres in the States of Zacatecas, Colima and Guerrero. It is estimated that the agricultural production of the area will gradually rise four-fold over a seven-year period. The projects will directly benefit about 17,000 persons and indirectly the population of 150,000 in the irrigated areas by stimulating the development of related activities, such as the marketing, storage and transportation of food products. The increased production is expected to have a favorable effect on Mexico's balance of payments by substituting imports of corn, wheat and beans and providing exportable surpluses of certain farm products. The loan is guaranteed by the United States of Mexico.

*Participation*—Harris Trust and Savings Bank, Chicago, is participating in the loan for a total of \$176,470.

### IRRIGATION

**\$1.2 million 20-year 5¾% loan of November 27, 1962**  
*(\$720,000 and 6 million Mexican pesos)*

#### *Borrower:*

NACIONAL FINANCIERA, S.A.

This loan will finance 40 per cent of the cost of an irrigation project being carried out by the Secretaría de Recursos Hidráulicos in the Temascalcingo Valley of the State of Mexico. The project consists of the installation of an irrigation system which will use the waters of the Lerma River to irrigate some 14,500 acres and also will provide flood control in the valley. Construction includes the completion of the San Bernabé Dam, now well advanced, and the building of primary canals, distribution and drainage systems and access roads.

The loan will be applied to the building of the canals, roads and supplementary facilities. The irrigation district to be benefited by the project has a population of 15,000 and its principal crops are



corn, wheat and alfalfa. When the project is completed in September 1964, these products will be supplemented with vegetables, fruits and other high-yield crops. As a result the valley's production is expected to increase three-fold. The loan is guaranteed by the United States of Mexico.

## Uruguay

### CEMENT AND REFINERY EXPANSION

**\$4.6 million 12-year 5¾% loan of June 14, 1962**

#### *Borrower:*

ADMINISTRACION NACIONAL DE COMBUSTIBLES, ALCOHOL Y PORTLAND (ANCAP)

Projections indicate that by 1965 Uruguayan consumption of cement will increase by some 120,000 tons. This will bring the total to 530,000 tons by that year. Some \$3,249,000 of the loan will be used to expand ANCAP's production of cement by doubling the 120,000-ton a year capacity of its plant at Minas.

The project is expected to reduce production costs and permit completion of public works and housing programs without harming Uruguay's balance of payments.

The remainder of the loan will be used to improve and expand ANCAP's oil refinery at Montevideo, making possible the distribution of refinery gas through Montevideo's supply network. The project will also permit Uruguay to use cheaper crude oils, produce asphalt, handle imported lubricating oils in bulk with greater facility, and expand propane and butane bottling capacity. These improvements in the refinery are expected to lead to a larger and more diversified production of petroleum products and to substantial savings in foreign exchange.

*Participations*—Swiss Bank Corporation, Basle, Switzerland; Banque de la Société Générale de Belgique, Brussels, Belgium; Morgan Guaranty Trust Company of New York; The Philadelphia National Bank, Philadelphia; Continental Illinois National Bank

*One of a number of irrigation projects being financed in Mexico is the Sanchez Mejorada siphon in Baja California.*





and Trust Company of Chicago; Manufacturers Hanover Trust Company, New York; The First Pennsylvania Banking and Trust Company, Philadelphia; Bank of America National Trust and Savings Association, San Francisco; Girard Trust Corn Exchange Bank, Philadelphia; Grace National Bank, New York, and Irving Trust Company, New York, are participating in the loan for a total of \$593,000.

#### ROAD CONSTRUCTION

##### **\$4.1 million 15-year 5¾% loan of November 15, 1962**

*Borrower:*

REPUBLIC OF URUGUAY

Route 26, Uruguay's principal east-west highway, serves about 21 per cent of the country's area. Its 330-mile length extends from the western frontier to a point near the Atlantic. The road begins at the port of Paysandú, on the Uruguay River, and crosses the Departments of Paysandú, Salto, Tacuarembó, Artigas and Rivera, whose combined population is 350,000 persons. The economy of the area is predominantly agricultural, being devoted to cattle and sheep raising and the production of wheat, barley, flax, sunflowers, peanuts and sugar beets. Its development, however, has been hindered by the poor condition of the highway.

The loan will finance 59 per cent of the cost of improving the 145-mile section of the road between Paysandú and Tacuarembó, where it intersects the country's main north-south highway. Improvements will include strengthening the roadbed and widening the road, reducing curves, building new connecting roads and resurfacing. The improved highway will afford rapid shipping for the produce of the area, as well as southern Brazil, through Paysandú, whose port facilities are to be enlarged under the national economic development program. The project will have even greater importance in the near future for trade between Uruguay and Brazil, since the Government is planning to improve the north-south highway between Tacuarembó and Rivera, an important Uruguayan city on the Brazilian border. By making possible reductions in freight rates of at least 50 per cent, it is also expected that the modernization of Route 26 will attract new agricultural industries to the area served to supply domestic and export needs.

## Venezuela

#### WATER SUPPLY SYSTEM

##### **\$6 million 18-year 5¾% loan of August 2, 1962**

*Borrower:*

INSTITUTO NACIONAL DE OBRAS SANITARIAS (INOS)

Maracaibo, principal center of Venezuela's petroleum industry and an important commercial and industrial city, has experienced an extraordinary population growth during the past 40 years. Its population has increased from 46,700 in 1920 to 436,000 in 1961 and is expected to reach 530,000 by 1970. This growth has resulted in a critical problem in supplying the city's water needs. Only some 371,000 persons presently have access to water service and often this is inadequate, and 15,000 homes lack any water supply service.

The loan will finance 32 per cent of the cost of a program to expand the city's system to meet all the needs of the community and its industry by 1970. The project calls for expanding the number of supply wells, reconditioning and enlarging the treatment plant, installing pumping stations and intake lines, and enlarging the primary and secondary distribution systems. Rates to be charged for water service are expected to be sufficient to cover operation and maintenance costs of the system and to take care of interest and amortization of the loan. The project will help fulfill Venezuela's four-year plan, which envisions the establishment of a substantial number of new industries in the Maracaibo area, a goal facilitated by an adequate water supply. The project will be carried out by INOS once the pertinent contract with the City of Maracaibo is signed. The loan is guaranteed by the Republic of Venezuela.

*Participations*—The National Shawmut Bank of Boston; First Wisconsin National Bank of Milwaukee; The National Bank of Washington, Washington, D. C.; Girard Trust Corn Exchange Bank and The First Pennsylvania Banking and Trust Company, both of Philadelphia; First National City Bank, New York; Bank of America National Trust and Savings Association, San Francisco, and Union Bank, Los Angeles, are participating in the loan for a total of \$402,500.



## Technical Assistance

The technical assistance extended by the Bank with its own resources in 1962 reached a higher volume and benefited a greater number of countries than that of the preceding year. In 1961 the total for this activity was \$3,916,425, while in 1962 it was \$6,451,516. Of the latter amount, \$5,151,898 was reimbursable technical assistance devoted to preparatory studies or pre-investment work on projects, or for advice connected with the utilization of loans. The remaining \$1,299,618 was used for direct non-reimbursable technical assistance and other activities, particularly those related to the advanced training of personnel specializing in preparing and implementing development plans and projects.

A summary of the technical assistance provided by the Bank from its own resources to its member countries during 1962 is given below. It might be noted that many technical assistance services were carried out by members of the staff of the Bank in the performance of their regular duties and are therefore not included in the amounts shown below.

### I. Reimbursable Technical Assistance

Operations in Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Honduras, Paraguay and Venezuela \$5,151,898

### II. Non-Reimbursable Technical Assistance

a) Direct technical assistance:	
Activities in countries	\$721,096
Regional operations	50,000
b) Courses, scholarships and other activities	528,522
Total non-reimbursable technical assistance	1,299,618
Grand total	<u>\$6,451,516</u>

Technical assistance is included in this part of the Annual Report because it is an integral part of the Bank's activities, even though all technical assistance loans were extended in 1962 from the Fund for Special Operations and all non-reimbursable assistance was charged to the earnings of the Fund.

## Country Operations

Technical assistance provided by the Bank during 1962 on a country basis may be summarized as follows:

### ARGENTINA

In view of the functions that the Consejo Nacional de Desarrollo Económico is carrying out in determining Argentina's long- and medium-term economic objectives, in preparing its public investment plans and in promoting private enterprise, the Bank authorized a loan of \$686,428 to Argentina for the purpose of expanding its technical staff and engaging consulting firms specializing in planning economic development (see page 65).

### BOLIVIA

On November 20 the Bank signed a multilateral agreement with Bolivia, the Federal Republic of Germany and the U.S. Agency for International Development (AID) to extend \$1 million in non-reimbursable technical assistance to Bolivia. The objective of the assistance is to provide the Bolivian Government with an independent advisory body to assist it in the preparation of final studies for selected specific projects contained in Bolivia's national development plan. The Bank is contributing \$150,000 of this sum.

### BRAZIL

In order to promote the economic and social development of the State of Bahia in Brazil's Northeast, the Bank extended technical assistance for \$340,000 to the Comissão de Planejamento Econômico da Bahia. A total of \$265,000 of this was in the form of a loan (see page 66) and \$75,000 was non-reimbursable. The assistance was designed to facilitate and expedite the preparation of studies on industrial and infrastructure projects.

The Bank also provided non-reimbursable technical assistance to the Banco Regional de Desenvolvimento do Extremo Sul, in the State of Rio Grande do Sul, whose sphere of activity also extends into the neighboring states of Paraná and Santa Catarina. The assistance is designed to help the Banco in drawing up operating policies and establishing priorities.



The Bank also participated in a mission sent by the Inter-American Agricultural Development Committee to the Northeast of Brazil to study the area's agrarian problems.

#### CHILE

A \$2,100,000 technical assistance loan extended by the Bank to the Corporación de Fomento de la Producción of Chile will finance the third stage of a survey of the country's natural resources (see page 66).

#### COLOMBIA

The Bank granted the Corporación de los Valles del Magdalena y del Sinú, an autonomous regional agency, a technical assistance loan for \$679,870 to help finance the preparation of a master plan for the development of the Sinú River basin (see page 66).

The Bank and the Organization of American States sponsored a mission sent by the Inter-American Agricultural Development Committee to the Department of Caldas to assist in the preparation of a five-year regional program designed to bring about agricultural diversification and industrial development. The mission was sent at the request of the Coffee Growers Federation, the Coffee Bank and the Financial Corporation of Caldas.

#### COSTA RICA

The Bank sent a technical mission to evaluate the Costa Rican banking system and to study some projects of the Corporación Nacional de Inversiones. It also advised the Costa Rican Government in the study of the country's mining potential.

#### DOMINICAN REPUBLIC

The Bank extended reimbursable technical assistance to the Corporación de Fomento Industrial to carry out a survey of the industries being managed by the corporation. The survey seeks to determine the current value of the equipment, machinery and installation of these enterprises as well as the economic, technical, administrative and accounting improvements required. The Bank also financed studies to determine the possibilities of developing the nation's hydroelectric resources.

#### ECUADOR

During 1962, the Bank completed the work begun the previous year of advising the Junta Nacional de Planificación y Coordinación Económica on the preparation and analysis of projects and credit applications. The Bank also furnished technical assistance to the same planning agency in connection with the cultivation of dark-leaf tobacco.

The Bank provided \$157,000—\$97,000 as a loan and \$60,000 as a grant—to the Banco Nacional de Fomento to finance services related to the reorganization of the Development Credit System of the nation in general, and of the Banco in particular (see page 67). The Bank is also providing technical assistance at the request of the Centro de Reconversión Económica to aid in the preparation of a comprehensive regional development plan for the Ecuadorian provinces of Azuay, Cañar and Morona-Santiago.

#### EL SALVADOR

At the request of the Instituto Salvadoreño de Fomento Industrial, the Bank conducted a preliminary study of the reorganization of the agency.

#### HAITI

The Bank extended technical assistance to Haiti for electric power studies, which might lay the basis for the development of the Peligre hydroelectric project. It also sent a staff member to Port-au-Prince on an exploratory mission connected with the development of a housing program.

#### HONDURAS

The technical advisory services furnished to the Banco Nacional de Fomento for its reorganization were continued in 1962. The Bank also participated with reimbursable technical assistance in the tripartite mission (OAS-IDB-ECLA) to advise the Government of Honduras in the preparation of an emergency economic development program.

#### PANAMA

The mission of advising the Instituto de Fomento Económico on its reorganization, begun in 1961, was completed in 1962.



## PARAGUAY

The Bank authorized an \$800,000 loan to help Paraguay prepare studies related to a land settlement project in the Alto Parana to be carried out by the Instituto de Bienestar Rural (see page 67). At the same time the Bank approved \$79,000 in non-reimbursable technical assistance to advise the institute on the implementation of the project.

The Bank also approved a \$400,000 loan to the Administración Nacional de Electricidad to pay for the services of a consulting firm preparing the designs and specifications for a hydroelectric project on the Acaray River (see page 67). The disbursed portion of the \$70,000 in reimbursable technical assistance authorized in 1961 for the feasibility studies was included in this loan. The non-reimbursable technical assistance services begun in 1961 to help organize the Banco Nacional de Fomento were concluded in 1962. The Bank also participated in the tripartite mission (OAS-IDB-ECLA) responsible for making preliminary studies prior to the preparation of a national development plan.

## PERU

The Bank participated in the tripartite mission (OAS-IDB-ECLA) that cooperated with the Instituto Nacional de Planificación in studies related to Perú's national development plan.

## URUGUAY

The Bank is participating in the tripartite mission (OAS-IDB-ECLA) assigned to the Consejo de Inversiones para el Desarrollo Económico del Uruguay. It is covering the fees of outside consultants who are assisting the Consejo in the fields of agricultural programming, public investment, electric power and the chemical and metallurgical industries.

## VENEZUELA

In 1962, the Bank furnished reimbursable technical assistance to the Banco Industrial de Venezuela in connection with the reorganization of its credit activities and the technical improvement of the nation's industries. The cost of this operation is \$49,300.

## Other Activities

In addition to technical assistance activities on a country basis, the Bank has also carried out others of a general nature. The principal ones are described below:

The Bank contributed technical assistance of \$50,000 to the work of the Ad Hoc Committee on Coordination (OAS-IDB-ECLA) on economic and social development programming in Central America.

During the year the Bank authorized \$352,600 for courses and seminars. The technical training program for officers of development institutions, conducted jointly by the Bank and the Center for Latin American Monetary Studies (CEMLA), was extended until 1965. In the Dominican Republic, the Bank sponsored a course on credit operations.

The Bank contributed \$103,500 for fellowships for the first course of the Latin American Institute for Development Planning and for the second and third courses of the Bank-CEMLA program.

The Latin American Iron and Steel Institute's project to study the steel industry in the Latin American countries was supported by the Bank with \$50,000 in technical assistance.

## Board of Governors

The Third Annual Meeting of the Board of Governors was held in Buenos Aires from April 23 to 26, 1962. Attending the meeting were 108 official delegates, including Ministers of Finance and Economy; observers from international and regional institutions; special guests from member countries, Europe and Canada, and representatives of the press.

Mr. Eustaquio A. Méndez Delfino, President of the Banco Central de la República Argentina, was elected chairman of the meeting.

The Board approved the financial statements pertaining to the ordinary capital resources and the Fund for Special Operations for the fiscal year ending December 31, 1961, and decided that the net income from the ordinary capital resources should be allocated to the general reserve of these resources.

The Board of Governors also asked the Board of Executive Directors to consider 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.



In fixing the Bank's initial capital, the Agreement specifically authorized the Governors to approve an increase in the capital stock of the Bank when they deem it advisable. The Board of Executive Directors has given close consideration to this matter, particularly the possibility of increasing the callable capital of the ordinary resources. This would permit the Bank, in effect, to increase the amount of bonds which it might sell in the capital markets and thus would provide additional funds to continue the present rate of lending. The report to be submitted to the Board of Governors contemplates an increase in the callable capital of \$1 billion and an increase in the Fund for Special Operations of \$73,158,000. The latter would represent a 50 per cent rise in the total contribution made to the Fund by each member country up to January 1, 1963. The report also provides for an increase of \$300 million in the authorized capital to be available in case of expansion of the Bank membership.

The Board of Governors recognized that there is urgent need to have appropriate systems for the financing of Latin American exports and instructed the Board of Executive Directors to study the problem, and, if pertinent, to submit a proposal on suitable export financing systems or mechanisms and on the possibility of a regional system of export credit insurance. In compliance with this mandate the Executive Directors and the Bank's Administration have prepared a report which was submitted to the Governors on February 11, 1963.

As in the previous meeting two round-table discussions on economic and financial topics of general interest were held. The Bank has published the record of these two under the titles of "Europe's Role in Latin American Development" and "Private Enterprise and Latin American Development."

The Board of Governors designated Caracas as the site of its Fourth Meeting, which is scheduled to be held in April 1963.

## **Administration**

A number of changes occurred in the Board of Executive Directors during 1962. Mr. Robert Cutler and Mr. Alfonso Rochac resigned as Executive Directors for the United States and for Honduras and El Salvador, respectively. The United States Government named Mr. Tom Killefer to succeed Mr. Cutler. Mr.

Juan Angel Núñez Aguilar, of Honduras, former alternate Executive Director for El Salvador and Honduras, was elected to succeed Mr. Rochac. Mr. Núñez Aguilar appointed Mr. Julio César Gutiérrez, of Paraguay, as his Alternate Executive Director. The members of the Board of Executive Directors are listed in Appendix I-10, page 54.

The Bank's administrative organization was strengthened in 1962 and now consists of a Financial-Administrative Department, an Operations Department, a Technical Department and the Office of the General Counsel, now at the level of a department. These are under the direction of Mr. Ignacio Copete Lizarralde, Financial Manager; Mr. Ewaldo Correia Lima, Operations Manager; Mr. Alfonso Rochac, Technical Manager, and Mr. Elting Arnold, General Counsel.

As of December 31, 1962, the Bank's staff, broadly representative of the Hemisphere, consisted of 190 professional employees and 218 administrative and general service employees.

## **Relations with Other Organizations**

During 1962 the Bank maintained close relations with inter-American and international organizations concerned with Latin American economic and social development.

Due to its importance in the inter-American system the annual meeting of the Inter-American Economic and Social Council, held in Mexico City in October, was of special interest to the Bank. The meeting represented the first opportunity for a multilateral appraisal of the Alliance for Progress and several resolutions approved at the meeting had a direct bearing on the Bank. One, on the "Acceleration of Internal and External Financing of the Economic Development of Latin America," recognized the Bank's accomplishments and the especially important role played in the Alliance for Progress by the Social Progress Trust Fund. The resolution took note of the statements of several delegations regarding the intention of their governments to expand the Bank's resources and of the intention of the U.S. Government to contribute more funds for the purposes of the Social Progress Trust Fund. The resolution emphasized the importance of financing studies of the



technical, economic and financial feasibility of specific projects and recommended that agencies administering funds of the Alliance for Progress "study a way to make provisional commitments for external financing of the development plans presented, once projections have been made of each country's income growth, investment requirements and maximum coefficient of internal savings."

The report of the committee dealing with economic integration noted with satisfaction the Bank's offer "to initiate a technical assistance program for studying measures and promoting projects that are designed to encourage and speed up the Latin American integration process."

In the field of the financing of the development plans of the Latin American countries, the Bank established close working relations with the Panel of Nine, created under the Charter of Punta del Este and which began operations in February 1962.

The Bank became part of the advisory group established to lay the groundwork for the external financing of Colombia's national development plan, which had previously been evaluated by an ad hoc committee of experts. The Government of Colombia designated the International Bank for Reconstruction and Development as its financial agent for the plan.

In July 1962 the Bank and the Agency for International Development (AID) agreed to provide more than \$80 million in additional financial assistance to Bolivia, subject to the presentation of the projects referred to in the memorandum signed by the three parties. Of this sum, AID would provide more than \$60 million and the Bank more than \$20 million. The arrangement is based on recommendations of the ad hoc committee which studied Bolivia's 10-year economic and social development plan. Such agreements as that entered into by the Bank, the Federal Republic of Germany, AID and Bolivia in November 1962 to make \$1 million in technical assistance available to Bolivia are expected to help put this plan into effect.

In the course of the year the OAS-IDB-ECLA Ad Hoc Coordinating Committee assumed the direction and coordination of the advisory groups being sent to the Latin American countries. It was also agreed that a special committee should be created to direct and coordinate the activities of the Joint Central American Mission.

The Latin American Institute for Development Planning, created under the auspices of the UN Economic Commission for Latin America (ECLA) and which functions with funds provided by the Bank and the UN Special Fund, began operations in Santiago, Chile, during the course of the year with the active participation of the Bank which is a permanent member of the Institute's Executive and Advisory Councils.

During the year the agreement with the Latin American Center for Monetary Studies (CEMLA) for the training of officials of development agencies was extended for three years. Under the new agreement two courses a year will be offered during the period 1963-65. Up to the end of 1962 a total of 112 persons from all member countries had completed the course.

During 1962 the Bank and the Central American Bank for Economic Integration entered into an agreement to coordinate their activities in promoting the economic and social development of Central America. Continuous liaison was maintained with the Latin American Free Trade Association (LAFTA). The Bank attends the meetings of LAFTA's executive bodies and negotiating committees as an observer.

In the field of technical assistance and training to promote agricultural planning, the Bank worked and acted jointly with the Inter-American Committee for Agricultural Development, the OAS, FAO and the Inter-American Institute of Agricultural Sciences.

As in previous years, the Bank has maintained close relations with the Pan American Health Organization in order to coordinate technical assistance activities in the fields of water supply and sanitary services and particularly in the formulation of projects on health, housing and community development.

The contacts begun by the Bank in 1961 with the countries of Western Europe were continued in 1962 especially by the Bank's representative in Europe and particularly through the Organization for Economic Cooperation and Development (OECD), its Development Assistance Committee (DAC) and the European Economic Community.

At the invitation of the United Nations and a group of African nations, a representative of the Bank participated in the meetings of a committee of nine African countries appointed by the United Na-



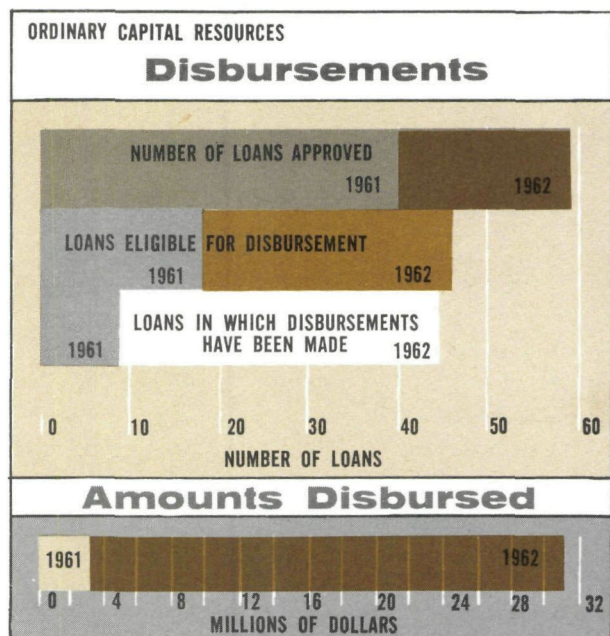
tions Economic Commission for Africa to draft the charter of the proposed African development bank.

## Financial Operations

The net operating earnings of the ordinary capital resources of the Bank in 1962 were \$2,807,285.

Gross income for the year amounted to \$6,890,222, excluding the income from the 1 per cent placed in the Special Reserve. This income was derived from short-term investment income of \$3,671,635; interest on negotiable certificates of deposit in dollars and currencies of non-member countries of \$2,019,863; interest on loans (net of 1 per cent for the Special Reserve) of \$565,592; commitment charges on loans of \$620,395, and income from other sources of \$12,737. Total administrative expenses chargeable to the ordinary capital operations amounted to \$3,164,589 and interest on borrowings totaled \$918,348. Disbursements during 1962 on loans extended from the ordinary capital resources amounted to \$28,020,887. This brought total disbursements as of December 31, 1962, to \$31,197,261. The financial operations of the ordinary capital resources are shown in the statements on the following pages.

33



UP TO DECEMBER 31, 1962

**Financial Statements**



## **Opinion of Independent Auditor Ordinary Capital**

1710 H Street, N.W.  
Washington 6, D.C.  
February 21, 1963

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, 1962, 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

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



# Inter-American Development Bank — Ordinary Capital

## BALANCE SHEET

DECEMBER 31, 1962

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 .....	\$ 482,427	
Member currencies other than United States dollars .....	45,676,985	
Non-member currencies .....	<u>148,918</u>	\$ 46,308,330

#### Restricted (Note C)

Member currencies other than United States dollars .....	<u>14,738,849</u>	\$ 61,047,179
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### Investments

#### Government obligations (at cost or amortized cost)

United States (face amount \$99,152,000) (Appendix I-3) .....	99,473,361	
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#### Time deposits maturing within eighteen months

United States dollars .....	147,000,000	
Non-member currencies .....	23,456,936	

#### Accrued interest .....

<u>2,355,210</u>	272,285,507
------------------	-------------

### Loans outstanding held by Bank (Appendix I-4)

Total loans approved by Bank, less cancellations .....	208,836,201	
Less loans sold or agreed to be sold .....	<u>7,671,742</u>	

Approved loans held by Bank .....	201,164,459	
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#### Less undisbursed balance of approved loans held by Bank .....

<u>174,536,345</u>	26,628,114
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### Accrued charges on loans held by Bank .....

379,969

### Due from members (Note D)

Non-negotiable, non-interest-bearing demand notes denominated in members' currencies (Appendix I-6) .....	122,516,517	
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### Unamortized debt discount and expense .....

1,244,578

### Other assets .....

534,289

### Special Reserve Fund (Note F)

Due from banks .....	80,835	
Accrued loan commissions .....	<u>44,249</u>	125,084

### Staff Retirement Plan Assets

(Segregated and held in trust) .....	<u>1,271,699</u>	
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#### Total assets .....

\$486,032,936

## Liabilities, Reserves and Capital

### Liabilities

Accrued interest on borrowings .....	\$ 435,232	
Accrued expenses and accounts payable .....	140,823	
Bonds outstanding (Note H) .....	99,193,548	

### Special Reserve (Note F) .....

125,084

### Staff Retirement Plan Reserve .....

1,271,699

### 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 .....	<u>431,580,000</u>	

\$381,580,000

### General reserve for losses (Note E) .....

479,265

#### Excess of income over expenses January 1 to December 31, 1962 (Appendix I-2) .....

2,807,285

384,866,550

#### Total liabilities, reserves and capital .....

\$486,032,936



**Inter-American Development Bank — Ordinary Capital**  
**COMPARATIVE STATEMENT OF INCOME AND EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 1961 AND DECEMBER 31, 1962**

See Notes to Financial Statements—Appendix I-7

Expressed in United States Dollars

	Year ended	
	December 31, 1961	December 31, 1962
<b>Income</b>		
From loans		
Interest .....	\$ 28,558	\$ 565,592
Commitment charges .....	53,750	620,395
Commissions .....	6,012	119,072
	\$ 88,320	\$1,305,059
From investments .....	2,400,713	5,691,498
From other sources .....	8,158	12,737
	2,497,191	7,009,294
Gross income .....		
Deduct commissions allocated to Special Reserve (Note F) .....	6,012	119,072
Gross income less reserve deduction .....	2,491,179	6,890,222
<b>Expenses</b>		
Administrative expenses (Note G)		
Board of Governors		
Annual Meeting .....	73,176	127,187
Other .....	1,384	
Board of Executive Directors		
Salaries .....	111,084	151,701
Other compensation and benefits .....	28,319	39,651
Travel .....	14,126	30,745
Staff		
Salaries .....	941,912	1,634,172
Other compensation and benefits .....	355,083	665,663
Travel .....	119,086	243,838
Other administrative expenses		
Communications .....	52,000	119,307
Office occupancy .....	282,580	358,814
Publications and printing .....	53,401	109,829
Supplies and equipment .....	119,485	204,516
Miscellaneous .....	79,555	243,447
	2,231,191	3,928,870
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B) .....	179,220	764,281
Total administrative expenses .....	2,051,971	3,164,589
Interest on borrowings .....		918,348
	2,051,971	4,082,937
<b>Excess of income over expenses .....</b>	<b>\$ 439,208</b>	<b>\$2,807,285</b>



**Inter-American Development Bank – Ordinary Capital**  
**INVESTMENTS IN UNITED STATES TREASURY OBLIGATIONS**  
**DECEMBER 31, 1962**

<u>Maturity date</u>	<u>Face value</u>
May 15, 1963 .....	\$13,000,000
August 15, 1963 .....	9,900,000
November 15, 1963 .....	3,252,000
November 15, 1965 .....	10,500,000
May 15, 1966 .....	17,500,000
August 15, 1967 .....	41,000,000
November 15, 1967 .....	4,000,000
	<u>\$99,152,000</u>
Cost or amortized cost .....	<u>\$99,473,361</u>



# Inter-American Development Bank – Ordinary Capital

## SUMMARY STATEMENT OF LOANS

DECEMBER 31, 1962

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)	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
Argentina	\$ 32,030,834	\$ 872,222	\$ 31,158,612	\$ 26,447,282	\$ 4,711,330	\$ 4,204,768	\$ 506,562
Brazil	41,140,000	152,094	40,987,906	32,914,453	8,073,453	5,791,516	2,281,937
Chile	30,513,069	1,045,000	29,468,069	26,933,584	2,534,485	1,438,897	1,095,588
Colombia	16,820,692	402,125	16,418,567	13,585,101	2,833,466	1,468,744	1,364,722
Costa Rica	11,501,631	603,125	10,898,506	10,125,216	773,290	720,420	52,870
Ecuador	2,343,000		2,343,000	2,122,909	220,091	203,091	17,000
El Salvador	5,634,375	63,000	5,571,375	5,276,886	294,489	294,489	
Guatemala	5,300,000	580,000	4,720,000	4,521,196	198,804	198,804	
Honduras	510,000	60,000	450,000	263,112	186,888	186,888	
Mexico	22,944,000	1,050,470	21,893,530	17,626,335	4,267,195	2,453,899	1,813,296
Nicaragua	2,000,000	272,000	1,728,000	1,379,032	348,968	348,968	
Paraguay	550,000		550,000	262,438	287,562	133,211	154,351
Peru	7,912,618	758,125	7,154,493	5,804,037	1,350,456	1,011,875	338,581
Uruguay	14,443,000	648,581	13,794,419	13,466,080	328,339	328,339	
Venezuela	15,192,982	1,165,000	14,027,982	13,808,684	219,298		219,298
Total	\$208,836,201	\$7,671,742	\$201,164,459(3)	\$174,536,345	\$26,628,114	\$18,783,909	\$7,844,205

(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 \$144,183,453 had become effective (i.e. eligible for disbursement) as of December 31, 1962 (see (2) above).

# Inter-American Development Bank — Ordinary Capital

## STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

DECEMBER 31, 1962

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	\$ 637,913	\$ 25,147,087	\$ 51,570,000	10,449	12.44
Bolivia .....	828	1.02	8,280,000	2,070,000	14,140	2,055,860	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	6,210	1,028,790	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	418,640	3,036,360	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	27,650	2,737,350	5,530,000	1,241	1.48
Venezuela .....	5,526	6.80	55,260,000	13,815,000	303,930	13,511,070	27,630,000	5,661	6.74
Total .....	81,316	100.00	\$813,160,000	\$190,790,000	\$68,273,483	\$122,516,517	\$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, 1962**

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	4,556,236	\$ 55,210	2,075,263,370	\$ 25,147,087	2,079,819,606	\$ 25,202,297
Argentina .....	Peso	127.12	1,689,697	13,292			1,689,697	13,292
Bolivia .....	Boliviano	11,875.00	37,654,079	3,171	24,413,337,500	2,055,860	24,450,991,579	2,059,031
Brazil .....	Cruzeiro	18.50	434,507,956	23,486,916			434,507,956	23,486,916
Brazil .....	Cruzeiro	266.798	1,495,249	5,604			1,495,249	5,604
Brazil .....	Cruzeiro	405.71	6,036,963	14,880			6,036,963	14,880
Chile .....	Escudo	1.60	9,619,842	6,012,401			9,619,842	6,012,401
Colombia .....	Peso	2.50	14,263,193	5,705,277			14,263,193	5,705,277
Colombia .....	Peso	7.26	27,740	3,821			27,740	3,821
Colombia .....	Peso	9.33	559,104	59,918			559,104	59,918
Costa Rica .....	Colon	6.63	1,382,912	208,579			1,382,912	208,579
Costa Rica .....	Colon	6.62	5,128,603	774,713			5,128,603	774,713
Dominican Republic .....	Peso	1.00	1,374,855	1,374,855			1,374,855	1,374,855
Ecuador .....	Sucre	18.00	24,518,675	1,362,149			24,518,675	1,362,149
El Salvador .....	Colon	2.50	2,587,230	1,034,892			2,587,230	1,034,892
Guatemala .....	Quetzal	1.00	1,378,563	1,378,563			1,378,563	1,378,563
Haiti .....	Gourde	5.00	5,143,877	1,028,775			5,143,877	1,028,775
Honduras .....	Lempira	2.00	2,047,218	1,023,609			2,047,218	1,023,609
Mexico (Note C) .....	Peso	12.50	184,235,615	14,738,849			184,235,615	14,738,849
Nicaragua .....	Cordoba	7.00	7,243,899	1,034,843			7,243,899	1,034,843
Panama .....	Balboa	1.00	3,200	3,200	1,028,790	1,028,790	1,031,990	1,031,990
Paraguay .....	Guarani	122.00	106,634,886	874,056			106,634,886	874,056
Paraguay .....	Guarani	126.00	724,569	5,751			724,569	5,751
Peru .....	Sol	26.95			8,085,000	300,000	8,085,000	300,000
Peru .....	Sol	26.81	2,579,616	96,213	73,361,812	2,736,360	75,941,428	2,832,573
United States .....	Dollar	1.00	482,427	482,427	75,000,000	75,000,000	75,482,427	75,482,427
Uruguay .....	Peso	11.025	241,707	21,924	30,179,284	2,737,350	30,420,991	2,759,274
Uruguay .....	Peso	10.95	170,466	15,568			170,466	15,568
Venezuela .....	Bolivar	3.335	14,033	4,208	45,059,419	13,511,070	45,073,452	13,515,278
Venezuela .....	Bolivar	4.56	340,278	74,597			340,278	74,597
Total expressed in United States dollars				60,898,261		122,516,517		183,414,778
<i>Non-Member</i>								
Italy .....	Lire	620.00	92,328,875	148,918			92,328,875	148,918
Total expressed in United States dollars				\$61,047,179		\$122,516,517		\$183,563,696

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

**Inter-American Development Bank – Ordinary Capital**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1962**

*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. 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. 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 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.

A report of the Board of Executive Directors which is to be submitted to the Board of Governors contemplates an increase of \$1,000,000,000 in callable capital. The report contemplates a further increase of \$300,000,000 in the authorized 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 the fiscal years ended December 31, 1960 and December 31, 1961, has been allocated to a general reserve for possible future losses.



*Note F*

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

*Note G*

In accordance with Article III, Section 3(b), expenses pertaining directly to ordinary operations have been charged to the Inter-American Development Bank—Ordinary Capital and expenses pertaining directly to special operations have been charged to the Inter-American Development Bank—Fund for Special Operations. Expenses 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.

*Note H*

The following bonds are outstanding at December 31, 1962:

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>

42

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, 1962, the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,736,645. 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.

**General Appendices**





# Inter-American Development Bank – Ordinary Capital

## Statement of Approved Loans

AS OF DECEMBER 31, 1962

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Status of Loans			Interest % <sup>1</sup>	Repayment Terms Principal Installments <sup>2</sup>
				Amount Approved	Undisbursed Balance	Disbursed and Outstanding		
<b>ARGENTINA</b>								
Banco de la Provincia de Entre Ríos Banco Provincial de Santa Fé Banco de la Provincia de Córdoba	Agricultural, industrial and mining develop- ment	7/13/61 contract signed 8/18/61	Pesos <sup>3</sup> U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	1,000,000 14,000,000 15,000,000 100,000 14,900,000	1,000,000 11,713,460 12,713,460 100,000 12,713,460	2,286,540 2,286,540 100,000 2,186,540	5¾	16 semiannual be- ginning 1/1/66
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina)	Technical assistance	8/3/61 contract signed 8/28/61	Pesos <sup>3</sup> U.S. dollars <b>Total</b> in U.S. dollars	255,000 382,000 637,000	30,591 45,387 75,978	224,409 336,613 561,022	5¾	7 semiannual begin- ning 8/28/63
Tool Research Argentina, Sociedad Anónima Industrial y Comercial (Banco Provincial de Santa Fé)	Expansion of auto components plant	10/5/61 contract signed 12/13/61	U.S. dollars Less: Participations Net total in U.S. dollars	700,000 70,000 630,000	148,000 70,000 148,000	252,000 70,000 182,000	5¾	20 semiannual be- ginning 6/1/64; \$300,000 of loan balance cancelled
Vialsa, S. A.	Prefabricated housing plant	12/14/61 contract signed 12/15/61	U.S. dollars	2,200,000	1,744,808	455,192	5¾	20 semiannual be- ginning 6/15/64
Sociedad Anónima "La Merced" (Garovaglio y Zorraquin, Ltda.)	Agricultural develop- ment	12/21/61 contract signed 3/5/62	Pesos U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	13,280,000 470,000 573,124 52,222 520,902	6,058,500 111,171 156,350 52,222 156,350	7,221,500 358,829 416,774 52,222 364,552	5¾	18 semiannual be- ginning 9/5/65
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina)	Electric power program	12/21/61 contract signed 3/22/62	Pesos U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	232,400,000 8,000,000 9,710,223 150,000 9,560,223	202,351,848 8,000,000 9,508,962 150,000 9,358,962	30,048,152 201,261	5¾	24 semiannual be- ginning 4/1/66
Corporación Entrerriana de Citrus, Sociedad Anónima de Economía Mixta, Industrial, Comercial y Finan- ciera (Province of Entre Ríos)	Citrus fruit process- ing plant	2/21/62 contract signed 4/6/62	Pesos U.S. dollars <b>Total</b> in U.S. dollars	28,000,000 1,300,000 1,510,487	25,149,072 628,876 816,416	2,850,928 671,124 694,071	5¾	24 semiannual be- ginning 10/15/64

Armetal, Industria Argentina de Metales, S. A. (Banco Industrial de la República Argentina)	Auto components plant	3/8/62 contract signed 5/31/62	Italian lire U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	465,000,000 <u>1,250,000</u> 2,000,000 <u>500,000</u> 1,500,000	465,000,000 <u>683,308</u> 1,433,308 <u>1,433,308</u>	566,692 <u>566,692</u> 500,000 <u>66,692</u>	5¾ 4	12 semiannual beginning 11/15/64
<b>Total loans to Argentina expressed in U.S. dollars</b>				32,330,834	26,597,282	5,433,552		
Less: Taken by participants				<u>872,222</u>	<u>150,000</u>	<u>722,222</u>		
Net total of loans to Argentina expressed in U.S. dollars				<u>31,458,612</u>	<u>26,447,282</u>	<u>4,711,330</u>		
<b>BRAZIL</b>								
Lutcher S. A. Celulose e Papel	Cellulose pulp mill	3/31/61 contract signed 6/14/61	Cruzeiros <sup>3</sup> U.S. dollars <b>Total</b> in U.S. dollars	2,200,000 <u>2,500,000</u> 4,700,000	217,009 <u>217,009</u>	1,982,991 <u>2,500,000</u> 4,482,991	5¾	16 semiannual beginning 12/15/63
Sifco do Brasil, S. A.	Auto components plant	6/28/61 contract signed 11/21/61	Cruzeiros <sup>3</sup> U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	180,000 <u>570,000</u> 750,000 <u>122,094</u> 627,906	180,000 <u>180,000</u> 180,000 <u>180,000</u>	570,000 <u>570,000</u> 122,094 <u>447,906</u>	5¾	14 semiannual beginning 4/1/63
Industria Brasileira de Equipamentos S. A., (a Brazilian Commercial Bank)	Oil-drilling tool manufacturing plant	10/19/61 contract signed 1/24/62	Cruzeiros <sup>3</sup> U.S. dollars <b>Total</b> in U.S. dollars	87,000 <u>528,000</u> 615,000 <sup>5</sup>	87,000 <u>528,000</u> 615,000		5¾	16 semiannual beginning 7/15/64
Usinas Elétricas do Paranapanema (Banco do Estado de São Paulo)	Electric power program	11/9/61	U.S. dollars	<u>1,130,000</u> <sup>5</sup>	<u>1,130,000</u>		5¾	17 semiannual beginning 24 months after date of contract
Companhia Hidroelétrica do Rio Pardo (Banco do Estado de São Paulo)	Electric power program	11/9/61	U.S. dollars	<u>270,000</u> <sup>5</sup>	<u>270,000</u>		5¾	17 semiannual beginning 24 months after date of contract
Papel e Celulose Catarinense Ltda. (Klabin Irmãos & Cía.)	Pulp and paper mill	12/14/61 contract signed 1/22/62	U.S. dollars	<u>5,000,000</u>	<u>3,451,390</u>	<u>1,548,610</u>	5¾	9 semiannual beginning 1/15/65
Centrais Elétricas de Minas Gerais S. A. (Banco Mineiro da Produção S. A.)	Electric power program	12/14/61 contract signed 6/5/62	Cruzeiros <sup>3</sup> U.S. dollars <b>Total</b> in U.S. dollars	1,500,000 <u>3,500,000</u> 5,000,000	1,201,054 <u>3,350,000</u> 4,551,054	298,946 <u>150,000</u> 448,946	5¾	20 semiannual beginning 12/5/66
Fundação Tupy S. A.	Auto components plant	2/15/62 contract signed 5/16/62	U.S. dollars	<u>560,000</u>		<u>560,000</u>	5¾	12 semiannual beginning 11/15/64



# Statement of Approved Loans

Statement of Approved Loans				Status of Loans			Interest % <sup>1</sup>	Repayment Terms Principal Installments <sup>2</sup>
Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Disbursed and Outstanding		
BRAZIL (Cont'd)								
Companhia Agrícola, Imobiliária e Colonizadora (Banco do Estado de São Paulo)	Agricultural mechanization project	6/28/62 contract signed 12/6/62	Italian lire	620,000,000	620,000,000		5¾ <sup>4</sup>	12 semiannual beginning 6/6/65
			U.S. dollars	3,500,000	3,500,000			
			Total in U.S. dollars	4,500,000 <sup>5</sup>	4,500,000			
Companhia Pernambucana de Borracha Sintética (Banco Nacional do Desenvolvimento Econômico)	Synthetic rubber plant	7/5/62 contract signed 11/9/62	U.S. dollars	3,615,000	3,030,000	585,000	5¾	14 semiannual beginning 5/15/66
Companhia Hidro Elétrica do São Francisco (United States of Brazil)	Electric power program	8/9/62 contract signed 12/12/62	Italian lire	1,860,000,000	1,860,000,000		5¾ <sup>4</sup>	28 semiannual beginning 7/10/66
			U.S. dollars	12,000,000	12,000,000			
			Total in U.S. dollars	15,000,000 <sup>5</sup>	15,000,000			
			Less: Participations	30,000	30,000			
			Net total in U.S. dollars	14,970,000	14,970,000			
Total loans to Brazil expressed in U.S. dollars				41,140,000	32,944,453	8,195,547		
Less: Taken by participants				152,094	30,000	122,094		
Net total of loans to Brazil expressed in U.S. dollars				40,987,906	32,914,453	8,073,453		
CHILE								
Corporación de Fomento de la Producción de Chile	Industrial, mining and fishery development	4/9/61 contract signed 6/19/61	Escudos <sup>3</sup>	1,500,000	533,106	966,894	5¾	20 semiannual beginning 12/15/63
			U.S. dollars	4,500,000	3,241,103	1,258,897		
			Total in U.S. dollars	6,000,000	3,774,209	2,225,791		
			Less: Participations	345,000		345,000		
			Net total in U.S. dollars	5,655,000	3,774,209	1,880,791		
Republic of Chile	Water supply	11/22/61 contract signed 5/16/62	U.S. dollars	1,050,000	950,000	100,000	5¾	32 semiannual beginning 11/16/66
Corporación de Fomento de la Producción de Chile	Fishing enterprise	12/7/61 contract signed 3/29/62	U.S. dollars	5,000,000	4,500,000	500,000	5¾	18 semiannual beginning 7/15/65
			Less: Participations	250,000	25,000	225,000		
			Net total in U.S. dollars	4,750,000	4,475,000	275,000		
Republic of Chile	Irrigation project	2/8/62 contract signed 5/16/62	Escudos	1,350,000	1,215,000	135,000	5¾	32 semiannual beginning 11/16/66
			U.S. dollars	1,575,000	1,425,000	150,000		
			Total in U.S. dollars	2,463,069	2,184,375	278,694		

Compañía Manufacturera de Papeles y Cartones, S. A.	Pulp plant expansion	11/8/62 contract signed 11/23/62	Escudos <sup>a</sup>	1,600,000	1,600,000	5¾	25 semiannual beginning 11/23/65
			Italian lire	4,960,000,000	4,960,000,000		
			U.S. dollars	6,400,000	6,400,000		
			<b>Total in U.S. dollars</b>	16,000,000 <sup>a</sup>	16,000,000		
			Less: Participations	450,000	450,000		
			Net total in U.S. dollars	15,550,000	15,550,000		
<b>Total loans to Chile expressed in U.S. dollars</b>			30,513,069	27,408,584	3,104,485		
Less: Taken by participants			1,045,000	475,000	570,000		
Net total of loans to Chile expressed in U.S. dollars			29,468,069	26,933,584	2,534,485		
<b>COLOMBIA</b>							
Corporación Financiera Colombiana de Desarrollo Industrial	Development of small and medium size enterprises	4/9/61 contract signed 9/8/61	Pesos	4,000,000	4,000,000	5¾	16 semiannual beginning 3/15/64
			U.S. dollars	500,000	296,347		
			<b>Total in U.S. dollars</b>	955,029	296,347		
			Less: Participations	61,500	61,500		
			Net total in U.S. dollars	893,529	296,347		
Empresas Públicas de Medellín (Republic of Colombia)	Water supply	4/9/61 contract signed 6/3/61	Pesos	19,950,000	15,050,507	5¾	32 semiannual beginning 12/1/65
			U.S. dollars	3,300,000	2,634,909		
			<b>Total in U.S. dollars</b>	5,215,905	3,996,947		
			Less: Participations	103,125	103,125		
			Net total in U.S. dollars	5,112,780	3,996,947		
Empresas Públicas Municipales de Cartagena (Republic of Colombia)	Water supply and sewage	6/15/61 contract signed 10/17/61	Pesos	27,360,000	24,544,671	5¾	32 semiannual beginning 4/17/66
			U.S. dollars	2,200,000	1,497,875		
			<b>Total in U.S. dollars</b>	4,749,758	3,719,112		
			Less: Participations	137,500	137,500		
			Net total in U.S. dollars	4,612,258	3,719,112		
Republic of Colombia	Technical assistance	9/6/61 contract signed 10/14/61	Pesos <sup>a</sup>	200,000	172,695	5¾	6 semiannual beginning 4/1/64
			U.S. dollars	300,000	300,000		
			<b>Total in U.S. dollars</b>	500,000	472,695		
Celulosa y Papel de Colombia, S.A. (Instituto de Fomento Industrial)	Wood pulp plant	1/18/62 contract signed 3/2/62	U.S. dollars	1,400,000	1,300,000	5¾	14 semiannual beginning 9/2/65
			Less: Participations	100,000	100,000		
			Net total in U.S. dollars	1,300,000	1,300,000		
Instituto Nacional de Fomento Municipal (Republic of Colombia)	Water supply and sewage	7/12/62 contract signed 8/21/62	U.S. dollars	4,000,000	3,800,000	5¾	32 semiannual beginning 2/21/67
<b>Total loans to Colombia expressed in U.S. dollars</b>				16,820,692	13,585,101	3,235,591	
Less: Taken by participants				402,125	402,125		
Net total of loans to Colombia expressed in U.S. dollars				16,418,567	13,585,101	2,833,466	



# Statement of Approved Loans

Statement of Approved Loans				Status of Loans			Interest % <sup>1</sup>	Repayment Terms Principal Installments <sup>2</sup>
Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Amount Approved	Undisbursed Balance	Disbursed and Outstanding		
<b>COSTA RICA</b> Banco Nacional de Costa Rica	Livestock develop- ment	11/30/61 contract signed 1/15/62	Colones U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	3,311,500 <u>2,500,000</u> 3,000,000 150,000 <u>2,850,000</u>	2,961,500 <u>2,250,000</u> 2,697,130 <u>2,697,130</u>	350,000 <u>250,000</u> 302,870 150,000 <u>152,870</u>	5¾	20 semiannual begin- ning 7/15/64
Industria Nacional de Cemento, S.A.	Cement plant	1/11/62 contract signed 3/2/62	U.S. dollars	<u>2,800,000</u>	<u>2,179,580</u>	<u>620,420</u>	5¾	20 semiannual begin- ning 9/2/64
Banco de Costa Rica	Industrial develop- ment	8/9/62 contract signed 11/15/62	Colones U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	2,660,000 <u>2,600,000</u> 3,001,631 <sup>s</sup> 200,000 <u>2,801,631</u>	2,660,000 <u>2,600,000</u> 3,001,631 200,000 <u>2,801,631</u>		5¾	19 semiannual begin- ning 11/15/65
Instituto Costarricense de Electricidad (Republic of Costa Rica)	Electric power pro- gram	8/9/62 contract signed 9/14/62	U.S. dollars Less: Participations Net total in U.S. dollars	2,700,000 <sup>s</sup> <u>253,125</u> <u>2,446,875</u>	2,700,000 <u>253,125</u> <u>2,446,875</u>		5¾	32 semiannual begin- ning 9/20/66
<b>Total loans to Costa Rica expressed in U.S. dollars</b>				11,501,631	10,578,341	923,290		
Less: Taken by participants				<u>603,125</u>	<u>453,125</u>	<u>150,000</u>		
Net total of loans to Costa Rica expressed in U.S. dollars				<u>10,898,506</u>	<u>10,125,216</u>	<u>773,290</u>		
<b>ECUADOR</b> Comisión Nacional de Valores (Republic of Ecuador)	Development of wool production	8/10/61 contract signed 10/31/61	Sucres <sup>a</sup> U.S. dollars	717,000 <u>1,626,000</u>	700,000 <u>1,422,909</u>	17,000 <u>203,091</u>	5¾	20 semiannual begin- ning 6/15/63
<b>Total loans to Ecuador expressed in U.S. dollars</b>				<u>2,343,000</u>	<u>2,122,909</u>	<u>220,091</u>		
<b>EL SALVADOR</b> Pan Lido, S.A.	Bakery expansion	6/29/61 contract signed 7/12/61	U.S. dollars	<u>200,000</u>		<u>199,375</u>	5¾	10 semiannual begin- ning 1/15/63; \$625 of loan balance can- celled
Banco Central de Reserva (Republic of El Salvador)	Industrial and agricul- tural development	8/10/61 contract signed 10/25/61	Colones U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	1,000,000 <u>2,100,000</u> 2,500,000 63,000 <u>2,437,000</u>	1,000,000 <u>2,000,000</u> 2,400,000 <u>2,400,000</u>	100,000 <u>100,000</u> 63,000 <u>37,000</u>	5¾	20 semiannual begin- ning 4/25/65

Banco Central de Reserva (Republic of El Salvador)	Irrigation project	8/10/61 contract signed 11/17/61	Colones U.S. dollars <b>Total in U.S. dollars</b>	<u>1,562,500</u> <u>1,050,000</u> <u>1,675,000</u> <sup>a</sup>	<u>1,562,500</u> <u>1,050,000</u> <u>1,675,000</u>		5¾	32 semiannual begin- ning 5/17/66
Banco Central de Reserva (Republic of El Salvador)	Water supply	8/10/61 contract signed 11/17/61	U.S. dollars	<u>1,260,000</u>	<u>1,201,886</u>	<u>58,114</u>	5¾	32 semiannual begin- ning 5/17/66
<b>Total loans to El Salvador expressed in U.S. dollars</b>				5,635,000	5,276,886	357,489		
Less: Taken by participants				63,000		63,000		
Net total of loans to El Salvador expressed in U.S. dollars				<u>5,572,000</u>	<u>5,276,886</u>	<u>294,489</u>		
<b>GUATEMALA</b>								
Industria y Comercio Textiles Rex, S.A.	Textile mill	6/22/61 contract signed 8/10/61	U.S. dollars	<u>125,000</u>		<u>125,000</u>	5¾	10 semiannual begin- ning 2/10/63
Banco de Guatemala	Industrial, agricultural and livestock develop- ment	8/10/61 contract signed 9/6/61	Quetzales <sup>a</sup> U.S. dollars <b>Total in U.S. dollars</b> Less: Participations Net total in U.S. dollars	750,000 <u>4,250,000</u> <u>5,000,000</u> <u>580,000</u> <u>4,420,000</u>	750,000 <u>3,867,056</u> <u>4,617,056</u> <u>225,000</u> <u>4,392,056</u>	<u>382,944</u> <u>382,944</u> <u>355,000</u> <u>27,944</u>	5¾	10 annual beginning 9/6/64
Hidroeléctricas del Atlántico, S.A.	Water supply	9/28/61 contract signed 2/27/62	U.S. dollars	<u>175,000</u>	<u>129,140</u>	<u>45,860</u>	5¾	10 semiannual begin- ning 8/27/64
<b>Total loans to Guatemala expressed in U.S. dollars</b>				5,300,000	4,746,196	553,804		
Less: Taken by participants				580,000	225,000	355,000		
Net total of loans to Guatemala expressed in U.S. dollars				<u>4,720,000</u>	<u>4,521,196</u>	<u>198,804</u>		
<b>HONDURAS</b>								
Molinos de Honduras (Jacobo D. Kattan Industrial, S.A.)	Corn-flour mill	6/15/61 contract signed 7/27/61	U.S. dollars	<u>150,000</u>	<u>49,526</u>	<u>100,474</u>	5¾	10 semiannual begin- ning 7/15/64
Químicas Dinant de Centroamérica, S.A. de C.V.	Chemical plant	7/27/61 contract signed 8/8/61	U.S. dollars Less: Participations Net total in U.S. dollars	360,000 <u>60,000</u> <u>300,000</u>	273,586 <u>60,000</u> <u>213,586</u>	<u>86,414</u> <u>86,414</u>	5¾	12 semiannual begin- ning 2/10/64
<b>Total loans to Honduras expressed in U.S. dollars</b>				510,000	323,112	186,888		
Less: Taken by participants				60,000	60,000			
Net total of loans to Honduras expressed in U.S. dollars				<u>450,000</u>	<u>263,112</u>	<u>186,888</u>		



# Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Status of Loans			Interest % <sup>1</sup>	Repayment Terms Principal Installments <sup>2</sup>
				Amount Approved	Undisbursed Balance	Disbursed and Outstanding		
<b>MEXICO</b>								
Nacional Financiera, S.A.	Development of small and medium enterprises	8/10/61 contract signed 10/19/61	Pesos <sup>3</sup> U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	1,000,000 2,000,000 3,000,000 100,000 2,900,000	379,865 881,974 1,261,839  1,261,839	620,135 1,118,026 1,738,161 100,000 1,638,161	5¾	12 semiannual beginning 4/20/66
Nacional Financiera, S.A. (United States of Mexico)	Irrigation projects	9/7/61 contract signed 11/14/61	Pesos U.S. dollars <b>Total</b> 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	41,553,023 6,940,127 10,264,369 70,000 10,194,369	11,196,977 1,839,873 2,735,631 704,000 2,031,631	5¾	34 semiannual beginning 5/14/65
Nacional Financiera, S.A. (United States of Mexico)	Irrigation projects	1/25/62 contract signed 4/16/62	Pesos U.S. dollars <b>Total</b> 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	30,582,463 2,700,000 5,146,597 176,470 4,970,127	3,717,537 300,000 597,403  597,403	5¾	34 semiannual beginning 10/16/65
Nacional Financiera, S.A. (United States of Mexico)	Irrigation project	11/27/62	Pesos U.S. dollars Net total in U.S. dollars	6,000,000 720,000 1,200,000 <sup>5</sup>	6,000,000 720,000 1,200,000		5¾	36 semiannual beginning 30 months after date of contract
<b>Total loans to Mexico expressed in U.S. dollars</b>				22,944,000	17,872,805	5,071,195		
Less: Taken by participants				1,050,470	246,470	804,000		
Net total of loans to Mexico expressed in U.S. dollars				21,893,530	17,626,335	4,267,195		
<b>NICARAGUA</b>								
Instituto de Fomento Nacional de Nicaragua (Republic of Nicaragua)	Industrial Development	3/31/61 contract signed 7/11/61	U.S. dollars Less: Participations Net total in U.S. dollars	2,000,000 272,000 1,728,000	1,379,032  1,379,032	620,968 272,000 348,968	5¾	20 semiannual beginning 7/15/63
Industrias Gemina, S.A.	Flour mill	12/21/61	U.S. dollars	450,000				Loan cancelled
<b>Total loans to Nicaragua expressed in U.S. dollars</b>				2,450,000	1,379,032	620,968		
Less: Taken by participants				272,000		272,000		
Net total of loans to Nicaragua expressed in U.S. dollars				2,178,000	1,379,032	348,968		

<b>PARAGUAY</b>								
Compañía Algodonera Paraguaya, S.A. (Consorcio Coplata, S.A. de Panamá)	Machinery for processing cotton, tobacco and industrial oils	9/28/61 contract signed 10/31/61	Guaraníes <sup>3</sup> U.S. dollars	<u>220,000</u> <u>330,000</u>	<u>65,649</u> <u>196,789</u>	<u>154,351</u> <u>133,211</u>	5¾	20 semiannual beginning 5/1/64
<b>Total loans to Paraguay expressed in U.S. dollars</b>				<u>550,000</u>	<u>262,438</u>	<u>287,562</u>		
<b>PERU</b>								
Corporación de Saneamiento de Arequipa, Perú (Republic of Peru)	Water supply and sewage	2/3/61 contract signed 6/2/61	Soles U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	<u>66,000,000</u> <u>1,450,000</u> <u>3,910,899</u> <u>145,000</u> <u>3,765,899</u>	<u>60,760,373</u> <u>1,450,000</u> <u>3,715,488</u> <u>145,000</u> <u>3,570,488</u>	<u>5,239,627</u> <u>195,411</u> <u>195,411</u>	5¾	20 semiannual beginning 12/1/65
Compañía Peruana de Cemento Portland, S.A. (Banco Popular del Perú)	Cement plant expansion	10/5/61 contract signed 12/15/61	Soles U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	<u>6,750,000</u> <u>1,250,000</u> <u>1,501,719</u> <u>238,125</u> <u>1,263,594</u>	<u>2,911,304</u> <u>1,250,000</u> <u>108,549</u> <u>108,549</u>	<u>3,838,696</u> <u>1,250,000</u> <u>1,393,170</u> <u>238,125</u> <u>1,155,045</u>	5¾	16 semiannual beginning 6/1/64
Banco Industrial del Perú (Republic of Peru)	Industrial development	10/18/62 contract signed 11/23/62	U.S. dollars Less: Participations Net total in U.S. dollars	<u>2,500,000<sup>5</sup></u> <u>375,000</u> <u>2,125,000</u>	<u>2,500,000</u> <u>375,000</u> <u>2,125,000</u>		5¾	20 semiannual beginning 5/15/65
<b>Total loans to Peru expressed in U.S. dollars</b>				<u>7,912,618</u>	<u>6,324,037</u>	<u>1,588,581</u>		
Less: Taken by participants				<u>758,125</u>	<u>520,000</u>	<u>238,125</u>		
Net total of loans to Peru expressed in U.S. dollars				<u>7,154,493</u>	<u>5,804,037</u>	<u>1,350,456</u>		
<b>URUGUAY</b>								
Republic of Uruguay	Water Supply	8/3/61 contract signed 10/9/61	Pesos <sup>3</sup> U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	<u>2,750,000</u> <u>2,993,000</u> <u>5,743,000</u> <u>55,581</u> <u>5,687,419</u>	<u>2,750,000</u> <u>2,610,881</u> <u>5,360,881</u> <u>5,360,881</u>	<u>382,119</u> <u>382,119</u> <u>55,581</u> <u>326,538</u>	5¾	33 semiannual beginning 10/10/65
Administración Nacional de Combustibles, Alcohol y Portland	Oil refinery and cement plant expansion	6/14/62 contract signed 8/23/62	U.S. dollars Less: Participations Net total in U.S. dollars	<u>4,600,000</u> <u>593,000</u> <u>4,007,000</u>	<u>4,383,199</u> <u>378,000</u> <u>4,005,199</u>	<u>216,801</u> <u>215,000</u> <u>1,801</u>	5¾	20 semiannual beginning 2/23/65
Republic of Uruguay	Highway construction	11/15/62	U.S. dollars	<u>4,100,000<sup>5</sup></u>	<u>4,100,000</u>		5¾	25 semiannual beginning 36 months after date of contract
<b>Total loans to Uruguay expressed in U.S. dollars</b>				<u>14,443,000</u>	<u>13,844,080</u>	<u>598,920</u>		
Less: Taken by participants				<u>648,581</u>	<u>378,000</u>	<u>270,581</u>		
Net total of loans to Uruguay expressed in U.S. dollars				<u>13,794,419</u>	<u>13,466,080</u>	<u>328,339</u>		



## Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Status of Loans			Interest % <sup>1</sup>	Repayment Terms Principal Installments <sup>2</sup>
				Amount Approved	Undisbursed Balance	Disbursed and Outstanding		
<b>VENEZUELA</b>								
Corporación Venezolana de Fomento	Industrial develop- ment	5/18/61 contract signed 8/11/61	Bolivares U.S. dollars <b>Total</b> in U.S. dollars Less: Participations Net total in U.S. dollars	10,000,000 <u>7,000,000</u> 9,192,982 762,500 <u>8,430,482</u>	9,000,000 <u>6,400,000</u> 8,373,684 162,500 <u>8,211,184</u>	1,000,000 <u>600,000</u> 819,298 600,000 <u>219,298</u>	5¾	20 semiannual begin- ning 2/15/64
Instituto Nacional de Obras Sanitarias (Republic of Venezuela)	Water supply	8/2/62 contract signed 8/24/62	U.S. dollars Less: Participations Net total in U.S. dollars	6,000,000 <sup>5</sup> <u>402,500</u> <u>5,597,500</u>	6,000,000 <u>402,500</u> <u>5,597,500</u>		5¾	30 semiannual begin- ning 2/24/66
<b>Total loans to Venezuela expressed in U.S. dollars</b>				15,192,982	14,373,684	819,298		
Less: Participations				<u>1,165,000</u>	<u>565,000</u>	<u>600,000</u>		
Net total of loans to Venezuela expressed in U.S. dollars				<u>14,027,982</u>	<u>13,808,684</u>	<u>219,298</u>		
<b>Grand Total expressed in U.S. dollars</b>				209,586,826	177,638,940	31,197,261		
Less: Total taken by participants				<u>7,671,742</u>	<u>3,102,595</u>	<u>4,569,147</u>		
Net total loans expressed in U.S. dollars				<u>201,915,084</u>	<u>174,536,345</u>	<u>26,628,114</u>		
Less Loans Cancelled				<u>750,625</u>				
Net total of approved loans held by the Bank				<u>201,164,459</u>				

<sup>1</sup> 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.

<sup>2</sup> Interest and amortizations are payable in the currencies loaned.

<sup>3</sup> Expressed in U.S. dollar equivalent.

<sup>4</sup> 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.

<sup>5</sup> Not eligible for disbursement.

Note: 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, 1962.

**Governors and Alternate Governors<sup>1</sup>**

COUNTRY	GOVERNOR	ALTERNATE
Argentina	Luis María Otero Monsegur	Pedro Eduardo Real
Bolivia	Alfonso Gumucio Reyes	Roberto Jordán Pando
Brazil	F.C. San Tiago Dantas	Octavio Augusto Dias Carneiro
Chile		Luis Mackenna
Colombia	Emilio Toro	Antonio José Gutiérrez
Costa Rica	Carlos Manuel Escalante D.	Alvaro Castro Jenkins
Dominican Republic	José Joaquín Gómez	Luis Scheker
Ecuador	Ernesto Jouvin Cisneros	José Salazar Barragán
El Salvador	Salvador Jáuregui	Guillermo Hidalgo Qüehl
Guatemala	Gustavo Herrera Orellana	Julio Lorenzo Alvarez
Haiti	Marcel Daumec	
Honduras	Jorge Bueso Arias	Roberto Ramírez
Mexico	Antonio Ortiz Mena	Rodrigo Gómez
Nicaragua	Gustavo A. Guerrero	Francisco Laínez M.
Panamá	Gilberto Arias G.	Miguel A. Corro
Paraguay	César Barrientos	César Romeo Acosta
Peru	Hipólito Larrabure Price	Juan Ramírez Valdeavellano
United States	C. Douglas Dillon	George W. Ball
Uruguay	Juan Eduardo Azzini	Raúl Ibarra San Martín
Venezuela	Carlos Rafael Silva	Iván A. Senior

<sup>1</sup> As of February 21, 1963



**Executive Directors and Alternates<sup>1</sup>**

			NO. OF VOTES	PERCENTAGE
	Hernando Agudelo Villa	<i>Elected by :</i> CHILE	2,967	3.53
	COLOMBIA	COLOMBIA	2,965	3.53
	Oscar Niemtschik (Alternate)	VENEZUELA	5,661	6.74
	VENEZUELA		11,593	13.80
	Lucien Hibbert	<i>Elected by :</i> HAITI	549	0.65
	HAITI	PANAMA	549	0.65
	Julio Heurtematte (Alternate)		1,098	1.30
	PANAMA			
	Tom Killefer	<i>Appointed by:</i> UNITED STATES	35,135	41.82
	UNITED STATES			
	Alexander M. Rosenson (Alternate)			
	UNITED STATES			
	Cleantho de Paiva Leite	<i>Elected by :</i> BOLIVIA	963	1.15
	BRAZIL	BRAZIL	10,449	12.44
	Federico Intriago Arrata (Alternate)	ECUADOR	687	0.82
	ECUADOR		12,099	14.41
54	Raúl Martínez Ostos	<i>Elected by :</i> COSTA RICA	549	0.65
	MEXICO	DOMINICAN REPUBLIC	687	0.82
	Max Jiménez Pinto (Alternate)	GUATEMALA	687	0.82
	GUATEMALA	MEXICO	6,765	8.05
		NICARAGUA	549	0.65
		PARAGUAY	549	0.65
		URUGUAY	1,241	1.48
			11,027	13.12
	Mario Oscar Mendivil	<i>Elected by :</i> ARGENTINA	10,449	12.44
	ARGENTINA	PERU	1,517	1.81
	Emilio Ortiz de Zavallos (Alternate)		11,966	14.25
	PERU			
	Juan Angel Núñez Aguilar	<i>Elected by :</i> EL SALVADOR	549	0.65
	HONDURAS	HONDURAS	549	0.65
	Julio César Gutiérrez (Alternate)		1,098	1.30
	PARAGUAY			
Total		TOTAL	84,016	100.00

<sup>1</sup> As of February 21, 1963

## Principal Officers of the Bank<sup>1</sup>

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

Pedro Irañeta

Division of Administration—*Director*

Jorge Hazera

Division of Information—*Director*

Joaquín E. Meyer

Operations Department—*Manager*

Ewaldo Correia Lima

Loan Division, Northern Zone—*Director*

Guillermo Moore

Loan Division, Southern Zone—*Director*

G. Lincoln Sandelin

Project Analysis Division—*Director*

Alfredo E. Hernández

Operations Control Division—*Director*

Hawthorne Arey

Technical Department—*Manager*

Alfonso Rochac

Economic Development Division—*Director*

José C. Cárdenas

Social Development Division—*Director*

Alfred C. Wolf

Technical Assistance Division—*Coordinator*

Lester D. Mallory

General Counsel

Elting Arnold

Deputy General Counsel

Rodrigo Llorente

Representative in Europe

Julio González del Solar

55

<sup>1</sup> As of February 21, 1963



Channels of Communication and Depositories<sup>1</sup>

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
56 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 Mone- tary and Financial Prob- lems, Treasury Depart- ment	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

<sup>1</sup> As of February 21, 1963





## Fund for Special Operations

### PAYMENTS RECEIVED

(Expressed in United States Dollars)

COUNTRY	IN DOLLARS	IN MEMBER CURRENCIES	TOTAL
Argentina	\$ 5,157,000	\$ 5,157,000	\$ 10,314,000
Bolivia	414,000	414,000	828,000
Brazil	5,157,000	5,157,000	10,314,000
Chile	1,416,000	1,416,000	2,832,000
Colombia	1,415,000	1,415,000	2,830,000
Costa Rica	207,000	207,000	414,000
Dominican Republic	276,000	276,000	552,000
Ecuador	276,000	276,000	552,000
El Salvador	207,000	207,000	414,000
Guatemala	276,000	276,000	552,000
Haiti	207,000	207,000	414,000
Honduras	207,000	207,000	414,000
Mexico	3,315,000	3,315,000	6,630,000
Nicaragua	207,000	207,000	414,000
Panama	207,000	207,000	414,000
Paraguay	207,000	207,000	414,000
Peru	691,000	691,000	1,382,000
United States	100,000,000	—	100,000,000
Uruguay	553,000	553,000	1,106,000
Venezuela	2,763,000	2,763,000	5,526,000
Total	\$123,158,000	\$23,158,000	\$146,316,000



## **Part II:**

# **FUND FOR SPECIAL OPERATIONS**

**Operations / Fiscal Year 1962**

## **Resources**

Under Article IV of the Agreement Establishing the Bank the Fund for Special Operations was created completely separate from the ordinary capital resources of the Inter-American Development Bank. The agreement stipulates that in operations affecting that Fund the financial liability of the Bank is limited to the resources and reserves of the Fund. The Agreement also requires that these resources be held, used, obligated, invested or otherwise disposed of entirely separately from the ordinary capital resources.

In line with this basic principle of separation of the Bank's two types of resources, Article IV, Section 8 (d), of the Agreement requires the publication of an annual report and a statement of the Fund's financial operations, including profits or losses.

The quota contributions to the Fund for Special Operations, which amount to \$146,316,000, have been paid in full, half in gold or United States dollars and the other half in the currency of the respective country, as shown on the facing page.

The United States dollar portion of the funds received as contributions to the Fund for Special Operations, not required for technical assistance expenses or for loan disbursements, was invested in United States Government short-term obligations and in negotiable certificates of deposit in commercial banks.

As explained in Part I of this document, the Board of Executive Directors, at the request of the Third Annual Meeting of the Board of Governors, has considered an increase in the resources of the Bank. The Executive Directors have drafted a study on this subject which also contemplates an increase in the resources of the Fund for Special Operations. The study will be presented to the Board of Governors.

59

## **Loans**

During 1962, 14 loans for a total of \$40,772,245 were authorized from the Fund for Special Operations.

Two of these, amounting to \$12,000,000, were made to development and credit institutions in Ecuador and Honduras for relending for agricultural and industrial development.

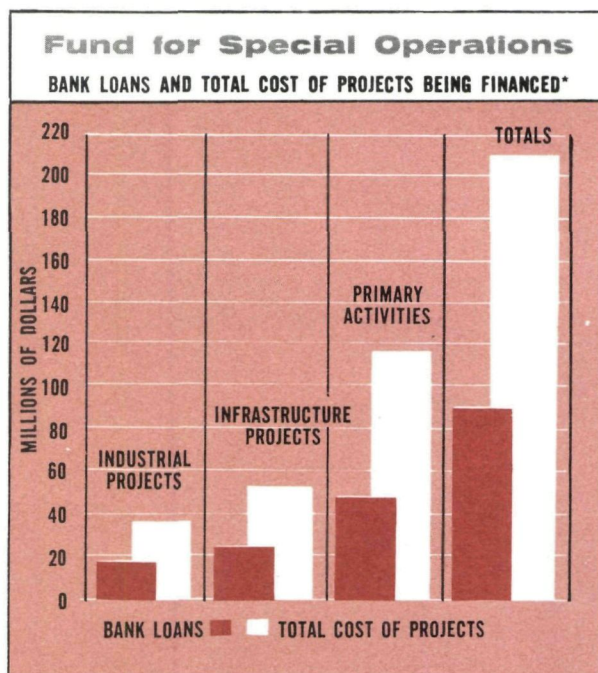
Two loans were extended for water supply in Brazil and Colombia, one in Argentina for agricultural development and land settlement, one in Bolivia for farm settlement and one in Venezuela for the consolidation of rural settlements. These last five loans amounted to \$23,743,947.

Finally, seven loans amounting to \$5,028,298 were authorized for technical assistance operations, one each in Argentina, Brazil, Chile, Colombia and Ecuador, and two in Paraguay.



In many instances these loans from the Fund for Special Operations have represented only a partial amount of the funds provided by the Bank for the financing of projects, since other loans were provided from the ordinary capital resources and the Social Progress Trust Fund. Thus, the loans in Bolivia and Venezuela for rural settlement and the loan for the water supply system in Brazil were accompanied by credits from the Social Progress Trust Fund. The one to Colombia for water supply was complemented with financing from both the ordinary capital resources and the Trust Fund.

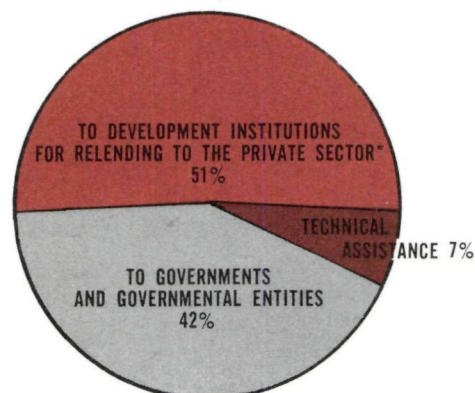
Loans from the Fund for Special Operations have helped to bring about an important mobilization of domestic resources. In 1962, these loans accounted



\*UP TO DECEMBER 31, 1962

## Loans

FUND FOR SPECIAL OPERATIONS/UP TO DECEMBER 31, 1962



\* INCLUDES DIRECT LOANS TO PRIVATE ENTERPRISE

for 40 per cent of the total cost of the projects that they helped to finance.

The determination of "special circumstances arising in specific countries or with respect to specific projects" has permitted the Bank, according to the terms of its Agreement, to extend easier terms in regard to interest rates, terms of repayment and currency of payment, on loans from the Fund for Special Operations than those from the ordinary capital resources.

With regard to the repayment of loans or portions of loans granted in dollars, in several cases, due to special circumstances connected with the borrower or the project, repayment of the loans has been authorized in the currency of the borrowing country. In such loans the Bank has required that the value of the currencies borrowed be maintained on repayment in terms of the free market rate of exchange in effect on the due date, or other exchange rate appropriate for such payment, in accordance with the provisions of each loan contract.





*A loan from the Fund for Special Operations is helping the city of Rio de Janeiro to improve its sewage system.*

## **Description of Loans**

This section describes the loans authorized during 1962 by the Bank from the Fund for Special Operations. Loans are grouped in these categories:

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

The predominant rate of interest has been 4 per cent annually. The terms of most of the loans run between 10 and 30 years, including grace periods. Due to their nature loans for technical assistance were extended for shorter terms. Except with regard to loans to national governments and to some government agencies, the Bank has obtained specific guarantees of various types in a form satisfactory to it.



## **A. Development Loans for Relending to Private Enterprise**

### **Ecuador**

AGRICULTURAL AND INDUSTRIAL DEVELOPMENT

**\$6 million 13-year 4% loan of October 25, 1962**

*Borrower:*

SISTEMA DE CREDITO DE FOMENTO

Ecuador's short-term development plan, which extends through 1964, calls for public investments equivalent to \$250.5 million, of which \$136.2 million would come from external sources. The plan gives high priority to an integrated agricultural and industrial development effort which would substitute certain imports of food and raw materials with domestic production, improve the national diet, increase exports, establish basic industries and modernize and expand manufacturing.

This loan finances 50 per cent of the cost of a project within the general plan which is designed to stimulate agricultural, livestock and industrial development. Under the project the Sistema de Crédito de Fomento will grant loans to small and medium enterprises. The Ecuadorian Government has decreed the reorganization of this credit system. The Bank is cooperating in this reorganization with technical assistance (see page 29).

Under the project, credits will be made available to promote sheep raising through the purchase of domestic and imported breeding stock and the development of pastures. Credits will also be available for the purchase of agricultural machinery and to increase the production of fruits and pyrethrum—a native plant used in the manufacture of insecticides—which is a source of foreign exchange to the country. In addition, credits will be granted for the construction of silos, warehouses, stables and other farm buildings and to finance the completion of small drainage and soil conservation projects. Part of the loan may be used for credits for industrial

projects. The loan is guaranteed by the Republic of Ecuador.

### **Honduras**

AGRICULTURAL AND INDUSTRIAL DEVELOPMENT

**\$6 million 16-year 4% loan of April 12, 1962**

*Borrower:*

BANCO NACIONAL DE FOMENTO

The Banco Nacional de Fomento is Honduras' chief source of financing of national development projects. Since 1961 the Bank has given technical assistance to the Banco to help it improve its organization and procedures. This loan will help finance an agricultural and industrial development program prepared by the Banco through credits for investments.

A total of \$4 million of the loan will help the livestock industry. It will be relent in medium- and short-term credits for the purchase of breeding stock, the establishment of pastures, the construction of corrals, stables and other livestock installations and the purchase of dairy equipment. Another \$1.5 million will be used to develop agriculture through credits for the purchase of machinery, fertilizers and pesticides. Emphasis will be placed on increased production of cotton, beans, rice, corn, sugar cane, tobacco, vegetables, fibers and oleaginous plants. The balance of the loan is for industrial development, particularly for enterprises engaged in processing agricultural and livestock products and manufacturing building materials. The program is expected to increase the domestic food supply and strengthen Honduras' foreign trade position by increasing production of export products, particularly livestock, grains and cotton. The loan is guaranteed by the Banco Central de Honduras.





The Bank and the International Development Association cooperated to help Honduras finance construction of the Western Highway.

## B. Loans to Governments and Governmental Entities

### Argentina

AGRICULTURAL DEVELOPMENT AND COLONIZATION  
\$4,443,947 20-year 4½% loan of July 31, 1962  
(\$2,683,000 and 236,143,000 Argentine pesos)

Borrower:

PROVINCE OF RIO NEGRO

To meet its growing domestic need for farm products and help bring about a greater diversification of exports, Argentina has given special attention to bringing new lands under cultivation in its national development effort. Patagonia, with 27 per cent of the country's area and less than 3 per cent of its population, offers great promise in this respect.

The loan is financing 58 per cent of the first stage of a program for the integrated development of the Viedma Valley, in the Province of Río Negro in the northern part of Patagonia. The eight-stage

program is designed to convert some 200,000 acres of land, especially devoted to sheep raising, to farming. The first stage calls for preparing 21,500 acres for intensive farming through the construction of irrigation and drainage systems, flood control measures, bridges, roads, pumping stations and a power generating plant with a 32-mile distribution network. Housing for settlers and buildings for storing machinery, equipment and crops will also be built. The entire program, which will cost about \$70 million, will include the construction of infrastructure works such as main roads, electric power plants, schools, hospitals and community centers. The program contemplates the establishment in the region of industries essential to processing the new agricultural production. Lands will be distributed in economic-size farms for family or commercial operation.



## Bolivia

### FARM SETTLEMENT

**\$2.6 million 15-year 4% loan of December 28, 1962**

*Borrower:*

CORPORACION BOLIVIANA DE FOMENTO

In July 1962 the Bank and the U. S. Agency for International Development (AID) agreed to consider new financial assistance to Bolivia for more than \$80 million. Under the agreement the Bank would consider loans for specific projects for a total of about \$21.4 million. The arrangement grew out of recommendations made by an ad hoc committee of experts following a study of Bolivia's 10-year economic and social development plan under the terms of the Charter of Punta del Este.

This loan for \$2.6 million and another for \$6.5 million from the Social Progress Trust Fund (see page 88) are being provided as part of the arrangement to finance 43 per cent of the cost of a land settlement and farm credit project contained in the 10-year plan. The project calls for moving about 8,000 farm families from the densely populated Altiplano and surrounding areas to government-owned lands in the tropical and subtropical regions of east-central Bolivia and opening some 520,000 acres of new land to cultivation. This Fund for Special Operations loan will be used exclusively to extend credits to the settlers for the purchase of implements, seed, cattle, work animals, tools and other items essential to raising farm productivity. The loan from the Social Progress Trust Fund will be used to finance land clearance and parceling, building infrastructure facilities and for technical assistance. The project is part of a broad resettlement program aimed at relocating 100,000 farm families during the next ten years. The loan is guaranteed by the Banco Central de Bolivia.

## Brazil

### WATER SUPPLY SYSTEM

**\$11.5 million 30-year 4% loan of March 13, 1962**

*(\$9 million and \$2.5 million in cruzeiros)*

*Borrower:*

BANCO DO ESTADO DA GUANABARA S.A.

The rapid population growth experienced by Rio de

Janeiro during the past ten years has outstripped the city's water supply and sanitary facilities. To help finance necessary improvements and expansion of these facilities, the Bank has approved three loans totaling \$35 million, consisting of this loan and a \$12.5 million loan from the Social Progress Trust Fund for water supply (see page 96) and an \$11 million loan, also from the Trust Fund, for the expansion of the city's sewage system (see page 97).

The water supply project will benefit more than 2 million inhabitants. Improvements include the construction of two-thirds of the length of the Guandú aqueduct through the central mountains of Guanabara State which will increase the city's available water supply by about 44 per cent. The water distribution system will also be improved and some 200,000 additional water meters will be installed. The project will be carried out over a three-year period by the Superintendencia de Urbanização e Saneamento (SURSAN) of the State of Guanabara. The two loans will cover about 45 per cent of the cost of the water supply improvements. The Fund for Special Operations loan will be used specifically to finance that part of the project supplying industrial and commercial needs in the southern part of the city. The loan is guaranteed by the State of Guanabara.

## Colombia

### WATER SUPPLY AND SEWAGE SYSTEMS

**\$2.5 million 30-year 4% loan of July 12, 1962**

*(\$1.5 million and \$1 million in Colombian pesos)*

*Borrower:*

INSTITUTO NACIONAL DE FOMENTO MUNICIPAL

This is one of three Bank loans for a total of \$15 million which are helping to finance water supply and sewage projects in 367 Colombian communities and the city of Buenaventura. The projects are contained in Colombia's national water supply and sewage plan, which will be carried out in two stages—one in the period 1962-65 and the other in the period 1966-71. The other loans are one for \$4 million from the ordinary resources (see page 23) and another for \$8.5 million from the Social Progress Trust Fund (see page 98).

The loans will finance 42 per cent of the cost of

improvements scheduled for 1962 and 1963 in the first stage. This loan from the Fund for Special Operations will finance 9 per cent of the foreign currency costs and 8 per cent of the local currency costs of the two-year program. Ninety per cent of the materials required for this stage of the program will be produced in Colombia. The loan is guaranteed by the Republic of Colombia.

## Venezuela

### FARM SETTLEMENT

**\$2.7 million 20-year 4% loan of November 8, 1962**  
(*\$2.7 million in bolívares*)

**Borrower:**

INSTITUTO AGRARIO NACIONAL (IAN)

Under Venezuela's national development plan for the period 1961-64, some 2.6 billion bolívares have been assigned to the agricultural and rural sector in order to bring 740,000 acres of land into cultivation and increase agricultural and livestock pro-

duction by 34 per cent during the period. With these objectives in mind and to evaluate the progress of the agrarian reform plan, the Government made a survey of 371 farm communities in 1961. The Institute selected 124 of these in 18 states for improvements to raise productivity. Some 37,000 farm families would benefit from this project during the next two years.

To help finance the project the Bank approved two loans totaling \$12.7 million, consisting of this one and a \$10 million loan from the Social Progress Trust Fund (see page 91). Both will be used to cover the cost of site deforestation and clearing and preparing land; installing small drainage and irrigation systems, and for facilities designed to improve marketing of agricultural production. The Institute will use its own resources for acquiring lands, building primary roads, financing production credits, constructing housing and other economic and social infrastructure works, and building electric power, water supply and sewage facilities. The loan is guaranteed by the Republic of Venezuela.

## C. Technical Assistance Loans

### Argentina

#### DEVELOPMENTAL STUDIES

**\$686,428 8-year 4% loan of February 28, 1962**  
(*\$500,000 and 25 million Argentine pesos*)

**Borrower:**

ARGENTINE REPUBLIC

The Consejo Nacional de Desarrollo of Argentina was organized in 1961 to develop long-range national development goals, analyze medium-term plans, assign priorities to projects, prepare investment plans for the public sector and provide information designed to aid the development of private enterprise.

This technical assistance loan will permit the Council to expand its staff of specialists and contract the services of consulting firms to accelerate attainment of the goals traced. Specific tasks which the Council has undertaken or plans to undertake in the near future include the analyses of goals for national development by 1970, drafting a development program for the period 1961-64, an economic survey of the period 1961-62, studies on specific projects and investments by development sectors, a plan to stimulate export commodity industries, and studies of specific projects in mining, transportation, communications, power, housing, steel, paper and regional development.



## Brazil

### PRE-INVESTMENT STUDIES

**\$265,000 8-year 4% loan of February 21, 1962**  
(*\$265,000 in cruzeiros*)

*Borrower:*

COMISSÃO DE PLANEJAMENTO ECONÔMICO DA  
BAHÍA

Bahía, largest state in the Brazilian Northeast, is programming its economic and social development within the framework of the regional planning of SUDENE, the federal agency charged with the development of the Northeast. The Economic Planning Commission of Bahia has drafted an economic and social development plan, termed PLANDEB, which covers the fields of transportation, electric power, agriculture, industry, trade and public health and welfare.

This loan, together with non-reimbursable technical assistance of \$75,000, will help the Commission's Projects' Department to accelerate the preparation of studies on industrial, infrastructure and social projects outlined in PLANDEB. The funds will be used to expand the agency's staff in order to speed up its work. Studies of specific projects will support applications to be submitted for national and external loans. In particular, PLANDEB envisions industrial projects calling for investments in excess of \$50 million. The loan is guaranteed by the State of Bahia.

## Chile

### NATURAL RESOURCES SURVEY

**\$2.1 million 12-year 4% loan of October 18, 1962**

*Borrower:*

CORPORACION DE FOMENTO DE LA PRODUCCION DE  
CHILE (CORFO)

To help achieve the goals of Chile's ten-year development plan, CORFO has been carrying out a program of studies of the country's agricultural, hydraulic, mineral and timber resources during the last two years. The first two stages of the program, covering photogrammetric surveys of the regions affected by the earthquakes of 1960 and the determination of land use in existing agricultural holdings, have been completed. The fourth stage, a geophysical survey of the south-central part of the country,

has also been completed and its findings are now being put to use by the National Petroleum Authority.

This technical assistance loan applies to the third stage of the program, whose purpose is to evaluate the economic potential of some 46,300 square miles of agricultural lands in the Central Valley and five transverse valleys of northern Chile, through aerophotogrammetric surveys, photographic interpretation studies, soil analyses and laboratory tests. The studies are expected to yield information of value in the preparation of specific projects such as roads, railways, ports and other infrastructure works, and in determining the location of new industries. They will also provide data for applying agrarian and tax policies and determining the best methods of improving land use and evaluating soil capability. The entire program will cost about \$5.4 million.

## Colombia

### SINU VALLEY DEVELOPMENT STUDIES

**\$679,870 9-year 4% loan of May 11, 1962**  
(*\$380,000 and 3.3 million Colombian pesos*)

*Borrower:*

CORPORACION AUTONOMA REGIONAL DE LOS VALLES  
DEL MAGDALENA Y DEL SINU (CVM)

The Sinú River flows from south to north along a 162-mile course through the Department of Córdoba in northern Colombia and empties into the Caribbean sea at a point about 70 kilometers southwest of Cartagena. Its valley, from six to 25 miles wide, is potentially one of the richest agricultural sections of the country, but periodic flooding renders more than 600,000 acres of it unusable. The valley's northern portion, on the other hand, lacks rainfall and needs irrigation. An integrated plan prepared by the corporation stresses flood control as the prime requisite for developing the valley's resources.

This technical assistance loan will finance the hiring of Colombian and foreign experts to carry out hydraulic, agro-economic, forestry and fishery studies of the Sinú River water shed. The studies will include the preparation of plans for the construction of works necessary for controlling the river, irrigating 766,000 acres and developing the river's hydroelectric potential. It will also make

possible studies of the existing irrigation and drainage system to improve the use of another 618,000 acres and of the river's navigability and the development of its fishery resources. Studies will also be made of land tenure and use in the valley and of timber reserves and their possible utilization. An experimental forestry station will be established as part of the project to provide advisory services in timber exploitation. The studies will be made over a three-year period at a total cost of \$910,000. The loan is guaranteed by the Republic of Colombia.

## **Ecuador**

### **DEVELOPMENTAL REORGANIZATION**

**\$97,000 3-year 4% loan of July 5, 1962**

*Borrower:*

BANCO NACIONAL DE FOMENTO

Ecuador's Development Credit System, made up of 15 provincial development banks led by the Banco Nacional de Fomento, is the operating mechanism created by the Ecuadorian Government to help finance the country's economic progress. This technical assistance loan, combined with a non-reimbursable technical assistance grant of \$60,000, will finance services connected with the reorganization of the System in general and the Banco in particular.

Advisory services, being provided by officers of the Inter-American Bank, consulting firms and individual experts, include drafting recommendations for more efficient procedures in processing agricultural and industrial credit applications and controlling loans granted under the system. They will also include studies of accounting methods, the establishment of personnel standards and giving advice in preparing applications for external financing. One of the results of the reorganization which has been undertaken is the loan granted by the Bank for agricultural and industrial development in Ecuador (see page 62).

## **Paraguay**

### **LAND SETTLEMENT STUDIES**

**\$800,000 9-year 4% loan of April 5, 1962**

*Borrower:*

GOVERNMENT OF PARAGUAY

Problems stemming from Paraguay's agrarian struc-

ture have led the Government to adopt a variety of measures to settle public lands and gradually eliminate excessively large and uneconomically small holdings.

This technical assistance loan, along with non-reimbursable technical assistance for \$79,000, will finance preliminary studies and pilot projects for the first stage of a project to colonize the Alto Paraná, a sparsely populated area regarded as one of the country's best agricultural zones. The colonization project is designed to settle 2,500 families on 247,000 acres of public lands. The technical assistance is being furnished to the Rural Welfare Institute. The loan portion will finance soil analyses, photogrammetric surveys, highway planning, land parceling, small farm operations, working plans to guide future settlers, an agricultural demonstration center, a cattle ranch and a pilot sawmill. The non-reimbursable grant will be used to hire specialists to aid in organizing the Institute.

### **HYDROELECTRIC PROJECT STUDIES**

**\$400,000 6-year 4% loan of December 6, 1962**

*Borrower:*

ADMINISTRACION NACIONAL DE ELECTRICIDAD  
(ANDE)

In 1961 the Bank approved \$70,000 in reimbursable technical assistance for the review and completion of technical and economic feasibility studies for the proposed Acaray River hydroelectric project. These studies had been undertaken by the Administración Nacional de Electricidad (ANDE). The project would provide additional power to the city of Asunción and extend service to other areas in the interior of the country. The studies were completed in 1962 and final design and construction specifications are now ready to be drawn up.

This loan, which now incorporates the \$70,000 extended in 1961, will be used to prepare the designs, construction plans and specifications for the civil engineering works for the hydroelectric plant, its electro-mechanical installations, a 220-Kv transmission line to Asunción, a primary distribution network in that city and a transformer substation. The loan is guaranteed by the Banco Central del Paraguay.

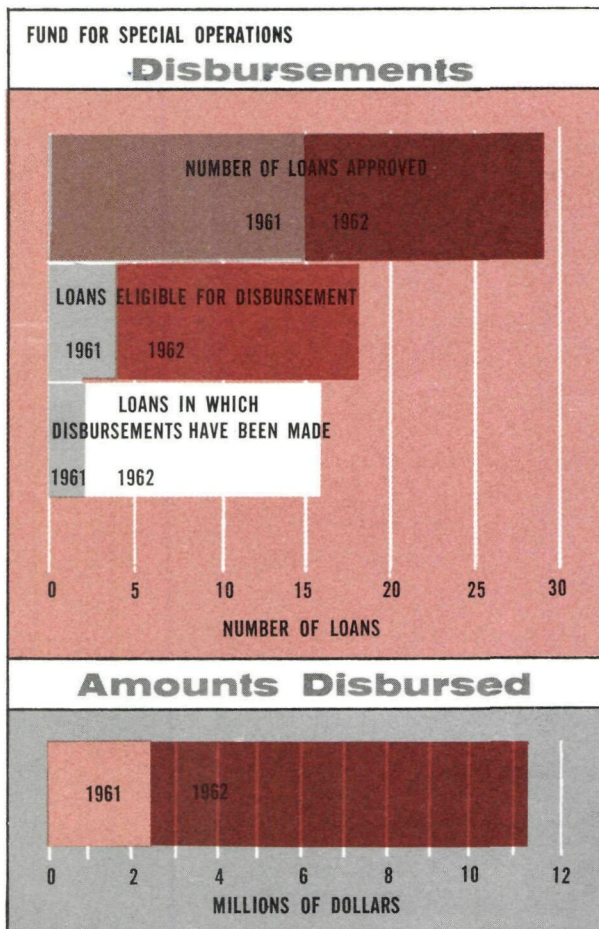


## Financial Operations

The operating earnings in 1962 of the Fund for Special Operations, before charges for technical assistance expenses, were \$1,269,587.

Technical assistance expenses amounted to \$667,542. Gross income for the year amounted to \$3,312,873, consisting of income from investments of \$2,076,144, interest on negotiable certificates of deposit of \$971,799, interest on loans of \$259,558, and income from other sources of \$5,372. The total administrative expenses, not including technical assistance expenses, chargeable to the Fund for Special Operations was \$2,043,286. Disbursements on loans from the Fund for Special Operations during the year amounted to \$8,762,609 bringing total disbursements as of December 31, 1962, to \$11,342,532. The financial operations of the Fund for Special Operations are shown in the statements on the following pages.

68



**Financial Statements**



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

1710 H Street, N.W.  
Washington 6, D.C.  
February 21, 1963

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, 1962, 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.*

69

## **Financial Statements Fund for Special Operations**

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



# Inter-American Development Bank Fund for Special Operations

## BALANCE SHEET

DECEMBER 31, 1962

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 .....	\$ 1,250,204	
Member currencies other than United States dollars .....	9,847,457	\$ 11,097,661
Restricted (Note C)		
Member currencies other than United States dollars .....		3,294,479 \$ 14,392,140

### Investments

Government obligations (at cost or amortized cost)		
United States (face amount \$30,841,000) (Appendix II-4) .....	31,042,158	
Time deposits maturing within one year		
United States dollars .....	29,500,000	
Accrued interest .....	956,953	61,499,111

### Loans outstanding held by Bank (Appendix II-5)

Total loans approved by Bank, less cancellations .....	88,268,653	
Less undisbursed balance of approved loans held by Bank .....	76,926,121	11,342,532

Accrued charges on loans held by Bank .....		90,511
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### Due from members (Note D)

Non-negotiable, non-interest-bearing demand notes denominated in members' currencies (Appendix II-7) .....		59,600,745
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Other assets .....		34,805
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Total assets .....		<u>\$146,959,844</u>
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## Liabilities and Fund Balance

### Liabilities

Accrued expenses and accounts payable .....		\$ 256,382
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### Fund balance

Contribution quotas (Appendix II-6) (Notes D and E)		
Total quotas subscribed .....		\$146,316,000
Excess of income over expenses January 1 to		
December 31, 1962 (Appendix II-2) .....	\$ 602,045	
Deduct excess of technical assistance expense over available income and general reserve for losses January 1 to		
December 31, 1961 (Appendix II-2) .....	214,583	387,462
Total liabilities and Fund balance .....		<u>\$146,959,844</u>

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

**COMPARATIVE STATEMENT OF INCOME AND ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 1961 AND DECEMBER 31, 1962**

*See Notes to Financial Statements—Appendix II-8*

Expressed in United States Dollars

	Year ended	
	December 31, 1961	December 31, 1962
<b>Income</b>		
From loans		
Interest .....	\$ 22,078	\$ 259,558
From investments .....	2,158,035	3,047,943
From other sources .....	6,730	5,372
Gross income .....	<u>2,186,843</u>	<u>3,312,873</u>
<b>Expenses</b>		
Administrative expenses (Note F)		
Board of Governors		
Annual Meeting .....	\$ 69,654	\$ 81,178
Other .....	1,327	
Board of Executive Directors		
Salaries .....	98,941	88,205
Other compensation and benefits .....	24,959	22,627
Travel .....	13,005	18,574
Staff		
Salaries .....	990,115	1,083,575
Other compensation and benefits .....	365,314	436,968
Travel .....	133,319	156,311
Other administrative expenses		
Communications .....	42,587	69,720
Office occupancy .....	254,777	208,871
Publications and printing .....	45,903	64,697
Supplies and equipment .....	107,940	117,388
Miscellaneous expenses .....	69,037	143,165
	<u>2,216,878</u>	<u>2,491,279</u>
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B) .....	147,664	2,069,214
		<u>447,993</u>
<b>Net income before deducting technical assistance expense .....</b>	<b>\$ 117,629</b>	<b>\$1,269,587</b>

**SUMMARY STATEMENT OF TECHNICAL ASSISTANCE EXPENSE  
SHOWING APPLICATION OF AVAILABLE INCOME AND GENERAL RESERVE FOR LOSSES  
FOR THE YEARS ENDED DECEMBER 31, 1961 AND DECEMBER 31, 1962**

	Year ended	
	December 31, 1961	December 31, 1962
Net income before deducting technical assistance expense .....	\$ 117,629	\$1,269,587
Technical assistance expense (Appendix II-3) (Note H) .....	458,217	667,542
Excess of income over expenses .....		<u>\$ 602,045</u>
Excess of technical assistance expense over available income .....	340,588	
Application of general reserve for losses (Note G) .....	126,005	
Excess of technical assistance expense over available income and general reserve for losses .....	<u>\$ 214,583</u>	



## APPENDIX II-3

**Inter-American Development Bank  
Fund for Special Operations**  
**STATEMENT OF TECHNICAL ASSISTANCE EXPENSE (NOTE H)**  
**JANUARY 1 TO DECEMBER 31, 1962**

*See Notes to Financial Statements—Appendix II-8*

Expressed in United States Dollars

Central American Bank for Economic Integration .....	\$ 3,097
Bolivia .....	46,409
Brazil .....	2,146
Colombia .....	34,577
Costa Rica .....	17,954
Dominican Republic .....	37,000
Ecuador .....	51,740
El Salvador .....	4,663
Haiti .....	21,194
Honduras .....	77,566
Nicaragua .....	653
Panama .....	52,920
Paraguay .....	44,324
Uruguay .....	9,003
Intern training in the Bank .....	9,451
Program of fellowships .....	98,826
Substantive studies .....	62,331
Courses and seminars .....	93,688
	<u>\$667,542</u>

72

## APPENDIX II-4

**Inter-American Development Bank  
Fund for Special Operations**  
**INVESTMENTS IN UNITED STATES TREASURY OBLIGATIONS**  
**DECEMBER 31, 1962**

<u>Maturity date</u>	<u>Face value</u>
August 15, 1963 .....	\$ 7,700,000
November 15, 1963 .....	14,841,000
November 15, 1965 .....	8,300,000
	<u>\$30,841,000</u>
Cost or amortized cost .....	<u>\$31,042,158</u>

# Inter-American Development Bank-Fund for Special Operations

## SUMMARY STATEMENT OF LOANS

DECEMBER 31, 1962

See Notes to Financial Statements—Appendix II-8

Expressed in United States Dollars

Member in whose territory loans have been made (1)	Approved loans held by Bank, less cancellations			Currency in which disbursed portion of approved loans held by Bank is repayable	
	Total (2)	Undisbursed	Disbursed	United States dollars	Member's currency
Argentina .....	\$ 5,130,375	\$ 5,108,635	\$ 21,740	\$ 21,740	
Bolivia .....	17,100,000	9,883,514	7,216,486	5,373,279	\$1,843,207
Brazil .....	21,765,000	21,105,000	660,000	660,000	
Chile .....	9,006,408	8,190,750	815,658		815,658
Colombia .....	3,179,870	3,068,224	111,646	75,000	36,646
Ecuador .....	8,462,000	8,410,400	51,600	41,600	10,000
El Salvador .....	225,000	95,631	129,369	101,446	27,923
Haiti .....	3,500,000	3,250,000	250,000		250,000
Honduras .....	9,210,000	8,377,415	832,585	500,000	332,585
Panama .....	2,900,000	2,900,000			
Paraguay .....	4,450,000	3,196,552	1,253,448		1,253,448
Uruguay .....	640,000	640,000			
Venezuela .....	2,700,000	2,700,000			
<b>Total</b> .....	<b>\$88,268,653 (3)</b>	<b>\$76,926,121</b>	<b>\$11,342,532</b>	<b>\$6,773,065</b>	<b>\$4,569,467</b>

(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 \$64,758,278 had become effective (i.e. eligible for disbursement) as of December 31, 1962 (see (2) above).



## APPENDIX II-6

**Inter-American Development Bank-Fund for Special Operations**  
**STATEMENT OF CONTRIBUTION QUOTAS**  
**DECEMBER 31, 1962**

*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	\$ 128,500	\$ 5,028,500
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	5,500	201,500
Paraguay .....	.28	414,000	207,000	207,000	
Peru .....	.94	1,382,000	691,000	6,910	684,090
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	13,815	2,749,185
<b>Total .....</b>	<b>100.00</b>	<b>\$146,316,000</b>	<b>\$73,158,000</b>	<b>\$13,557,255</b>	<b>\$59,600,745</b>

**Inter-American Development Bank-Fund for Special Operations**  
**STATEMENT OF CURRENCIES AND DEMAND NOTES HELD BY THE BANK**  
**DECEMBER 31, 1962**

*See Notes to Financial Statements—Appendix II-8*

<i>Member</i>	<i>Unit of currency</i>	<i>Exchange rate (1)</i>	<i>Due from banks</i>		<i>Non-negotiable, non-interest-bearing demand notes</i>		<i>Total</i>	
			<i>Amount in local currency</i>	<i>Expressed in United States dollars</i>	<i>Amount in local currency</i>	<i>Expressed in United States dollars</i>	<i>Amount in local currency</i>	<i>Expressed in United States dollars</i>
Argentina .....	Peso	82.525	7,479,525	\$ 90,633	414,976,963	\$ 5,028,500	422,456,488	\$ 5,119,133
Bolivia .....	Boliviano	11,875.00	171,152,463	14,413	4,631,250,000	390,000	4,802,402,463	404,413
Brazil .....	Cruzeiro	18.50	94,623,883	5,114,804			94,623,883	5,114,804
Brazil .....	Cruzeiro	225.00	450,000	2,000			450,000	2,000
Chile .....	Escudo	1.60	1,952,318	1,220,199			1,952,318	1,220,199
Colombia .....	Peso	2.50	3,438,385	1,375,354			3,438,385	1,375,354
Colombia .....	Peso	7.26	6,185	852			6,185	852
Costa Rica .....	Colon	6.63	685,473	103,390			685,473	103,390
Costa Rica .....	Colon	6.62	663,489	100,225			663,489	100,225
Dominican Republic .....	Peso	1.00	275,360	275,360			275,360	275,360
Ecuador .....	Sucre	18.00	4,762,564	264,586			4,762,564	264,586
El Salvador .....	Colon	2.50	442,270	176,908			442,270	176,908
Guatemala .....	Quetzal	1.00	275,326	275,326			275,326	275,326
Haiti .....	Gourde	5.00	973,307	194,662			973,307	194,662
Honduras .....	Lempira	2.00	384,014	192,007			384,014	192,007
Mexico (Note C) .....	Peso	12.50	41,180,990	3,294,479			41,180,990	3,294,479
Nicaragua .....	Cordoba	7.00	1,448,281	206,897			1,448,281	206,897
Panama .....	Balboa	1.00	4,041	4,041	201,500	201,500	205,541	205,541
Paraguay .....	Guarani	122.00	24,814,561	203,398			24,814,561	203,398
Paraguay .....	Guarani	126.00	1,285,702	10,203			1,285,702	10,203
Peru .....	Sol	26.95	47,126	1,749	9,218,113	342,045	9,265,239	343,794
Peru .....	Sol	26.81	85,328	3,183	9,170,226	342,045	9,255,554	345,228
United States .....	Dollar	1.00	1,250,204	1,250,204	50,000,000	50,000,000	51,250,204	51,250,204
Uruguay .....	Peso	11.025	39,469	3,580	6,035,857	547,470	6,075,326	551,050
Venezuela .....	Bolivar	3.335	45,647	13,687	9,168,532	2,749,185	9,214,179	2,762,872
Total expressed in United States dollars				\$14,392,140		\$59,600,745		\$73,992,885

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



**Inter-American Development Bank  
Fund for Special Operations  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1962**

*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. 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.

76

*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.

A report of the Board of Executive Directors which is to be submitted to the Board of Governors contemplates an increase of \$73,158,000 in the authorized contribution quotas of the Fund for Special Operations.

*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 39, Appendix I-5 to the financial statements of the Ordinary Capital. In general, all such decisions shall be adopted by a two-thirds majority of the total voting power.

*Note F*

In accordance with Article III, Section 3(b), expenses pertaining directly to ordinary operations have been charged to the Inter-American Development Bank—Ordinary Capital and expenses pertaining directly to special operations have been charged to the Inter-American Development Bank—Fund for Special Operations. Expenses 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.

*Note G*

Pursuant to action of the Board of Governors the net income from the Fund for Special Operations for the fiscal year ended December 31, 1960, was allocated to a general reserve for possible future losses.

*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, 1962, the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,736,645. 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, 1962, include \$62,508 which may be reimbursed to the Fund if loans are granted as a result of the technical assistance projects.







# Inter-American Development Bank – Fund for Special Operations

## Statement of Approved Loans

AS OF DECEMBER 31, 1962

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Status of Loans			Interest %	Repayment Terms Principal Installments
				Amount Approved	Undisbursed Balance	Disbursed and Outstanding		
<b>ARGENTINA</b> Republic of Argentina	Technical assistance	2/28/62 contract signed 6/29/62	Pesos U.S. dollars <b>Total</b> in U.S. dollars	<u>25,000,000</u> <u>500,000</u> <u>686,428</u>	<u>25,000,000</u> <u>478,260</u> <u>664,688</u>	<u>21,740</u> <u>21,740</u>	4	7 semiannual begin- ning 1/15/65 <sup>1</sup>
Province of Rio Negro	Agricultural develop- ment and resettlement	7/31/62	Pesos U.S. dollars <b>Total</b> in U.S. dollars	<u>236,143,000</u> <u>2,683,000</u> <u>4,443,947<sup>2</sup></u>	<u>236,143,000</u> <u>2,683,000</u> <u>4,443,947</u>		4½	30 semiannual be- ginning 66 months after date of con- tract <sup>1</sup>
<b>Total of loans to Argentina expressed in U.S. dollars</b>				<u>5,130,375</u>	<u>5,108,635</u>	<u>21,740</u>		
<b>BOLIVIA</b> Corporación Boliviana de Fomento (Banco Central de Bolivia)	Development loan for relending	2/24/61 contract signed 5/11/61	U.S. dollars	<u>10,000,000</u>	<u>6,313,586</u>	<u>3,686,414</u>	4½	20 semiannual be- ginning 11/11/64; (First 16 interest and first 10 princ- pal payments in bo- livianos; the balance in dollars)
Corporación Minera de Bolivia (Banco Central de Bolivia)	Mine rehabilitation	7/14/61 contract signed 8/31/61	U.S. dollars	<u>4,500,000</u>	<u>969,928</u>	<u>3,530,072</u>	4	14 semiannual be- ginning 3/1/65 <sup>1</sup>
Corporación Boliviana de Fomento (Banco Central de Bolivia)	Farm settlement	12/28/62	U.S. dollars	<u>2,600,000<sup>2</sup></u>	<u>2,600,000</u>		4	25 semiannual be- ginning 36 months after date of con- tract <sup>3</sup>
<b>Total of loans to Bolivia expressed in U.S. dollars</b>				<u>17,100,000</u>	<u>9,883,514</u>	<u>7,216,486</u>		
<b>BRAZIL</b> Banco do Nordeste do Brasil	Development loan for relending	4/9/61 contract signed 8/3/61	U.S. dollars	<u>10,000,000</u>	<u>9,340,000</u>	<u>660,000</u>	4½	24 semiannual be- ginning 12/15/65 <sup>1</sup>



# Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Status of Loans			Interest %	Repayment Terms Principal Installments
				Amount Approved	Undisbursed Balance	Disbursed and Outstanding		
<b>BRAZIL (Cont'd)</b>								
Comissão de Planejamento Econômico da Bahia	Technical assistance	2/21/62 contract signed 8/9/62	Cruzeiros <sup>4</sup>	265,000	265,000		4	13 semiannual be- ginning 8/9/64 <sup>1</sup>
Banco do Estado da Guanabara, S.A. (State of Guanabara)	Water supply	3/13/62 contract signed 5/5/62	Cruzeiros <sup>4</sup> U.S. dollars <b>Total in U.S. dollars</b>	2,500,000 9,000,000 11,500,000	2,500,000 9,000,000 11,500,000		4	50 semiannual be- ginning 11/5/67; (First 20 interest and first 10 princi- pal payments in cruzeiros; balance in currencies loaned)
<b>Total of loans to Brazil expressed in U.S. dollars</b>				21,765,000	21,105,000	660,000		
<b>CHILE</b>								
Corporación de Fomento de la Producción de Chile	Farm settlement	12/21/61 contract signed 5/2/62	Escudos U.S. dollars <b>Total in U.S. dollars</b>	1,470,000 5,657,000 6,641,408	1,270,000 5,032,000 5,825,750	200,000 625,000 815,658	4	27 annual beginning 5/2/66 <sup>3</sup>
Corporación de Fomento de la Producción de Chile	Technical assistance	12/21/61 contract signed 5/2/62	U.S. dollars	265,000 <sup>2</sup>	265,000		4	7 annual beginning 5/2/65 <sup>3</sup>
Corporación de Fomento de la Producción de Chile	Technical assistance	10/18/62 contract signed 12/20/62	U.S. dollars	2,100,000 <sup>2</sup>	2,100,000		4	19 semiannual be- ginning 1/15/66 <sup>1</sup>
<b>Total of loans to Chile expressed in U.S. dollars</b>				9,006,408	8,190,750	815,658		
<b>COLOMBIA</b>								
Corporación Autónoma Regional de los Valles del Magdalena y del Sinú (Republic of Colombia)	Technical assistance	5/11/62 contract signed 7/17/62	Pesos U.S. dollars <b>Total in U.S. dollars</b>	3,300,000 380,000 679,870	2,908,627 380,000 643,224	391,373 36,646	4	12 semiannual be- ginning 1/17/66 <sup>1</sup>
Instituto Nacional de Fomento Municipal (Republic of Colombia)	Water supply and sewage	7/12/62 contract signed 8/21/62	Pesos <sup>4</sup> U.S. dollars <b>Total in U.S. dollars</b>	1,000,000 1,500,000 2,500,000	1,000,000 1,425,000 2,425,000	75,000 75,000	4	52 semiannual be- ginning 2/21/67 <sup>1</sup>
<b>Total of loans to Colombia expressed in U.S. dollars</b>				3,179,870	3,068,224	111,646		

<b>ECUADOR</b> Comisión Nacional de Valores (Republic of Ecuador)		African oil palm cultivation	7/13/61 contract signed 10/31/61	Sucres <sup>4</sup> U.S. dollars <b>Total</b> in U.S. dollars	<u>276,000</u> <u>2,089,000</u> <u>2,365,000</u>	<u>266,000</u> <u>2,064,000</u> <u>2,330,000</u>	<u>10,000</u> <u>25,000</u> <u>35,000</u>	5	24 semiannual be- ginning 6/15/64; (Interest during the period of disburse- ment payable in su- cres and thereafter principal and inter- est in the currencies loaned)
Banco Nacional de Fomento		Technical assistance	7/5/62 contract signed 9/20/62	U.S. dollars	<u>97,000</u>	<u>80,400</u>	<u>16,600</u>	4	2 annual beginning 9/20/64 <sup>1</sup>
Sistema de Crédito de Fomento (Republic of Ecuador)		Development loan for relending	10/25/62 contract signed 11/7/62	U.S. dollars	<u>6,000,000<sup>2</sup></u>	<u>6,000,000</u>		4	20 semiannual be- ginning 5/7/66 <sup>1</sup>
<b>Total of loans to Ecuador expressed in U.S. dollars</b>					<u>8,462,000</u>	<u>8,410,400</u>	<u>51,600</u>		
<b>EL SALVADOR</b> Banco Central de Reserva (Republic of El Salvador)		Rural electrification	8/10/61 contract signed 11/17/61	Colones <sup>4</sup> U.S. dollars	<u>60,000</u> <u>165,000</u>	<u>32,077</u> <u>63,554</u>	<u>27,923</u> <u>101,446</u>	4	34 semiannual be- ginning 5/17/70 <sup>1</sup>
<b>Total of loans to El Salvador expressed in U.S. dollars</b>					<u>225,000</u>	<u>95,631</u>	<u>129,369</u>		
<b>HAITI</b> Banque Nationale de la République d'Haiti (Republic of Haiti)		Development loan for relending	4/9/61 contract signed 8/17/61	U.S. dollars	<u>3,500,000</u>	<u>3,250,000</u>	<u>250,000</u>	4	24 semiannual be- ginning 2/17/65 <sup>3</sup>
<b>Total of loans to Haiti expressed in U.S. dollars</b>					<u>3,500,000</u>	<u>3,250,000</u>	<u>250,000</u>		
<b>HONDURAS</b> Republic of Honduras		Highway construction	5/11/61 contract signed 8/11/61	U.S. dollars	<u>2,250,000</u>	<u>1,917,415</u>	<u>332,585</u>	4	32 semiannual be- ginning 1/1/66 <sup>3</sup>
Republic of Honduras		Technical assistance	11/9/61 contract signed 3/30/62	U.S. dollars	<u>960,000</u>	<u>960,000</u>		4	10 semiannual be- ginning 9/30/64 <sup>1</sup>



# Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Date Approved	Currencies	Status of Loans			Interest %	Repayment Terms Principal Installments
				Amount Approved	Undisbursed Balance	Disbursed and Outstanding		
<b>HONDURAS (Cont'd)</b> Banco Nacional de Fomento (Banco Central de Honduras)	Agricultural development	4/12/62 contract signed 6/8/62	U.S. dollars	<u>6,000,000</u>	<u>5,500,000</u>	<u>500,000</u>	4	24 semiannual be- ginning 12/8/66 <sup>1</sup>
<b>Total of loans to Honduras expressed in U.S. dollars</b>				<u>9,210,000</u>	<u>8,377,415</u>	<u>832,585</u>		
<b>PANAMA</b> Instituto de Fomento Económico (Republic of Panama)	Agricultural development	12/7/61 contract signed 1/10/62	Balboas U.S. dollars	<u>186,000</u> <u>2,714,000</u>	<u>186,000</u> <u>2,714,000</u>		4	24 semiannual be- ginning 7/15/65 <sup>1</sup>
<b>Total loans to Panama expressed in U.S. dollars</b>				<u>2,900,000<sup>2</sup></u>	<u>2,900,000</u>			
<b>PARAGUAY</b> Banco Nacional de Fomento del Paraguay (Republic of Paraguay)	Industrial and agri- cultural development	3/24/61 contract signed 7/28/61	U.S. dollars	<u>3,000,000</u>	<u>1,963,021</u>	<u>1,036,979</u>	5¾	14 semiannual be- ginning 5/17/63 <sup>a</sup>
Republic of Paraguay	Land settlement	5/26/61 contract signed 7/28/61	U.S. dollars	<u>250,000</u>	<u>98,531</u>	<u>151,469</u>	4	18 semiannual be- ginning 2/1/63 <sup>a</sup>
Estabilizadora Paraguaya de Alimentos, S.A.	Dairy plant	6/29/61	U.S. dollars	<u>150,000</u>				Loan cancelled
Republic of Paraguay	Technical assistance	4/5/62 contract signed 12/3/62	U.S. dollars	<u>800,000<sup>2</sup></u>	<u>800,000</u>		4	10 semiannual be- ginning 11/30/66 <sup>a</sup>
Administración Nacional de Electricidad (ANDE) (Banco Central del Paraguay)	Technical assistance	12/6/62 contract signed 12/7/62	U.S. dollars	<u>400,000</u>	<u>335,000</u>	<u>65,000</u>	4	8 semiannual begin- ning 5/30/65 <sup>a</sup>
<b>Total of loans to Paraguay expressed in U.S. dollars</b>				<u>4,600,000</u>	<u>3,196,552</u>	<u>1,253,448</u>		

<b>URUGUAY</b> Establecimientos Frigoríficos del Cerro, S.A.	Meat-processing plant expansion	8/3/61 contract signed 11/30/61	Pesos <sup>4</sup> U.S. dollars	<u>190,000</u> <u>450,000</u>	<u>190,000</u> <u>450,000</u>	5¾	14 semiannual be- ginning 5/31/63 <sup>1</sup>
<b>Total of loans to Uruguay expressed in U.S. dollars</b>				<u><u>640,000</u></u> <sup>2</sup>	<u><u>640,000</u></u>		
<b>VENEZUELA</b> Instituto Agrario Nacional (Republic of Venezuela)	Consolidation of rural settlements	11/8/62 contract signed 12/19/62	Bolivares <sup>4</sup>	<u>2,700,000</u> <sup>2</sup>	<u>2,700,000</u>	4	39 semiannual be- ginning 12/19/63 <sup>3</sup>
<b>Total of loans to Venezuela expressed in U.S. dollars</b>				<u><u>2,700,000</u></u>	<u><u>2,700,000</u></u>		
<b>Grand total expressed in U.S. dollars</b>				<u>88,418,653</u>	<u>76,926,121</u>	<u>11,342,532</u>	
Less: Loan Cancelled				<u>150,000</u>			
<b>Net total expressed in U.S. dollars</b>				<u><u>88,268,653</u></u>			

<sup>1</sup> Interest and amortizations are payable in the currencies loaned.

<sup>2</sup> Not eligible for disbursement.

<sup>3</sup> Interest and amortizations are payable in local currency.

<sup>4</sup> Expressed in the U.S. dollar equivalent.

Note: 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, 1962.







## 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 1962

#### Activities

Operations designed to finance social development projects have played an outstanding and increasingly important role in the Bank's total lending activity. This increase reflects the task entrusted to the Bank by the United States Government of administering the Social Progress Trust Fund, established in 1961 as part of the Alliance for Progress program. By virtue of the Agreement signed on June 19, 1961, by the United States Government and the Inter-American Bank, the Bank became the Administrator of \$394 million of the Special Inter-American Fund for Social Progress. This was a significant innovation in the management of foreign aid. For the first time, a specific fund was being channeled to Latin America through a multilateral cooperative institution, composed of both the beneficiary nations and the country providing the resources. The Bank manages this Fund completely separate from its own resources.

As Administrator of the Trust Fund, the Bank grants loans for projects or programs in the following four fields:

—Land settlement and improved land use, including access and feeder roads, assistance to agricultural credit institutions, assistance to supervised credit and agricultural extension, and de-

velopment of storage and marketing facilities, provided that the resources of the Fund shall not be used for the purchase of agricultural land.

—Housing for low-income groups, through assistance to self-help housing and to institutions providing long-term housing finance and engaged in mobilizing domestic resources for this purpose.

—Community water supply and sanitation facilities.

—Such supplementary financing of facilities for advanced education and training related to economic and social development as may be agreed upon from time to time between the United States and the Administrator.

The Bank as Administrator may also use the resources of the Fund to provide reimbursable and non-reimbursable technical assistance related to projects in the above fields and to the mobilization of domestic financial resources and the strengthening of financial institutions.

The loans made from the Trust Fund constitute supplementary financing designed to assist the member countries and their peoples in finding a perma-



nent solution to their social problems. In accordance with this principle, special attention has been given to financing projects which are included in the framework of broad regional or national development programs, thus helping significantly to mobilize domestic resources.

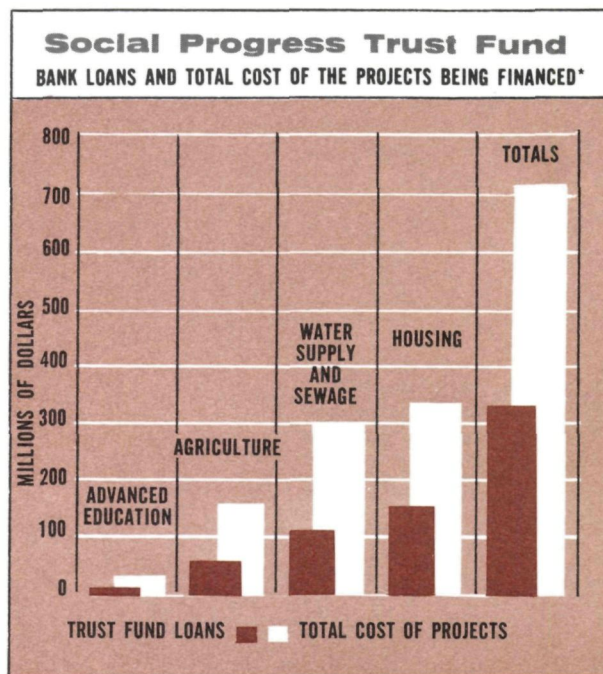
Up to December 31, 1962, the total cost of the projects or programs being financed with the help of the Trust Fund amounted to about \$780 million. The local contribution represents about 53 per cent of this cost; the Trust Fund loans, 41 per cent, and other external financing, the remaining 6 per cent. The latter includes some financing provided by the Bank from its own resources.

In its administration of 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; the local contribution to the project and whether financial and/or technical assistance required can be obtained on reasonable terms from national or international agencies or from private sources.

In its capacity as Administrator of the Fund, the Bank publishes, pursuant to the terms of the Trust Fund Agreement, a separate detailed report describing the loans and the measures being adopted by the countries to attain the goals set forth in the Act of Bogotá and the Charter of Punta del Este.

The many urgent requirements of the Latin American countries in the various fields covered by the Trust Fund have been reflected in a growing volume of loan applications for the financing of projects. With the loans approved in 1962, which amounted to \$204,927,000, the Bank's total loans from the Trust Fund rose to \$320,562,000 as of December 31, 1962.

Taking into account applications under active study, the Bank has obligated almost all the resources entrusted to it. The United States, however, has stated its intention of providing additional resources to replenish the Trust Fund for the 1963-64 fiscal year. In his budget message to Congress President Kennedy asked for an appropriation of \$200 million for this purpose.



## Loans

During 1962, the Bank in its capacity as Administrator of the Social Progress Trust Fund, approved 35 loans for a total of \$204,927,000.

Nine of these loans, totaling \$37,800,000, were approved for land settlement and improved land use projects in Bolivia, Brazil, the Dominican Republic, Honduras, Nicaragua, Paraguay and Venezuela and two in Mexico.

Thirteen loans, for a total of \$91,550,000, were approved for housing for low-income groups. Two of them were for programs in Chile and one each for programs in Argentina, Brazil, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Peru, Uruguay and Venezuela.

For community water supply and sanitation facilities, eight loans, totaling \$63,452,000, were authorized. Three went for programs in Brazil and one each for programs in Colombia, Ecuador, Guatemala, Mexico and Panama.

In the field of higher education and advanced training, five credits were extended for a total of \$12,125,000 for projects in Argentina, Chile, Mexico and Peru, and for the National Universities of Central America. The Banco Centroamericano de Integración Económica acted as agent.



## Description of Loans

This section contains a description of the loans authorized from the Social Progress Trust Fund during 1962. Loans are 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 to be 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, have varied between 20 and 30 years for loans in categories A, B and C and between 15 and 18 years in category D.

*Loans from the Trust Fund are assisting El Salvador to provide water and sewage facilities for dozens of its communities.*





## **A. Land Settlement and Improved Land Use**

### **Bolivia**

**\$6.5 million 25-year 1¼% loan of December 28, 1962**

*Borrower:*

CORPORACION BOLIVIANA DE FOMENTO

As part of its economic and social development plan Bolivia seeks to resettle some 100,000 low-income farm families on public lands during the next ten years. The plan aims to raise nutritional levels, increase the production of agricultural raw materials for domestic industries, encourage the substitution of imports, increase exports and integrate the rural population into the nation's economy.

This Trust Fund loan and one for \$2.6 million from the Fund for Special Operations (see page 64) are designed to support the program by helping to finance 43 per cent of the cost of resettlement of 8,000 families on approximately 518,000 acres of public lands during the next 30 months. Two systems will be used in carrying out the project: the first provides for resettling 1,000 families on a "planned" system at an average cost of about \$2,800 per family, and the second for relocating 7,000 families on a semi-spontaneous basis at an average cost of \$650. The project will be carried out in two parallel operations, one involving land clearance, parceling, the construction of housing and infrastructure facilities, the installation of equipment, and the selection and resettlement of families, and the other dealing with facilities for the consolidation of the settlements, such as agricultural extension services, credit cooperatives, schools and health services.

This loan will finance the cost of direct farm investments, infrastructure facilities and community centers, and provide up to \$200,000 for technical assistance. The loan from the Fund for Special Operations will be used solely for credits to settlers for the purchase of necessary agricultural supplies and equipment. Both loans are being made within the framework of the agreement signed in July 1962 between the U.S. Agency for International Development and the Bank to accelerate Bolivia's economic and social development.

### **Brazil**

**\$6.4 million 20-year 1¼% loan of April 12, 1962**

*Borrower:*

CAIXA ECONÔMICA DO ESTADO DE MINAS GERAIS

The Associação de Crédito e Assistência Rural (ACAR) of the State of Minas Gerais is one of Brazil's outstanding rural development agencies and has served as a model for similar agencies in that country and Latin America. Since it was organized in 1949, ACAR has aided about 300,000 farm families in the state through a variety of services.

This loan will finance 49 per cent of the cost of a supervised farm credit project being carried out jointly by the Caixa Econômica and ACAR which will benefit about 10,000 farm families. ACAR will select eligible farmers, give them training and technical assistance, help them to prepare applications for credit to be submitted to the Caixa, and supervise the agricultural planning of the project. The credits will be used to purchase seed, farm implements, fertilizers, insecticides and work animals. Credits will also be extended to build 1,350 houses and to repair another 2,700. As part of the project, ACAR hopes to enlarge the number of its branch offices from 63 to 100 during the next three years. It is expected that the project will help increase corn production by 40 per cent, expand rural consumption of meat, eggs, vegetables and milk and raise the proportion of families with access to filtered water to 60 per cent. The loan is guaranteed by the State of Minas Gerais.

### **Dominican Republic**

**\$3 million 20-year 1¼% loan of August 23, 1962**

*Borrower:*

BANCO AGRICOLA

The 1960 farm census indicated that 50 per cent of the 450,000 farms in the Dominican Republic were less than 2.5 acres each and accounted for only 17 per cent of the nation's total farm acreage. This situation, combined with a lack of rural credit and agricultural extension services, has been a handicap to the small farmer and impaired the national economy,

since about 70 per cent of the economically active population is engaged in farming. To correct this the Dominican Government, among other measures, has adopted an agrarian reform law and established an institute to put it into effect. The institute has already begun to distribute lands to the rural population. The Bank has been giving technical assistance to both the institute and the borrower, a rural credit agency.

The loan will finance 52 per cent of the cost of a rural credit program of the Banco to benefit low-income farmers. About \$2.7 million of the loan will be used for credits to enable farmers to increase farm output, particularly rice, corn, beans and potatoes; to improve land; augment livestock production; acquire tools, equipment, materials and machinery, and improve marketing facilities for agricultural products. Another \$200,000 of the loan will be used for credits for self-help rural housing construction and the remaining \$100,000 will finance technical assistance related to the program and to the work of the Banco. The loan is guaranteed by the Dominican Republic.

## Honduras

**\$2.5 million 20-year 1¼% loan of August 30, 1962**

*Borrower:*

BANCO NACIONAL DE FOMENTO

The Honduran economy is based primarily on agriculture, a sector which employs about 80 per cent of the economically active population but accounts for only 45 per cent of the gross national product. Most of the farm production for domestic consumption comes from small land-holdings. Some 75 per cent of the 156,000 farms counted in the 1952 census were less than 25 acres and made up barely 16 per cent of the nation's agricultural area. The Honduran Government has approved a law on agrarian reform, which establishes a change in the land tenure system. This is complemented by an integrated program of agricultural development.

This loan will finance 70 per cent of the cost of a rural credit program designed to benefit about 3,000 low-income farm families. The program will serve as a pilot plan for similar projects in the future.

About \$2 million of the loan will be used by the Banco Nacional de Fomento to extend credits to help increase agricultural production through the construction of wells, ponds and dams, and the acquisition of small tractors, manual threshers, work animals, farm implements, breeding stock, seeds and fertilizers. Another \$250,000 of the loan will be used for credits of up to \$500 to finance improved farm marketing and storage facilities, such as silos and other installations, and to acquire farm implements and machinery. The remaining \$250,000 will be used for credits to purchase building materials for self-help housing construction. The Banco Nacional has also received a loan of \$6 million from the Fund for Special Operations for a similar purpose (see page 62). This Trust Fund loan is guaranteed by the Banco Central de Honduras.

## Mexico

**\$1 million 20-year 1¼% loan of April 19, 1962**

*Borrower:*

NACIONAL FINANCIERA, S.A.

The general economic and social development program prepared by the Mexican Government for the Yucatán Peninsula calls for the investment of more than \$6 million in small irrigation works during the 1960-64 period. The program seeks to diversify the region's agricultural production, now almost entirely based on *henequén*, which provides 40 per cent of the employment in the area.

This loan will finance 40 per cent of the cost of a project, contained in the over-all program, to irrigate about 12,500 acres of new lands in southern Yucatán and distribute them among some 1,670 low-income farm families for growing fruits and vegetables. The project calls for the drilling of 50 deep water wells, the installation of pumping equipment and related facilities, and the construction of access roads and a small irrigation system. The work will be carried out by the Secretaría de Recursos Hidráulicos, a government agency in charge of the development of the nation's water resources. The agency will finance 26 per cent of the cost of the project. The farmers to be benefited will provide the balance by contributing materials, labor and the



capital needed for investments. The Banco Nacional de Crédito Ejidal will provide credits to the farmers for the latter. It is estimated that the beneficiaries of the project will be able to raise their net per capita income from 900 to about 3,300 pesos a year as soon as the lands are irrigated. The loan is guaranteed by the United States of Mexico.

**\$3 million 20-year 1¼% loan of December 28, 1962**

*Borrower:*

NACIONAL FINANCIERA, S.A.

This loan will finance 50 per cent of the cost of an irrigation project which will directly benefit about 5,000 low-income farm families in eight of Mexico's central states in the Lerma-Chapala-Santiago Basin, which contains 17 per cent of Mexico's population. The project calls for the irrigation of 52,000 acres through the construction of 355 water storage facilities, six canals and drains and 194 wells. The topography of the basin, marked by many terraced valleys and plateaus, is unsuited to large irrigation systems.

The families to be benefited from the project work properties averaging 15 acres each. Principal crops are corn, wheat and beans. The net average income of the farmers is 900 pesos a year. It is expected that by enabling farmers to increase and diversify agricultural production, the project will permit them to double their present income. The Secretaría de Recursos Hidráulicos, which will carry out the project, will provide 35 per cent of the total cost of the project and the farmers participating will contribute another 15 per cent. The Mexican Government will provide the funds needed to finance the purchase of machinery and equipment required for the efficient use of the irrigated lands once the work is completed. The loan is guaranteed by the United States of Mexico.

## Nicaragua

**\$2.5 million 20-year 1¼% loan of June 14, 1962**

*Borrower:*

BANCO NACIONAL DE NICARAGUA

The Banco Nacional de Nicaragua, a State credit agency for agricultural and industrial development, has established a rural credit section to help small-

scale farmers and rural artisans increase their productivity. More than two-thirds of Nicaragua's economically active population is engaged in farming, accounting for about 50 per cent of the national production of goods and services.

This loan will finance 62 per cent of the cost of a project to expand the Banco's rural credit program. About \$2 million of the loan will be channeled to low-income farmers in the form of medium- and long-term credits to improve livestock production, develop pastures and orchards, acquire seeds, fertilizers and farm machinery, and finance tools and equipment to improve the marketing of farm produce. The remaining \$500,000 will be used to improve and construct farm homes and buildings through the aided self-help system. Previously the Bank had approved non-reimbursable technical assistance for \$95,000 to facilitate the Banco's credit program through the reorganization of its rural credit section, the fostering of a sound farm commodity marketing system and the training of its personnel.

## Paraguay

**\$2.9 million 20½ year 1¼% loan of December 20, 1962**

*Borrower:*

BANCO NACIONAL DE FOMENTO

The growth of the Paraguayan economy depends heavily on increasing agricultural and livestock production. This growth has been stymied up to now by such factors as a lack of farm credit and technical assistance, the concentration of the population in the Asunción area, and the proliferation of small, uneconomic holdings.

This loan will finance 67 per cent of the cost of an agricultural credit program which will benefit about 4,300 low-income farmers and will contribute to a better use of 104,000 acres of land devoted to producing staple products. Approximately \$2.6 million of the loan will be used to grant credits of up to \$1,500 for agricultural and livestock development. These credits will finance the purchase of implements, insecticides, seed, fertilizers, work animals and sheep and pigs for breeding. Credits will be extended on short, medium and long terms, directly or through cooperatives, and will be accompanied by

technical assistance to train the farmers in using fertilizers, selecting seed varieties and applying insecticides.

This assistance will be furnished by the Inter-American Technical Service for Agricultural Cooperation, the Paraguayan Ministry of Agriculture and the Banco. The remaining \$300,000 will be used for credits for marketing facilities, including the acquisition of tools, machinery and equipment to build crop storage facilities. The loan is guaranteed by the Republic of Paraguay.

## Venezuela

**\$10 million 20-year 1¼% loan of November 8, 1962**

*Borrower:*

INSTITUTO AGRARIO NACIONAL (IAN)

Venezuela's agrarian reform plan adopted in 1960, seeks to help low-income farmers through improved land distribution, supplemented by infrastructure works, marketing services, storage facilities, supervised credit, machinery, fertilizers and technical assistance. One segment of the plan, which is being

carried out by the Instituto Agrario Nacional (IAN), applies to farm settlements.

This Trust Fund loan, together with another from the Fund for Special Operations for \$2.7 million (see page 65), is financing 12 per cent of the cost of a project of IAN to consolidate 124 new settlements in 18 states during the next years, and thereby benefit 37,000 farm families. The loans will be used to finance land clearance and grading, the construction of small irrigation and drainage systems, and of silos, barns and other buildings conducive to the better utilization and marketing of the new farm production. Up to \$200,000 of the Trust Fund loan will be used to hire a group of specialists to advise IAN in the preparation of specific projects. In conjunction with this program, the Institute will finance large-scale infrastructure works such as trunk roads, electric power plants, water supply and sewage systems. In addition the Agricultural and Livestock Bank will make credits available to farmers for the purchase of machinery, seed, fertilizers and tools and for initial working capital. The loan is guaranteed by the Republic of Venezuela.

91

## B. Housing for Low-Income Groups

### Argentina

**\$30 million 25-year 1¼% loan of November 29, 1962**

*Borrower:*

BANCO HIPOTECARIO NACIONAL

The Banco Hipotecario Nacional of Argentina has prepared a housing program providing for the construction throughout the country of more than 15,000 dwellings for low-income families over a two and one-half year period. Cooperating in the project are provincial and municipal housing agencies, cooperatives—especially those made up by workers—private enterprises and the future owners of the dwellings, who will contribute to it with cash payments or their own labor through the aided self-help method.

This loan will help to finance 50 per cent of the program. Repayment of home construction credits granted by the Banco Hipotecario or other

intermediate agencies will be subject to a system of periodic readjustments to maintain their real value. This system is being applied in Argentina for the first time.

Fifty per cent of the resources of the program will be allocated to projects undertaken by housing co-operatives, which will help finance them. It is expected that the membership of many of these will be formed by members of a single labor union. Twenty per cent of the resources will be allocated to projects undertaken by provincial or municipal agencies; 10 per cent to projects carried out by private companies for employee and worker housing; 10 per cent to projects based on the aided self-help system, and the remaining 10 per cent to projects designed to improve housing in city neighborhoods which do not fall into any of the preceding categories.



## Brazil

**\$3,850,000 26-year 1¼% loan of August 16, 1962**

### *Borrower:*

BANCO DO NORDESTE DO BRASIL S.A.

The Serviço Social Contra o Mocambo, an independent agency of the State of Pernambuco in charge of low-cost housing construction, has drafted a program consisting of three projects for the construction of 8,500 dwellings in Recife, the principal commercial center of Northeast Brazil, and in other cities in the interior of the state. The program will help to alleviate the serious housing shortage in Recife, which has been absorbing a heavy flow of migrants leaving the interior in search of jobs. The loan will finance about 55 per cent of the program's cost.

One project calls for the building of 2,000 houses at Alto de Jordão, a suburb of Recife, as the continuation of one under which more than 500 dwellings already have been built. Another provides for the construction of 2,500 dwellings in the interior cities of Cabo, Paulista, Moreno, Garanhuns, Caruarú, São Lourenço da Mata and Pesqueira, and the third provides for the construction of 4,000 homes in Recife proper as part of an effort to eradicate slums.

A noteworthy feature of the program is the application of a recent government measure requiring periodic adjustments of the balances owed by home buyers to reflect changes in the minimum wage. Up to \$100,000 of the loan will be used to finance technical assistance designed to encourage self-help construction systems and to hire experts on savings and loan cooperatives.

## Chile

**\$5 million 27-year 1¼% loan of May 17, 1962**

### *Borrower:*

CAJA CENTRAL DE AHORROS Y PRESTAMOS

In 1960 the Chilean Government established a savings and loan system as an additional means of coping with the country's housing shortage. In 1962 the system included the official Caja Central de Ahorros y Préstamos and 18 private associations with savings accounts of 10,000 depositors and of 32 cooperatives of low-income families.

The loan will finance 65 per cent of the cost of 2,300 homes for members of the cooperatives. It also will help strengthen the savings and loan system and encourage the formation of new associations and cooperatives. Additional savings generated by the loan are expected to total not less than 2.8 million escudos during the next two years. The Caja Central proposes to carry out a continuous reinvestment program to complement the resources of the associations and cooperatives. Members of cooperatives with incomes of from 95 to 250 escudos a month will be eligible to participate in the project. The Government is also helping low-income families to solve their housing problems through a plan administered by the Corporación de la Vivienda and through emergency and minimum housing programs. The plan seeks to meet the needs created by population growth, to replace uninhabitable housing and rebuild homes destroyed by the earthquakes of 1960. The loan is guaranteed by the Republic of Chile.

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**\$2 million 21-year 1¼% loan of July 26, 1962**

### *Borrower:*

PROMOTORA DE VIVIENDAS ECONOMICAS LIMITADA Y COMPAÑIA, C.P.A. (PROVIEN)

PROVIEN is an association whose capital has been subscribed by 6,000 workers in the cities of Valparaíso and Viña del Mar. It was established to promote the construction of low-cost housing for its members. This loan will help to finance the first stage of a project under which PROVIEN plans to build 8,000 homes on its own lands. Besides improving the housing conditions of labor union groups, the project will stimulate savings and contribute to reducing local unemployment.

Specifically, the loan will help to finance the construction of some 1,900 housing units at "Las Achupallas," a property owned by PROVIEN near Viña del Mar. The loan will cover 26 per cent of the cost. Another 50 per cent will come from resources of the Corporación de la Vivienda of Chile under a savings and loan agreement with PROVIEN; 5 per cent, from the value of the building lots, and 4 per cent from prior savings of the future owners of the dwellings. The balance will be financed in the form

of labor contributed by the future owners under the aided self-help system. The loan is guaranteed by the Corporación de la Vivienda of Chile.

## **Dominican Republic**

**\$3.5 million 27-year 1¼% loan of December 28, 1962**

*Borrower:*

DOMINICAN REPUBLIC

In 1962 the Dominican Government, with technical assistance from the Bank, established the National Housing Bank and National Housing Institute, helped organize several savings and loan associations, initiated a number of housing projects and drew up a program to improve rural housing.

Within this effort, this loan will finance 55 per cent of the cost of a project of the National Housing Institute to build some 5,000 houses for low-income families in seven cities and 26 rural communities of the nation. About 1,450 urban dwellings will be built by local contractors. Another 600 urban dwellings will be built through the self-help system under the supervision of the Institute. Future owners will contribute 30 per cent of the cost of the homes in the form of labor and materials.

The 3,000 homes to be built in the 26 rural communities, which will be selected in cooperation with the Dominican Agrarian Institute, will also be built through the self-help system under the supervision of the Housing Institute. Beneficiaries will also contribute 30 per cent of the cost in labor and materials. A total of \$100,000 of the loan will be used to finance technical assistance connected with the project and to advise the Institute on matters related to organization, administration, housing design and aided self-help systems.

## **Ecuador**

**\$10.6 million 30-year 1¼% loan of February 28, 1962**

*Borrower:*

BANCO ECUATORIANO DE LA VIVIENDA

Early in 1961 the Ecuadorian Government initiated a coordinated plan to alleviate the housing problems of low-income families. The program being financed with this loan forms part of the plan. The loan covers 62 per cent of the cost of building 7,600 houses and

of repairing or completing 1,500 additional units in six separate projects.

The first project calls for the construction of 1,250 units for employees of industrial and commercial enterprises and will be financed by contributions from future owners, welfare funds, private enterprises and the National Housing Bank. The second provides for the construction of 1,250 units for families who have invested savings in building lots and will be partially financed by credits from the Housing Bank. The third involves construction of 1,000 homes for members of housing cooperatives, also with the help of the Banco. The fourth involves construction of 2,000 units through the aided self-help system and funds from the Housing Bank and the fifth provides for 2,100 dwellings to be built by private contractors for direct sale to buyers. The sixth project calls for the repair or completion of 1,500 units with direct financing from the Housing Bank.

Loans made by the Housing Bank below 50,000 sucres will be for 30 years and will bear interest rates of 4 per cent. For larger amounts, rates of 6 per cent will be charged. Only families with monthly incomes of up to 1,500 sucres will be eligible to participate in the program. Sixty-six per cent of the units will be built in Guayaquil, Ecuador's largest city, and 21 per cent in Quito, the capital. Both have a very high population growth rate. Some \$115,000 of the loan will be used for technical assistance connected with the program. The loan is guaranteed by the Republic of Ecuador.

## **El Salvador**

**\$6.1 million 30-year 1¼% loan of March 29, 1962**

*Borrower:*

INSTITUTO DE LA VIVIENDA URBANA

In the face of a critical housing shortage the Government of El Salvador has revised its housing policy to stress the construction of low-cost housing and has drafted an emergency housing program. This loan will finance 54 per cent of the cost of a project, contained in the national plan, to build 5,000 houses for low-income families. About 50 per cent of the units will be built through the aided self-help system, with the participation of workers. In view of the favorable reception which this system has received



from the country's labor unions, the Instituto de Vivienda Urbana plans to extend it throughout the country and has asked for technical assistance from the Bank for this purpose. A total of \$100,000 of the loan will be used for this purpose and to foster the establishment of savings and loan systems.

Another 50 per cent of the houses are being built on the basis of public bids by private contractors. About 90 per cent of the units will be built in San Salvador, the capital, and in the cities of Soyapango, San Miguel, Santa Ana, Santa Tecla, Sonsonate, Ahuachapán and Zacatecoluca. The other 10 per cent will be built in other communities still to be selected. The program will be carried out in two years. The houses, which will cost less than \$2,880 each, will be distributed to families with monthly incomes below \$128. About \$4 million of the loan will be used to cover local costs, and the rest will be used to cover foreign costs. The loan is guaranteed by the Republic of El Salvador.

## Guatemala

**\$5.3 million 27-year 1¼% loan of August 2, 1962**

*Borrower:*

BANCO DE GUATEMALA

To facilitate the organization of savings and loan associations to mobilize domestic resources for housing construction, Guatemala is establishing a Central Savings and Loan Fund which will be administered temporarily by the Banco de Guatemala. The Fund will complement the work of the Inter-American Co-operative Housing Institute, the governmental agency responsible for preparing housing programs.

This loan will finance 49 per cent of the cost of a project to build 5,300 houses for low-income families which will be carried out by the two agencies. A total of \$100,000 of the loan will be used for technical assistance connected with the organization of the savings and loan system and the improvement of the Institute's operations. The project is the first stage in a broad plan to solve Guatemala's housing shortage. The Institute will be responsible for one part of the project which provides for the construction of 3,300 low-cost units in various cities over a two-year period, through the self-help system. The Savings and Loan Fund will take responsibility for

the second part, involving construction of about 2,000 dwellings which will be financed partially with savings and loan funds.

## Honduras

**\$1 million 27½-year 1¼% loan of December 6, 1962**

*Borrower:*

INSTITUTO DE LA VIVIENDA

Like other Central American countries, Honduras faces a critical housing problem. Among the contributing factors in this country are the high cost and inadequacy of the construction methods and the lack of sufficient financing. The Bank has granted non-reimbursable technical assistance to the Instituto de la Vivienda to help it prepare a general low-cost housing program as well as specific projects. The assistance is also designed to improve its administrative and accountancy methods, and help organize self-help construction programs and a savings and loan system which would include a central fund.

This loan will finance 68 per cent of the cost of a program to build 716 units, of which 216 will be erected in the "Colonia 21 de Octubre," a district of Tegucigalpa, where the Institute has already completed 298 dwellings. About \$100,000 of the loan will finance the completion of other urban improvements in the district. Some 216 units will be built in other parts of the city, through the aided self-help system, and the remaining 100 will be built on lots already acquired by low-income families. The unit cost of homes will range from \$1,800 to \$2,160 and only families with incomes of between \$55 and \$130 a month will be eligible to participate in the project. The construction will require two and one-half years. The loan is guaranteed by the Republic of Honduras.

## Nicaragua

**\$5.2 million 25-year 1¼% loan of March 29, 1962**

*Borrower:*

INSTITUTO NICARAGÜENSE DE LA VIVIENDA (INVI)

INVI has prepared a three-year housing program for low-income families which calls for the construction of some 2,850 units. This loan will finance 67



per cent of the program. Half of the houses will be built by the aided self-help system. The Institute will provide land, building materials, skilled labor and technical assistance, and will grant 25-year loans to future owners of the dwellings.

The other half of the units will be constructed on the basis of public bids. Some 900 units will be allocated to families with savings, and 560 to families who have acquired building lots. The general program includes the construction of schools in areas where houses are to be built with National Government or municipal funds. Up to \$100,000 of the loan will be used for technical assistance in preparing studies of building methods and the use of local materials. The program will use local building materials, thereby stimulating the building materials industry, which has experienced considerable unemployment. The loan is guaranteed by the Republic of Nicaragua.

## Peru

**\$1 million 21-year 1¼% loan of March 15, 1962**

### *Borrower:*

ASOCIACION MUTUAL DE CREDITO PARA LA VIVIENDA  
"EL PUEBLO"

The Asociación Mutual de Crédito para la Vivienda "El Pueblo," a non-profit savings and loan association, was organized in 1960 to make loans for purchasing, building or repairing low-cost houses. At the beginning of 1962 it had 2,000 members.

This loan and its own resources will permit the association to finance mortgages for the construction of some 400 houses for low-income families in Lima. The loan will cover 48 per cent of the cost of the project. The association extends credits of up to 80 per cent of the value of the houses and land, and the prospective owner makes up the balance in cash or land, or both. Only those members of

*A \$22.8 million loan is helping to carry out a long-range housing program in Peru. Shown is the new suburb of Ventanilla.*





the association with monthly incomes of less than 3,500 soles are eligible to participate in the program.

Officers of the association have been serving as advisers in organizing other savings and loan associations, which it is hoped will number 15 in 1963. The loan is guaranteed by the Republic of Peru.

## Uruguay

**\$8 million 26-year 1¼% loan of September 20, 1962**

*Borrower:*

REPUBLIC OF URUGUAY

Early in 1962 the Uruguayan Government prepared a two-year short-term national housing plan as the first step in a permanent effort to solve the nation's housing problems. The plan includes four projects calling for the construction of 4,100 houses for low-income families. This will establish the basis for a 10-year program designed to overcome the nation's housing shortage.

This loan will finance 52 per cent of the cost of the short-term plan. The Government will transfer the resources of the loan to the Banco Hipotecario, an independent government agency which will administer the plan. The Banco will channel part of these resources to the National Low-Cost Housing Institute and to two municipal agencies, the Concejo Departamental de Montevideo, and the Concejo Departamental de Soriano, in the city of Mercedes. The four agencies will supplement the loan with their own resources. About 1,500 units will be constructed in the interior, including the Department of Soriano, and 2,600 will be built in Montevideo. The unit cost of the homes will range from \$1,800

to \$5,000 and they will be allocated to families with monthly incomes of from \$55 to \$190. Up to \$100,000 of the loan will be used for technical assistance related to the application of aided self-help methods to the projects and to the preparation of studies on the organization of savings and loan associations and a central savings and loan fund.

## Venezuela

**\$10 million 22-year 1¼% loan of March 29, 1962**

*Borrower:*

BANCO OBRERO DE VENEZUELA

Within Venezuela's four-year development plan for 1960-64 an amount of 558.4 million bolivares has been assigned to urban and rural housing construction. The project being partially financed by this loan is part of the plan and calls for the construction of 5,710 housing units for low-income families over a two-year period.

The loan will finance 67 per cent of the project's cost. Another 10 per cent will be borne by prospective home owners and the balance by the Banco Obrero, the principal government agency financing housing. Thirty-two per cent of the 5,710 houses will be built in Caracas, 18 per cent in Puerto Ordaz, and the remaining 50 per cent in the cities of Valencia, Maracay, Mérida, Barquisimeto, Puerto La Cruz and Morón. Fifty-five per cent of the units will be allocated to families with annual incomes of between 2,400 and 4,400 bolivares; 25 per cent to families with incomes of 4,400 to 7,200 bolivares, and the remainder to families with incomes of 7,200 to 9,000 bolivares. The loan is guaranteed by the Republic of Venezuela.

## C. Community Water Supply and Sanitation Facilities

### Brazil

**\$12.5 million 30-year 2¾% loan of March 13, 1962**

*Borrower:*

BANCO DO ESTADO DA GUANABARA S.A.

The State of Guanabara has adopted a program to end the chronic water shortage that for many years

has affected the inhabitants of Rio de Janeiro. This loan, along with another from the Fund for Special Operations for \$11.5 million (see page 64) will finance 45 per cent of the cost of the \$53.5 million state program, which will exert its greatest benefit on the 2.1 million inhabitants of the low-income districts in the northern part of the city. The project,

which will increase the city's water supply by about 240,000 cubic meters a day, consists of the construction of the 27-mile Guandú aqueduct across the central mountains of Guanabara; the installation of pumping stations and treatment plants; the expansion of the secondary distribution system which will require the installation of 231 miles of pipe, and the installation of 200,000 water meters.

As part of the program, the state adopted new water rates in January 1962 which will lead to the more economical use of water by discouraging consumption in excess of the adequate minimum requirement. This will make the system self-supporting in relation to the amortization of the loan and operating and maintenance costs. The program will also help facilitate slum clearance and urban development in the city. By helping to improve living standards and the general welfare, the loan will also have a favorable impact on the economy of the city, which is Brazil's second most important industrial center, an important commercial and banking center, and the principal port for a vast part of the country. The loan is guaranteed by the State of Guanabara.

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**\$11 million 30-year 2¾% loan of March 13, 1962**

*Borrower:*

BANCO DO ESTADO DA GUANABARA S.A.

The existing sewage system of the oldest section of Rio de Janeiro is badly overloaded. Only 43 per cent of the city's houses have sewer connections. Some 37 per cent employ septic tanks and 20 per cent, housing a tenth of the city's population, are completely without sanitary facilities.

The loan will finance 49 per cent of the cost of a program to improve and expand Rio's sewage system, as part of a broad effort being made by the State of Guanabara to improve the health and welfare of the city. The works to be financed by the loan will provide sewage services for some 380,000 inhabitants in the low-income Timbó, Faria, Irajá and Ilha do Governador districts, where the incidence of typhoid and other intestinal diseases and the infant mortality rate is very high compared with the average for the rest of the city. A marine outfall in the Gloria-Botafogo section will also be constructed to improve operation of the present system. The project

will be financed in large part with state funds. An increase in water and sewer rates, which will have its greatest effect on commercial and industrial users and higher-income groups, will make the system self-sufficient with regard to operating and maintenance costs and the amortization of this loan. The loan is guaranteed by the State of Guanabara.

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**\$12,990,000 30-year 2¾% loan of April 5, 1962**

*Borrower:*

BANCO DO NORDESTE DO BRASIL, S.A.

Brazil's Northeast Development Authority (SUDENE), the federal agency responsible for the development of that region, has been carrying out a five-year plan which calls for the investment of \$794 million in infrastructural, agricultural, industrial and social development projects. As part of the plan SUDENE proposes to provide water supply and sewage facilities to 5 million inhabitants of the Northeast by 1965.

This Trust Fund loan will finance 70 per cent of the cost of such systems in three Northeast state capitals—Recife, Maceió and Natal—and water systems in two other state capitals, Teresina and Sao Luiz, and in Campina Grande, the largest city in the interior of the region. Only 44 per cent of the 1,460,000 inhabitants of these communities are now supplied with potable water service. This proportion is expected to rise to 65 per cent when the projects are completed. In a like manner, completion of the sewage projects in Recife, Maceió and Natal will provide sanitary services to 27 per cent of the population, instead of the 18 per cent which now have them. The social impact which these projects will have can be deduced from the 1960 infant mortality statistics in six districts of the city of Recife. In three of these, which had potable water service, infant mortality ranged from 56 to 85 per 1,000 live births, while in the other, which lacked a safe water supply, the infant mortality rate was between 224 and 260. In two other state capitals, the infant mortality rate was even greater. Up to \$112,000 of the loan will be used for technical assistance related to the projects. The loan is guaranteed by the United States of Brazil.



## Colombia

**\$8.5 million 30-year 2¾% loan of July 12, 1962**

*Borrower:*

INSTITUTO NACIONAL DE FOMENTO MUNICIPAL

Estimates of Colombian agencies indicate that 59 per cent of the nation's inhabitants are without water supply service and 72 per cent lack sewage facilities. Of a million cases of contagious disease recorded in each of the past five years, about 70 per cent were estimated to be of gastrointestinal origin. To cope with this problem, the Instituto Nacional de Fomento Municipal has prepared a national water supply and sewage plan to provide the entire population with pure water by 1975. The Colombian Government has given high priority to the plan.

This Trust Fund loan, together with a loan from the Bank's ordinary capital resources for \$4 million (see page 23) and another from the Fund for Special Operations for \$2.5 million (see page 64), is helping to finance the first two years of the plan. The projects will benefit about 3 million inhabitants in 367 urban centers. They include the construction and expansion of 215 aqueducts and studies for an additional 36; the installation of 82 treatment plants and the technical studies for 25 more; the construction and expansion of 133 sewerage systems and the technical studies for another 104, and the installation of 151,000 water meters. The water supply system of Buenaventura, Colombia's chief Pacific port, will also be enlarged. During the four years allotted to the first stage of the plan, the Instituto hopes to solve the water and sewage problems of 405 urban centers, nine of which are state capitals. The loan is guaranteed by the Republic of Colombia.

## Ecuador

**\$3 million 20-year 2¾% loan of February 28, 1962**

*Borrower:*

MUNICIPALITY OF QUITO

Quito, a city of 350,000 inhabitants, has a sewage system dating back to the turn of the century and surrounding rural areas, with a population of 55,000 persons, totally lack such services. In these outlying districts and in some parts of the city sewage

is discharged into open streams, thus creating a serious health problem.

The loan will finance 76 per cent of the cost of a program to expand and improve the city's sewage system and bring sanitary facilities to 15 outlying communities. The project will benefit most of the city's population and about 20,000 people in adjacent areas. Within the city, the program calls for the construction or repair of primary and secondary sewers and the laying of 92 miles of new pipe. In the outlying districts about 34 miles of sewer lines will be installed. The project will help to improve local health conditions and reduce the nation's mortality rate, one of the highest in Latin America, and will also contribute to reducing unemployment by providing a marked stimulus to the building industry. It is estimated that revenues derived from a new rate structure will be sufficient to repay the loan and cover operating and maintenance costs. The loan is guaranteed by the Republic of Ecuador.

## Guatemala

**\$3.5 million 22-year 2¾% loan of March 8, 1962**

*Borrower:*

BANCO DE GUATEMALA

Of Guatemala's 1958 urban population of 881,000 persons, only 25 per cent had municipal water service and only 29 per cent had municipal sewer service. This deficiency was reflected in the high mortality rate attributable to intestinal diseases, estimated at 30 per cent of all deaths in 1957. Among other measures it adopted to meet the problem, the Guatemalan Government created a National Water Supply Commission in 1960 to coordinate municipal water supply and sewage programs. The Commission is composed of the Ministry of Public Health, the Ministry of Public Works and the Municipal Development Institute.

The loan will finance 67 per cent of the cost of installing 51 water supply systems and 31 sewer systems in various communities of Guatemala, in accordance with a plan approved by the Commission. The water supply installations will benefit some 82,000 people and raise the proportion of the urban

population having access to such services to 34 per cent. The sanitary works will benefit about 120,000 persons and raise the proportion of the population thus served to 44 per cent. The borrower will take the necessary measures to see that municipal water and sewer rates are sufficient to cover operating and maintenance costs and to service the loan.

## Mexico

**\$9.2 million 20-year 2¾% loan of March 15, 1962**

*Borrower:*

NACIONAL FINANCIERA, S.A.

The economic and social development program for the Yucatán Peninsula drafted by the Secretariat of the Presidency for the period 1960-64 assigns high priority to the solution of the potable water shortage in the region. In 1959 only 7 per cent of the population of the peninsula had access to potable water service through house connections or public hydrants, compared with 35 per cent for the country as a whole. The poor water supply is reflected in a high mortality rate attributable to water-borne diseases. It is estimated that in the last decade 40 per cent of deaths of children under six were caused by such diseases.

The loan will finance 60 per cent of the cost of 12 water supply projects contained in the plan in various communities with a population of 264,000 persons, about 44 per cent of the population of Yucatán. Part of the loan also will be used to finance a sewage project in the city of Chetumal, in the territory of Quintana Roo. Water supply projects will be undertaken in the state capital of Mérida and in the towns of Progreso, Chelén, Chicxulub, Tizimín, Espita, Izamal, Mexcanú, Halachó, Motul, Ticul and Valladolid. The projects will include the construction of catchment wells, treatment plants, storage tanks, conduits, pumping equipment, distribution networks and meters. These improvements are expected to make the peninsula more attractive for industry and for the tourist trade. About \$1.5 million of the loan will be used to cover foreign currency require-

ments and the balance, along with contributions of about \$6.1 million from the Secretaría de Recursos Hidráulicos and the State of Yucatán, will be used for local costs. The loan is guaranteed by the United States of Mexico.

## Panama

**\$2,762,000 27-year 2¾% loan of May 31, 1962**

*Borrower:*

INSTITUTO DE ACUEDUCTOS Y ALCANTARILLADOS  
NACIONALES

The Panamanian Government is seeking to carry out a policy to provide adequate water supply and sewage systems to all communities of more than 1,000 inhabitants. This effort coincides with a goal of providing economic and social inducements that will help to stabilize communities in the interior of the country and reduce migration to Panama City, which has created serious social problems in that city.

As a first step toward this objective, the Government has prepared a program of public works calling for an investment of 17.3 million balboas by 1965, and a total investment of 26.3 million balboas over a longer term. The program is administered by the Instituto de Acueductos y Alcantarillados Nacionales, organized in 1961 as the agency responsible for the sanitary services of the whole country.

The loan will finance 72 per cent of the cost of eight projects in the program. They include the expansion of water supply systems in the interior towns of Penonomé, Chitré, Agua Dulce, Las Tablas, La Chorrera, Santiago, David and Los Santos, all on the Pan American Highway. The population of these communities in 1960 was 79,000, of whom only 53 per cent had household water connections. The projects will increase that proportion to 67 per cent by 1964 and it is expected that subsequent projects planned by the Institute will bring a further increase to 85 per cent by 1980. Under the present program the Institute will also construct 26 small water supply and sewage systems in other communities with its own resources. The loan is guaranteed by the Republic of Panama.



## D. Higher Education and Advanced Training

### Argentina

**\$5 million 15-year 1¼% loan of March 22, 1962**

*Borrower:*

REPUBLIC OF ARGENTINA

Both the Government and the universities of Argentina place the highest priority on training scientists and technicians to meet the needs of the nation's industrialization process. One of the chief obstacles to such training is a shortage of basic teaching, experimental and research equipment for technical schools. In 1961 a plan was drafted to re-equip the universities and in the 1961-62 fiscal budget for the universities, the Government allocated \$12 million for the purchase of scientific and research equipment. This figure was an increase of 25 per cent over appropriations for this purpose in 1960-61, but fell short of re-equipment needs.

This loan will supplement an Argentine Government allocation of \$5 million, over and above present budget allocations, to finance a plan to give the national universities new equipment that will enable them to raise the quality and number of specialists trained in the fields of engineering, the natural sciences, physics, chemistry, mathematics, agriculture and economics. The Universities of Buenos Aires, Tucumán, Córdoba, La Plata, Cuyo, del Litoral, del Norte and del Sur will be the beneficiaries. Many students from other countries attend these universities. An inter-university council, which serves as liaison among the universities, and between them and the Government, will allocate the resources of the loan to the universities on a quota basis.

### Chile

**\$2.3 million 15-year 1¼% loan of November 15, 1962**

*Borrower:*

UNIVERSIDAD DE CHILE

In 1959 the University Council of the University of Chile authorized the establishment of a system of five regional university colleges to provide students in various parts of Chile with a basic two-year course of study in science and the humanities. The course is designed to prepare the students for more advanced study at the University's professional schools or for final courses at various intermediate career levels for students not planning to pursue professional studies; provide additional training for primary and secondary school teachers on an experimental basis; foster research on regional problems, and furnish technical assistance to local institutions.

This loan finances 34 per cent of the cost of the 1962-63 stage of the program, which calls for the construction of the buildings needed to expand the colleges at Temuco and La Serena; establish colleges at Antofagasta, Talca and Osorno, and provide all five with teaching materials, laboratory equipment and library supplies. The first stage of the program also provides for specialized study for teachers in Chile and abroad, and for administrative costs of the colleges during the 1962-63 period. The University of Chile and the communities where the colleges are situated will contribute 57 per cent of the cost of this stage, and private sources will contribute 9 per cent. These colleges represent the only means for many young people to continue their studies since

the majority of them in the past have been unable to enroll for regular courses at the University after graduating from secondary school. Aside from their direct social impact, the colleges will offer a basis for training the professional men and technicians required in increasing numbers for Chile's economic development. The loan is guaranteed by the Corporación de Fomento de la Producción de Chile.

## Mexico

**\$400,000 15-year 1¼% loan of April 19, 1962**

*Borrower:*

INSTITUTO MEXICANO DE INVESTIGACIONES  
TECNOLOGICAS, A.C. (IMIT)

IMIT is the biggest applied research institution in Mexico. Its principal functions include active participation in the intensive and specialized training of young technicians, the continuous promotion of technological research, and the furnishing of advisory and consultative services to Mexican Government agencies and industry in general.

This loan will be used to acquire experimental equipment and laboratory instruments to improve and enlarge IMIT's facilities which would help increase the quality and number of trainees. More than 300 professionals have participated in its training program since 1954, and many more applications for admission from students in Mexico and other Latin American countries have been received by IMIT.

A shortage of trained personnel is one of the principal causes of Latin America's slow growth, particularly in those countries where the role of industry is growing in importance. This project will make the work of IMIT more effective in helping to provide Mexico's present and future requirements for training and research in areas of economic interest to Mexico and other American countries. The loan is guaranteed by Nacional Financiera, S.A.

## Peru

**\$1.5 million 15-year 1¼% loan of November 15, 1962**

*Borrower:*

UNIVERSIDAD NACIONAL MAYOR DE SAN MARCOS

This loan is financing 50 per cent of the cost of a project designed to establish, maintain and equip a

postgraduate Department of Basic Sciences at the Universidad Nacional Mayor de San Marcos. The department would offer advanced instruction in mathematics, chemistry, physics, biology and other natural sciences. It will train specialized instructors in these fields and will emphasize scientific research. The department will also provide advisory services to elementary school teachers. The project also provides for acquiring teaching materials to raise the quality of instruction in various elementary courses at the University's Schools of Science and Chemistry.

The University will finance 21 per cent of the project's cost and another 29 per cent will be contributed by external sources. Up to \$120,000 of the loan may be used to finance technical assistance connected with organizing the department of basic science and operating its electronics, glass making and precision tool shops, which will be financed by the loan. This assistance will also apply to organizing the university library and modernizing the University's accounting and records systems. Completion of the project will result in better application of technological progress, particularly in national production techniques. The loan is guaranteed by the Republic of Peru.

## Central America

**\$2,925,000 18-year 1¼% loan of December 20, 1962**

*Borrowers:*

NATIONAL UNIVERSITIES OF COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS AND NICARAGUA

The educational problems common to all the Latin American countries are particularly acute in Central America. With the exception of Costa Rica, university enrollment in the countries of the area is proportionally smaller than that of the other Latin American countries. This loan is intended to foster the teaching of basic sciences and to strengthen the general studies program of the Central American republics. Its resources will be used primarily to finance technical assistance, the purchase of scientific equipment, scientific journals and books. The Central American Bank for Economic Integration, with headquarters in Tegucigalpa, will act as representative and financial agent of the universities. The



total cost of the program is \$10,833,000. The loan will finance 27 per cent of this, the universities will contribute 27 per cent over a three-year period, and the balance will come from other external sources.

The loan will be allocated to the universities as follows:

University of Costa Rica, \$765,000; University of San Carlos, Guatemala, \$785,000; University of El Salvador, \$675,000; University of Honduras, \$350,000, and University of Nicaragua, \$350,000. The loan is guaranteed, in the respective amounts, by the Republics of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

## Technical Assistance

In its capacity as Administrator of the Social Progress Trust Fund, pursuant to the Agreement with the United States Government, the Bank carried out a number of technical assistance activities in 1962.

The following is a summary of operations authorized:

### I. Reimbursable Technical Assistance:

Activities in Bolivia, Brazil, the Dominican Republic, Ecuador, El Salvador, Guatemala, Nicaragua, Panama, Peru, Uruguay and Venezuela and the five National Universities of Central America \$1,637,000

### II. Non-Reimbursable Technical Assistance:

a) Country activities	\$ 749,019
b) Training and other activities	301,300
Total non-reimbursable	1,050,319
Grand total	<u>\$2,687,319</u>

## Country Operations

Technical assistance provided by the Bank from the Social Progress Trust Fund during 1962 on a country basis was as follows:

### BOLIVIA

The loan to the Corporación Boliviana de Fomento for a land settlement program (see page 88) included \$200,000 in technical assistance for prepara-

tory studies and activities connected with the program.

### BRAZIL

The loan to the Banco do Nordeste (see page 97) included \$112,000 in technical assistance for studies on water rates and the organization of water supply agencies. In addition, \$100,000 in another loan made to the same institution for a housing program (see page 92) was earmarked for technical assistance in educational and promotional activities on self-help methods and community development plans. The Bank is contributing non-reimbursable technical assistance to the Inter-American Agricultural Development Committee for its work in Brazil's Northeast.

### DOMINICAN REPUBLIC

The Bank extended non-reimbursable technical assistance to the Banco Agrícola in connection with its reorganization and with a program of credit for low-income farmers. The loan to the same bank for a program of rural credit (see page 88) also included \$100,000 for technical assistance. Assistance was also made available to the Dominican Republic for a study of housing conditions.

The Bank also assisted the Instituto Nacional de la Vivienda in preparing its work program. The loan to the Government of the Dominican Republic to help finance a housing project being carried out by the Instituto (see page 93) included \$100,000 in technical assistance for organizational and administrative aid.

### ECUADOR

The loan to the Banco Ecuatoriano de la Vivienda (see page 93) included \$115,000 to help finance the organization of the National Housing Institute and to provide technical assistance for its subsequent operations. The Bank also helped in the preparatory work for this operation by sending a technical assistance mission to Ecuador. The Bank assisted the National Land Settlement Institute, which is conducting a program of integration of the rural inhabitants, in preparing specific land settlement projects in the region of Santo Domingo de los Colorados. A Bank mission cooperated with officers of

the National Planning and Economic Coordination Board in evaluating Ecuador's short-term development plan.

#### EL SALVADOR

The loan to the Instituto de Vivienda Urbana (see page 93) included \$100,000 for technical assistance in connection with the preparation of studies for the establishment of savings and loan associations and in expanding aided self-help housing construction on a nation-wide scale. The Bank also made technical assistance available to the National Water Supply and Sewage Administration for aid in administrative and accounting procedures.

#### GUATEMALA

The loan to the Banco de Guatemala for low-income housing (see page 94) included \$100,000 to finance advisory services to the borrower in organizing a savings system and supervising its operations. The Bank also sent a mission to Guatemala to study water supply and sewage systems in the country.

#### HONDURAS

The Bank furnished non-reimbursable technical advisory services to the Instituto de la Vivienda for the preparation of a national low-cost housing program.

#### MEXICO

In connection with a proposal to review the plans for the pilot land settlement project at "El Limón" in the state of Tabasco, the Bank helped finance the relevant pre-investment studies. It also helped to defray the expenses of a mission to assist in making studies on the mobilization of savings, insurance and mortgage systems and legislation for planning a housing program.

#### NICARAGUA

In relation to a loan to the Banco Nacional de Nicaragua for rural credit expansion (see page 90), the Bank made available non-reimbursable technical assistance in the amount of \$95,000 to reorganize the supervised credit and rural department of the entity. The loan to the Instituto Nicaragüense de la Vivienda (see page 94), included an allotment of

\$100,000 for technical assistance in connection with the project, including studies on construction methods and use of local materials.

#### PANAMA

The Bank extended \$25,000 in reimbursable and \$25,000 in non-reimbursable technical assistance to help reorganize the Instituto de Vivienda y Urbanismo and to aid in the preparation of housing projects.

#### PARAGUAY

The loan to the Banco Nacional de Fomento del Paraguay for agricultural production (see page 90) was complemented with \$100,000 in non-reimbursable technical assistance related to agricultural credit, farm administration, accounting and auditing.

#### PERU

The loan to the Universidad Nacional Mayor de San Marcos (see page 101) authorized up to \$120,000 for technical assistance connected with the establishment of a Department of Basic Sciences and the operation of workshops and experimental laboratories to be financed with the loan. The Bank carried out two non-reimbursable technical assistance operations with the Cooperativa de Crédito Central del Perú. The first was designed to assist in improving accounting systems and applying new methods of organization and operation; the second, to offer training courses for selected members of the cooperative's staff.

The Corporación de Saneamiento de Arequipa received non-reimbursable technical assistance from the Bank for cooperation in connection with the organization, administration and operation of the entity. The Asociación Mutual de Crédito "El Pueblo" was given non-reimbursable technical assistance in the form of a year's advisory services on administrative practices.

#### URUGUAY

The loan to the Government of Uruguay for housing (see page 96) included \$100,000 to finance technical assistance relating to the application of the aided self-help system and the study of savings and loan institutions.



## VENEZUELA

A loan to the Instituto Agrario Nacional de Venezuela (see page 91) contained \$200,000 for technical assistance to be used to help the Institute prepare specific rural settlement projects. In addition, the Bank granted non-reimbursable technical assistance to help formulate methods to be applied in carrying out the rural settlement program.

## CENTRAL AMERICAN UNIVERSITIES

Up to \$165,000 of the loan to the five Central American Universities for higher education (see page 101) may be used to finance technical assistance related with the program. A group of scientists and technicians will provide advice on the establishment and maintenance of laboratories and workshops.

## Other Activities

The Bank cooperated in the preparation and participated in a meeting of a Committee of Experts in Agrarian Reform held in Washington and, together with FAO and the Inter-American Institute of Agricultural Sciences, sponsored the establishment of four training courses on administration and implementation of agrarian reform.

The Bank also financed fellowships for agricultural courses and made an allocation for technical translations on agricultural topics. It also provided assistance for three seminars on housing, water and sewage, and savings and loan systems.

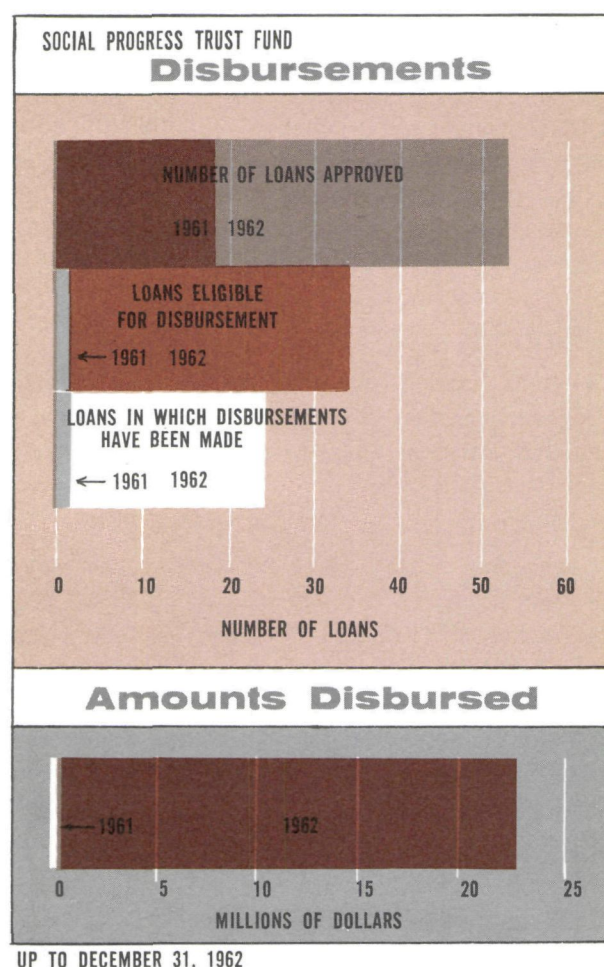
Its 1962 contribution for studies on tax administration, which it sponsors jointly with the OAS and ECLA, brought the amount it has allocated in this area to \$100,000.

## Financial Operations

The Social Progress Trust Fund Agreement placed \$394 million at the disposition of the Bank as Administrator. This amount is withdrawn from the United States Treasury only as actually needed for the operations of the Fund.

The Social Progress Trust Fund incurred expenses

in excess of earnings, before technical assistance expenses, of \$1,995,349. The technical assistance expenses were \$566,767. The earnings of the Fund, derived from interest on loans and service charges, amounted to \$196,427. Administrative expenses chargeable to the Trust Fund amounted to \$2,189,271 and currency exchange adjustments amounted to \$2,505. During 1962, the Bank received \$404,700 in amortizations on loans from the Trust Fund. Disbursements in 1962 amounted to \$21,892,353, bringing total disbursements as of December 31, 1962, to \$22,742,353. The financial operations of the Trust Fund are shown in the statements on the following pages.









## **Opinion of Independent Auditor Social Progress Trust Fund**

1710 H Street, N.W.  
Washington 6, D.C.  
February 21, 1963

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, 1962, 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 period from June 19, 1961 (the date when the Bank became Administrator of the Social Progress Trust Fund) to December 31, 1961. 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**

### *Appendix*

Balance Sheet .....	III-1
Statement of Income and Expenses .....	III-2
Statement of Technical Assistance Expense.....	III-3
Summary Statement of Loans .....	III-4
Statement of Currencies Held by the Bank.....	III-5
Notes to Financial Statements .....	III-6



**Social Progress Trust Fund**  
**Administered by Inter-American Development Bank**  
**BALANCE SHEET**  
**DECEMBER 31, 1962**

*See Notes to Financial Statements—Appendix III-6*  
Expressed in United States Dollars

**Assets**

**Due from banks (Appendix III-5)**

United States dollars .....	\$ 3,097,447	
Currencies other than United States dollars .....	430,356	\$ 3,527,803

**Loans outstanding (Appendix III-4)**

Total loans approved .....	\$320,562,000		
Undisbursed balance .....	297,819,647	22,742,353	
Less repayments .....		404,700	22,337,653

<b>Accrued charges on loans</b> .....			87,137
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**Available from United States Government**

(Note B) .....			365,000,000
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**Other assets**

Total assets .....			35,072
			<u>\$390,987,665</u>

**Liabilities and Fund Balance**

**Liabilities**

Accrued expenses and accounts payable .....			\$ 214,655
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**Fund balance**

Original balance (Note B) .....		\$394,000,000	
Excess of total expenses over income			
June 19 to December 31, 1961 .....	\$ 664,874		
Excess of total expenses over income January 1			
to December 31, 1962 (Appendix III-2) .....	2,562,116	3,226,990	390,773,010
Total liabilities and Fund balance .....			<u>\$390,987,665</u>



**Social Progress Trust Fund**  
**Administered by Inter-American Development Bank**  
**STATEMENT OF INCOME AND EXPENSES**  
**JANUARY 1 TO DECEMBER 31, 1962**

*See Notes to Financial Statements—Appendix III-6*  
Expressed in United States Dollars

**Income from loans**

Interest .....	\$ 136,833	
Service charges .....	59,594	
	<hr/>	
Gross income .....		\$ 196,427

**Administrative expenses**

Salaries (Note B) .....	673,486	
Professional services .....	64,119	
Travel .....	175,019	
Printing .....	60,803	
Miscellaneous .....	3,570	
Indirect and overhead expenses (Note B)		
Paid or payable to Bank — Ordinary Capital		
(See Appendix I-2) .....	\$764,281	
Paid or payable to Bank—Fund for Special Operations		
(See Appendix II-2) .....	447,993	1,212,274
	<hr/>	<hr/>
Total administrative expenses .....	2,189,271	

<b>Loss arising from fluctuations of exchange rates (Note A) .....</b>	<b>2,505</b>	<b>2,191,776</b>
	<hr/>	<hr/>

<b>Excess of expenses over income before deducting technical assistance expense .....</b>	<b>1,995,349</b>
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<b>Technical assistance expense (Appendix III-3) (Note C) .....</b>	<b>566,767</b>
	<hr/>

<b>Excess of total expenses over income January 1 to December 31, 1962 .....</b>	<b>\$2,562,116</b>
	<hr/>

**Social Progress Trust Fund**  
**Administered by Inter-American Development Bank**  
**STATEMENT OF TECHNICAL ASSISTANCE EXPENSE (NOTE C)**  
**JANUARY 1 TO DECEMBER 31, 1962**

*See Notes to Financial Statements—Appendix III-6*

Expressed in United States Dollars

Argentina .....	\$ 4,569
Bolivia .....	44,299
Chile .....	12,366
Dominican Republic .....	80,693
Ecuador .....	51,932
El Salvador .....	13,758
Guatemala .....	64,360
Honduras .....	8,750
Mexico .....	32,890
Panama .....	234
Paraguay .....	4,002
Peru .....	25,512
Venezuela .....	19,617
Program of fellowships .....	40,000
Substantive studies .....	450
Courses and seminars .....	163,335
	<u>\$566,767</u>



**Social Progress Trust Fund**  
**Administered by Inter-American Development Bank**  
**SUMMARY STATEMENT OF LOANS**

**DECEMBER 31, 1962**

*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	\$ 35,000,000			
Bolivia .....	6,500,000	6,500,000			
Brazil .....	50,860,000	48,421,761	\$ 2,438,239		\$ 2,438,239
Chile .....	23,038,000	21,138,000	1,900,000		1,900,000
Colombia .....	31,337,000	27,560,456	3,776,544		3,776,544
Costa Rica .....	3,500,000	1,593,196	1,906,804	\$ 17,500	1,889,304
Dominican Republic .....	6,500,000	6,000,000	500,000		500,000
Ecuador .....	13,600,000	13,600,000			
El Salvador .....	11,640,000	9,960,575	1,679,425	22,700	1,656,725
Guatemala .....	8,800,000	8,800,000			
Honduras .....	3,500,000	3,500,000			
Mexico .....	13,600,000	13,600,000			
Nicaragua .....	7,700,000	7,400,000	300,000		300,000
Panama .....	10,362,000	7,793,354	2,568,646	38,000	2,530,646
Paraguay .....	2,900,000	2,900,000			
Peru .....	26,300,000	21,639,974	4,660,026	126,500	4,533,526
Uruguay .....	10,500,000	10,500,000			
Venezuela .....	52,000,000	48,987,331	3,012,669	200,000	2,812,669
Central American Countries— Central American Bank for Economic Integration .....	2,925,000	2,925,000			
<b>Total .....</b>	<b>\$320,562,000 (3)</b>	<b>\$297,819,647</b>	<b>\$22,742,353</b>	<b>\$404,700</b>	<b>\$22,337,653</b>

(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 \$202,797,000 had become effective (i.e. eligible for disbursement) as of December 31, 1962 (see (2) above).

**Social Progress Trust Fund**  
**Administered by Inter-American Development Bank**  
**STATEMENT OF CURRENCIES HELD BY THE BANK**  
**DECEMBER 31, 1962**

*See Notes to Financial Statements—Appendix III-6*

<u>Country</u>	<u>Unit of currency</u>	<u>Exchange rate (1)</u>	<u>Due from banks</u>	
			<u>Amount in local currency</u>	<u>Expressed in United States dollars</u>
Brazil .....	Cruzeiro	475.00	1,015,170	\$ 2,137
Chile .....	Escudo	2.325	1,961	844
Colombia .....	Peso	11.05	86,131	7,795
Costa Rica .....	Colon	6.65	196,880	29,606
El Salvador .....	Colon	2.50	67,608	27,043
Panama .....	Balboa	1.00	7,029	7,029
Peru .....	Sol	26.82	4,102,125	152,950
United States .....	Dollar	1.00	3,097,447	3,097,447
Venezuela .....	Bolivar	4.54	921,401	202,952
Total expressed in United States dollars ...				<u>\$3,527,803</u>

(1) See Appendix III-6, Note A.



**Social Progress Trust Fund**  
**Administered by Inter-American Development Bank**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1962**

*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, 1962. 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, 1962, \$29,000,000 had been received by the Bank from the United States. The remainder of \$365,000,000 is to be made available to the Bank by the United States from time to time as needed to meet commitments of the Trust Fund.

In accordance with the Social Progress Trust Fund Agreement, the Bank shall charge the Trust Fund for the following expenses:

- (a) Salary costs of time which is spent on work for the Trust Fund by the professional staff 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, 1962, the amount approved by the Bank as Administrator for technical assistance projects but not yet disbursed was \$1,513,203. The accumulated technical assistance expenditures made by the Bank as Administrator as of December 31, 1962, include \$50,225 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 provision of certain loan agreements, repayments may be made in United States dollars at the election of the borrower.







# Inter-American Development Bank – Social Progress Trust Fund

## Statement of Approved Loans

AS OF DECEMBER 31, 1962

Country and Borrower (Guarantor in Parenthesis)	Purpose	Dates*	Amount Approved <sup>1</sup>	Undisbursed Balance	Status of Loans			Interest % <sup>2</sup>	Repayment Terms <sup>3</sup> Principal Installments
					Disbursed	Repaid	Outstanding		
<b>ARGENTINA</b> Republic of Argentina	Higher education	3/22/62 (5/4/62)	\$ 5,000,000	\$ 5,000,000				1¼	15 annual beginning 4/30/63
Banco Hipotecario Nacional	Housing	11/29/62	30,000,000 <sup>4</sup>	30,000,000				1¼	49 semiannual be- ginning 12 months after date of con- tract
<b>Total loans to Argentina</b>			<u>\$35,000,000</u>	<u>\$35,000,000</u>					
<b>BOLIVIA</b> Corporación Boliviana de Fo- mento (Banco Central de Bolivia)	Land settlement	12/28/62	\$ 6,500,000 <sup>4</sup>	\$ 6,500,000				1¼	49 semiannual be- ginning 12 months after date of con- tract
<b>Total loans to Bolivia</b>			<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>					
<b>BRAZIL</b> Superintendencia de Aguas e Esgotos do Recôncavo (State of Bahia)	Water supply project	11/30/61 (3/1/62)	\$ 4,120,000	\$ 3,355,071	\$ 764,929		\$ 764,929	2¾	23 annual beginning 3/15/63
Banco do Estado da Guana- bara, S.A. (State of Guanabara)	Water supply project	3/13/62 (5/5/62)	12,500,000	11,500,000	1,000,000		1,000,000	2¾	59 semiannual be- ginning 5/5/63
Banco do Estado da Guana- bara, S.A. (State of Guanabara)	Sewage projects	3/13/62 (5/5/62)	11,000,000	10,326,690	673,310		673,310	2¾	59 semiannual be- ginning 5/5/63
Banco do Nordeste do Brasil, S.A. (United States of Brazil)	Water supply and sewage projects	4/5/62	12,990,000 <sup>4</sup>	12,990,000				2¾	30 annual beginning 12 months after date of contract
Caixa Econômica do Estado de Minas Gerais (State of Minas Gerais)	Agricultural credit	4/12/62 (10/31/62)	6,400,000 <sup>4</sup>	6,400,000				1¼	20 annual beginning 11/1/63
Banco do Nordeste do Brasil, S.A. (United States of Brazil)	Housing	8/16/62	3,850,000 <sup>4</sup>	3,850,000				1¼	26 annual beginning 12 months after date of contract
<b>Total loans to Brazil</b>			<u>\$50,860,000</u>	<u>\$48,421,761</u>	<u>\$2,438,239</u>		<u>\$2,438,239</u>		

<b>CHILE</b> Republic of Chile	Water supply projects	11/22/61 (5/16/62)	\$ 2,470,000	\$ 2,220,000	\$ 250,000	\$ 250,000	2¾	20 annual beginning 5/16/63	
Corporación de Fomento de la Producción de Chile	Rural development	12/21/61 (5/2/62)	1,268,000	1,268,000			1¼	30 annual beginning 5/2/63	
Corporación de Fomento de la Producción de Chile	Agricultural credit	12/21/61 (5/16/62)	10,000,000	8,850,000	1,150,000	1,150,000	1¼	20 annual beginning 1/30/63	
Caja Central de Ahorros y Préstamos (Republic of Chile)	Housing	5/17/62 (6/13/62)	5,000,000	4,500,000	500,000	500,000	1¼	27 annual beginning 6/13/63	
Promotora de Viviendas Eco- nómicas, Limitada y Compañía, C.P.A. (Corporación de Fo- mento de la Producción or Corporación de la Vivienda)	Housing	7/26/62	2,000,000 <sup>4</sup>	2,000,000			1¼	21 annual beginning 12 months after date of contract	
University of Chile (Corporación de Fomento de la Producción de Chile)	Higher education	11/15/62 (12/19/62)	2,300,000 <sup>4</sup>	2,300,000			1¼	29 semiannual be- ginning 12/19/63	
<b>Total loans to Chile</b>			<u>\$23,038,000</u>	<u>\$21,138,000</u>	<u>\$1,900,000</u>	<u>\$1,900,000</u>			
<b>COLOMBIA</b> Establecimiento Público Empresas Municipales de Cali (Republic of Colombia)	Water supply projects	10/26/61 (4/16/62)	\$ 2,454,000	\$ 2,156,151	\$ 297,849	\$ 297,849	2¾	39 semiannual be- ginning 4/16/63	
Instituto de Crédito Territorial (Republic of Colombia)	Housing	11/16/61 (2/2/62)	15,200,000	12,664,605	2,535,395	2,535,395	1¼	20 annual beginning 2/2/63	
Empresas Municipales de Cúcuta (Republic of Colombia)	Water supply and sewage projects	11/22/61 (2/3/62)	5,183,000	4,664,700	518,300	518,300	2¾	60 semiannual be- ginning 2/3/63	
Instituto Nacional de Fomento Municipal (Republic of Colombia)	Water supply and sewage projects	7/12/62 (8/21/62)	8,500,000	8,075,000	425,000	425,000	2¾	4 annual and 52 semiannual begin- ning 8/21/63	
<b>Total loans to Colombia</b>			<u>\$31,337,000</u>	<u>\$27,560,456</u>	<u>\$3,776,544</u>	<u>\$3,776,544</u>			
<b>COSTA RICA</b> Instituto Nacional de Vivienda y Urbanismo de Costa Rica	Housing	8/10/61 (10/31/61)	\$ 3,500,000	\$ 1,593,196	\$1,906,804	\$17,500	\$1,889,304	1¼	25 annual beginning 10/15/62
<b>Total loans to Costa Rica</b>			<u>\$ 3,500,000</u>	<u>\$ 1,593,196</u>	<u>\$1,906,804</u>	<u>\$17,500</u>	<u>\$1,889,304</u>		



## Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Dates *	Amount Approved <sup>1</sup>	Undisbursed Balance	Status of Loans			Interest % <sup>2</sup>	Repayment Terms <sup>3</sup> Principal Installments
					Disbursed	Repaid	Outstanding		
<b>DOMINICAN REPUBLIC</b> Banco Agrícola (Dominican Republic)	Agricultural credit	8/23/62 (10/12/62)	\$ 3,000,000	\$ 2,500,000	\$ 500,000		\$ 500,000	1¼	20 annual beginning 10/15/63
Dominican Republic	Housing	12/28/62	3,500,000 <sup>4</sup>	3,500,000				1¼	53 semiannual be- ginning 12 months after date of con- tract
<b>Total loans to the Dominican Republic</b>			<u>\$ 6,500,000</u>	<u>\$ 6,000,000</u>	<u>\$ 500,000</u>		<u>\$ 500,000</u>		
<b>ECUADOR</b> Banco Ecuatoriano de la Vivienda (Republic of Ecuador)	Housing	2/28/62 (7/23/62)	\$10,600,000 <sup>4</sup>	\$10,600,000				1¼	59 semiannual be- ginning 7/23/63
Municipality of Quito (Republic of Ecuador)	Sewage project	2/28/62 (7/10/62)	3,000,000	3,000,000				2¾	2 annual and 36 semiannual begin- ning 7/10/63
<b>Total loans to Ecuador</b>			<u>\$13,600,000</u>	<u>\$13,600,000</u>					
<b>EL SALVADOR</b> Banco Central de Reserva de El Salvador (Republic of El Salvador)	Agricultural credit	8/3/61 (11/24/61)	\$ 2,000,000	\$ 1,500,000	\$ 500,000	\$ 5,000	\$ 495,000	1¼	20 annual beginning 12/1/62
Banco Central de Reserva de El Salvador (Republic of El Salvador)	Sewage projects	8/10/61 (11/17/61)	840,000	780,000	60,000	4,200	55,800	2¾	60 semiannual be- ginning 11/17/62
Banco Central de Reserva de El Salvador (Republic of El Salvador)	Water supply and sewage projects	10/12/61 (11/17/61)	2,700,000	2,171,456	528,544	13,500	515,044	2¾	60 semiannual be- ginning 11/17/62
Instituto de Vivienda Urbana (Republic of El Salvador)	Housing	3/29/62 (6/7/62)	6,100,000	5,509,119	590,881		590,881	1¼	59 semiannual be- ginning 6/7/63
<b>Total loans to El Salvador</b>			<u>\$11,640,000</u>	<u>\$9,960,575</u>	<u>\$1,679,425</u>	<u>\$22,700</u>	<u>\$1,656,725</u>		
<b>GUATEMALA</b> Banco de Guatemala	Water supply and sewage projects	3/8/62 (8/3/62)	\$ 3,500,000	\$3,500,000				2¾	22 annual beginning 8/3/63
Banco de Guatemala	Housing	8/2/62 (10/1/62)	5,300,000 <sup>4</sup>	5,300,000				1¼	27 annual beginning 10/1/63
<b>Total loans to Guatemala</b>			<u>\$ 8,800,000</u>	<u>\$8,800,000</u>					

<b>HONDURAS</b> Banco Nacional de Fomento (Banco Central de Honduras)	Agricultural credit	8/30/62 (12/1/62)	\$ 2,500,000 <sup>4</sup>	\$2,500,000			1¼	40 semiannual beginning 11/30/63	
Instituto de la Vivienda (Republic of Honduras)	Housing	12/6/62	1,000,000 <sup>4</sup>	1,000,000			1¼	53 semiannual beginning 12 months after date of contract	
<b>Total loans to Honduras</b>			<u>\$ 3,500,000</u>	<u>\$3,500,000</u>					
<b>MEXICO</b> Nacional Financiera, S.A. (United States of Mexico)	Water supply and sewage projects	3/15/62 (6/15/62)	\$ 9,200,000	\$9,200,000			2¾	4 annual and 32 semiannual beginning 6/15/63	
Nacional Financiera, S.A. (United States of Mexico)	Improved land use	4/19/62 (6/15/62)	1,000,000	1,000,000			1¼	4 annual and 32 semiannual beginning 6/15/63	
Instituto Mexicano de Investigaciones Tecnológicas, A.C. (Nacional Financiera, S.A.)	Higher education	4/19/62 (8/30/62)	400,000	400,000			1¼	29 semiannual beginning 8/31/63	
Nacional Financiera, S.A. (United States of Mexico)	Improved land use	12/28/62	3,000,000 <sup>4</sup>	3,000,000			1¼	39 semiannual beginning 12 months after date of contract	
<b>Total loans to Mexico</b>			<u>\$13,600,000</u>	<u>\$13,600,000</u>					
<b>NICARAGUA</b> Instituto Nicaragüense de la Vivienda	Housing	3/29/62 (8/2/62)	\$ 5,200,000	\$ 4,900,000	\$ 300,000	\$ 300,000	1¼	25 annual beginning 8/2/63	
Banco Nacional de Nicaragua	Agricultural credit	6/14/62 (9/20/62)	2,500,000	2,500,000			1¼	20 annual beginning 9/20/63	
<b>Total loans to Nicaragua</b>			<u>\$ 7,700,000</u>	<u>\$ 7,400,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>			
<b>PANAMA</b> Instituto de Vivienda y Urbanismo (Republic of Panama)	Housing	8/3/61 (8/22/61)	\$ 7,600,000	\$ 5,181,354	\$2,418,646	\$ 38,000	\$2,380,646	1¼	27 annual beginning 9/1/62
Instituto de Acueductos y Alcantarillados Nacionales (Republic of Panama)	Water supply projects	5/31/62 (6/14/62)	2,762,000	2,612,000	150,000		150,000	2¾	27 annual beginning 6/14/63
<b>Total loans to Panama</b>			<u>\$10,362,000</u>	<u>\$ 7,793,354</u>	<u>\$2,568,646</u>	<u>\$ 38,000</u>	<u>\$2,530,646</u>		



## Statement of Approved Loans

Country and Borrower (Guarantor in Parenthesis)	Purpose	Dates *	Amount Approved <sup>1</sup>	Undisbursed Balance	Status of Loans			Interest % <sup>2</sup>	Repayment Terms <sup>3</sup> Principal Installments
					Disbursed	Repaid	Outstanding		
<b>PARAGUAY</b> Banco Nacional de Fomento (Republic of Paraguay)	Agricultural credit and improved land use	12/20/62	\$ 2,900,000 <sup>4</sup>	\$ 2,900,000				1¼	40 semiannual be- ginning 12 months after date of con- tract
<b>Total loans to Paraguay</b>			<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>					
<b>PERU</b> Republic of Peru	Housing	10/19/61 (11/24/61)	\$22,800,000	\$18,639,974	\$4,160,026	\$114,000	\$4,046,026	1¼	20 annual beginning 11/23/62
Cooperativa de Crédito Central del Perú (Republic of Peru)	Rural development	10/19/61 (10/27/61)	1,000,000	700,000	300,000	12,500	287,500	1¼	21 annual beginning 10/27/62
Asociación Mutua de Crédito para la Vivienda "El Pueblo" (Republic of Peru)	Housing	3/15/62 (5/1/62)	1,000,000	800,000	200,000		200,000	1¼	21 annual beginning 5/1/63
Universidad Nacional Mayor de San Marcos (Republic of Peru)	Higher education	11/15/62 (12/17/62)	1,500,000 <sup>4</sup>	1,500,000				1¼	29 semiannual be- ginning 12/17/63
<b>Total loans to Peru</b>			<u>\$26,300,000</u>	<u>\$21,639,974</u>	<u>\$ 4,660,026</u>	<u>\$126,500</u>	<u>\$ 4,533,526</u>		
<b>URUGUAY</b> Gobierno del Departamento de Montevideo	Sewage project	12/7/61	\$ 2,500,000 <sup>4</sup>	\$ 2,500,000				2¾	41 semiannual be- ginning 12 months after date of con- tract
Republic of Uruguay	Housing	9/20/62	8,000,000 <sup>4</sup>	8,000,000				1¼	51 semiannual be- ginning 12 months after date of con- tract
<b>Total loans to Uruguay</b>			<u>\$10,500,000</u>	<u>\$10,500,000</u>					
<b>VENEZUELA</b> Banco Obrero de Venezuela (Republic of Venezuela)	Housing	8/3/61 (11/15/61)	\$12,000,000	\$10,317,467	\$ 1,682,533	\$200,000	\$ 1,482,533	1¼	40 semiannual be- ginning 5/15/62
Republic of Venezuela	Water supply projects	12/7/61 (5/3/62)	10,000,000	9,801,336	198,664		198,664	2¾	39 semiannual be- ginning 4/30/63
Instituto Nacional de Obras Sanitarias (Republic of Venezuela)	Water supply projects	12/14/61 (5/3/62)	10,000,000	8,868,528	1,131,472		1,131,472	2¾	20 annual beginning 4/30/63

Banco Obrero de Venezuela (Republic of Venezuela)	Housing	3/29/62 (6/8/62)	10,000,000	10,000,000				1¼	22 annual beginning 6/8/63
Instituto Agrario Nacional (Republic of Venezuela)	Improved land use	11/8/62 (12/19/62)	10,000,000 <sup>4</sup>	10,000,000				1¼	39 semiannual be- ginning 12/19/63
<b>Total loans to Venezuela</b>			<u>\$52,000,000</u>	<u>\$48,987,331</u>	<u>\$ 3,012,669</u>	<u>\$200,000</u>	<u>\$ 2,812,669</u>		
<b>CENTRAL AMERICAN COUNTRIES</b>									
Universities of Costa Rica, Guate- mala, El Salvador, Honduras and Nicaragua (Republics of Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua)	Higher education	12/20/62	\$ 2,925,000	\$ 2,925,000				1¼	35 semiannual be- ginning 12 months after date of con- tract
<b>Total loans to the Central Amer- ican countries</b>			<u>\$ 2,925,000<sup>4</sup></u>	<u>\$ 2,925,000</u>					
<b>GRAND TOTAL</b>			<u>\$320,562,000</u>	<u>\$297,819,647</u>	<u>\$22,742,353</u>	<u>\$404,700</u>	<u>\$22,337,653</u>		

<sup>1</sup> All Social Progress Trust Fund loans are made in U.S. dollars.

<sup>2</sup> In addition to the interest rate shown, all loans have a service charge of 0.75% per annum on principal amounts outstanding.

<sup>3</sup> Interest and amortizations may be made in local currency.

<sup>4</sup> Not eligible for disbursement.

\* Date of approval of the loan and, in parenthesis, date of respective loan contract.



