



SIXTH
ANNUAL
REPORT • 1965

Inter-American Development Bank

MEMBER NATIONS

ARGENTINA

BOLIVIA

BRAZIL

CHILE

COLOMBIA

COSTA RICA

DOMINICAN REPUBLIC

ECUADOR

EL SALVADOR

GUATEMALA

HAITI

HONDURAS

MEXICO

NICARAGUA

PANAMA

PARAGUAY

PERU

UNITED STATES

URUGUAY

VENEZUELA



SIXTH ANNUAL REPORT • 1965

Inter-American Development Bank

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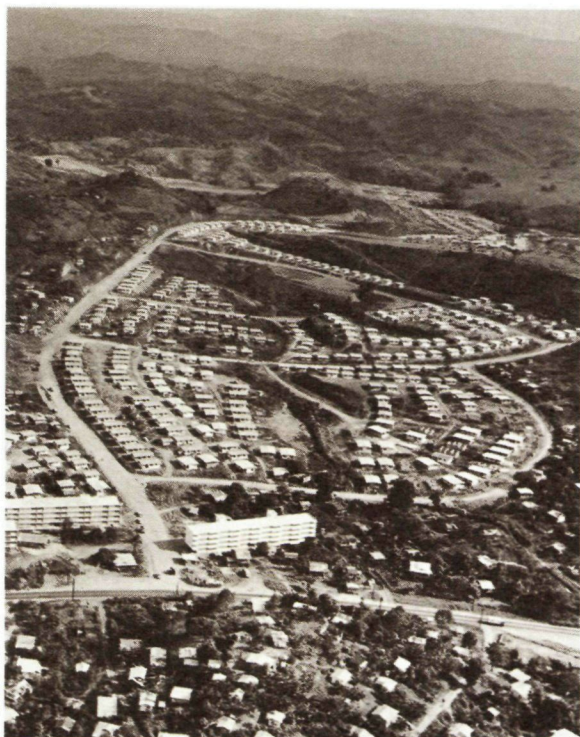
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INTER-AMERICAN DEVELOPMENT BANK
WASHINGTON, D.C. 20577

PRESIDENT

CABLE ADDRESS
INTAMBANC

March 15, 1966

Mr. Chairman:

Pursuant to Section 2 of the By-Laws of the Bank, the Board of Executive Directors has authorized me to submit the Annual Report of the Bank for 1965 to the Board of Governors.

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

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

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

The fourth part summarizes the activities carried out by the Bank with other funds which it has helped to mobilize for Latin America's economic and social development from non-member countries.

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

Sincerely yours,

FELIPE HERRERA

Chairman, Board of Governors
INTER-AMERICAN DEVELOPMENT BANK



SODIUM CARBONATE and caustic soda plant rising in Cartagena will provide materials for Colombia's manufacturing industries. A \$12 million loan from the ordinary capital resources is providing half its cost.

GENERAL ASPECTS

DURING 1964 and 1965 the economy of Latin America grew at a substantially higher rate than during the preceding two years, rising from 3.6 per cent in 1962 and 2.1 per cent in 1963 to 5.3 per cent in 1964 and, according to preliminary figures, to 5.4 per cent in 1965.

In 1964, 12 Latin American countries had a growth rate of 4 per cent or more and of these 9 surpassed 5 per cent. Estimates indicate that in 1965, 15 countries exceeded 4 per cent, and of these 12 had a growth rate of more than 5 per cent.

Thus, despite rapid population growth, the economy of the region as a whole grew during the past two years at the per capita rate of 2.5 per cent annually established as a minimum goal in the Charter of Punta del Este.

Although these results seem satisfactory, an analysis of the performance of individual countries during 1961-65 reveals that only a few have sustained economic growth trends strong enough to assure the achievement of the goals of Punta del Este.

In some cases, this may be explained by the fact that, due to different levels of development, the economically advanced countries find themselves able to maintain steady economic progress while those less advanced find that their efforts yield results only after a relatively long time. However, in most countries economic growth is irregular, an indication that basic conditions for sustained economic progress are not present.

The acceleration in the rate of economic growth in Latin America during the past few years has resulted to an extent from an increase in the value of its exports. These rose from \$8.6 billion in 1962 and \$9.2 billion in 1963 to \$9.9 billion in 1964, that is, more than 6 per cent annually, and the rate of growth was estimated at about 4 per cent in 1965. However, this upward trend did not apply to all the region's export products and, despite the general improvement, some countries had adverse conditions in their external trade.

Another factor contributing to Latin America's recent economic growth has been the increasing volume of public international funds available for the area's development. For example, development loans authorized for terms of five or more years in Latin America by United States Government agencies and multinational financing institutions rose from an average of \$427 million a year in 1957-60 to \$987 million in 1961-64 and gross disbursements from such loans increased similarly from an average of \$354 million a year in 1957-60 to \$431 million in 1961-62 and to \$626 million in 1963-64.

An important part in this trend was played by the lending of the Inter-American Development Bank which accounted for about a third of the loan volume authorized during 1961-64, averaging \$288.5 million a year.

IN 1965, the Bank's contribution to Latin America's development was even greater, reaching the highest annual volume of its five years of operations. The Bank authorized a total of \$373,472,865¹ in 66 individual loans during the year, compared with \$299,333,000 in 69 loans in 1964. The 1965 volume represented an increase of 29.5 per cent over the average annual figure of \$288.5 million registered in 1961-64.

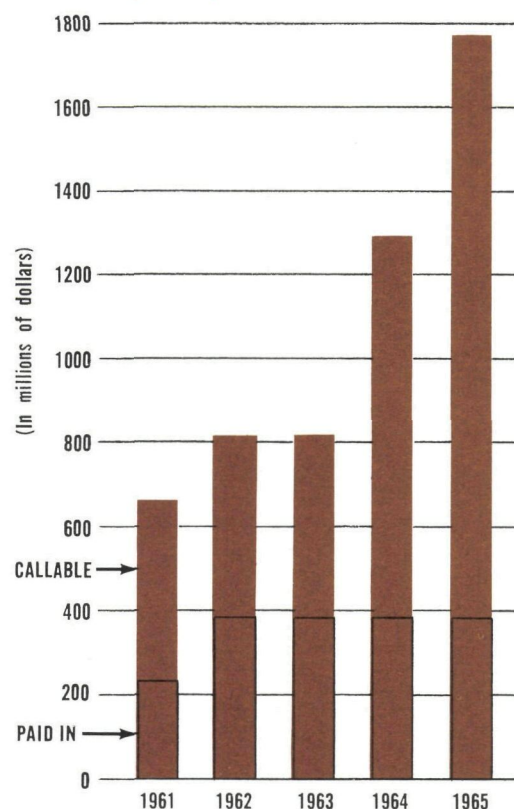
As of December 31, 1965, the Bank's cumulative net lending had reached 326 loans totaling \$1,527,483,732.

A summary of the loans authorized by the Bank during 1965, as well as cumulative totals, from its various sources of funds follows:

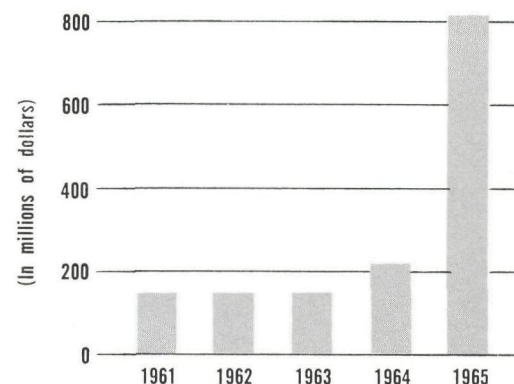
- **Ordinary Capital Resources:** 18 loans totaling \$121,512,198, bringing the cumulative total as of December 31, 1965, to 125 loans for \$655,683,977.

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

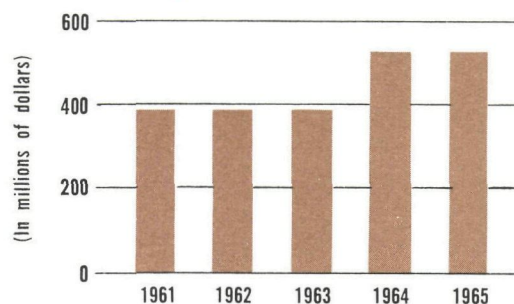
Ordinary Capital Resources



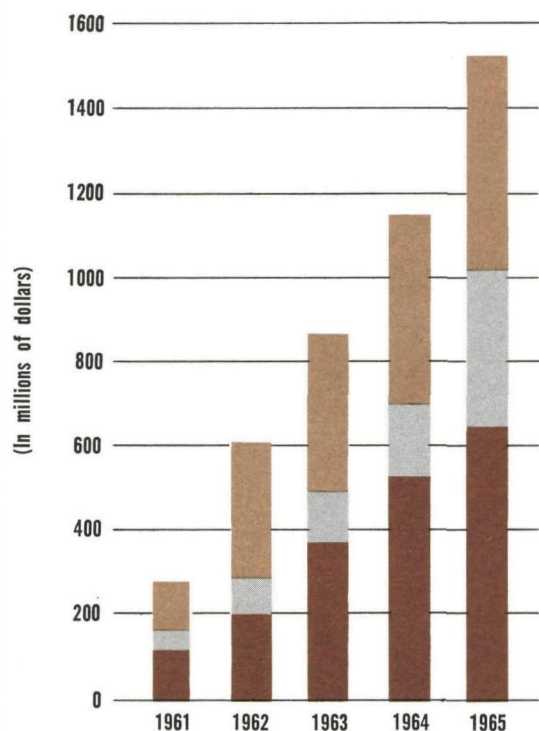
Fund for Special Operations



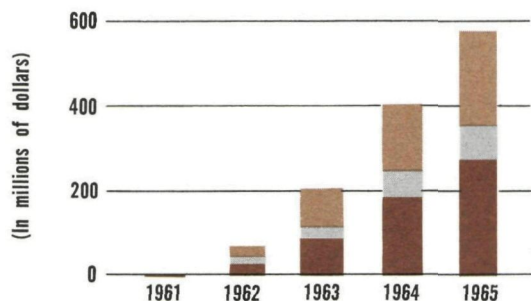
Social Progress Trust Fund



Approved Loans (Cumulative)



Disbursements (Cumulative)



- *Fund for Special Operations*: 31 loans for \$196,595,000, bringing the aggregate total at year end to 82 loans for \$366,399,554.

- *Social Progress Trust Fund*: 15 loans totaling \$51,199,000, bringing the cumulative total at the end of 1965 to 117 loans amounting to \$501,233,534.

- *Other Resources*: 2 loans for \$4,166,667, representing the Bank's first authorizations from Canadian resources which it began administering late in 1964.

The Bank's role in helping to mobilize financial resources for development in its member coun-

tries is indicated by the fact that its cumulative lending of \$1.5 billion is helping to finance total investments of about \$4.2 billion, about two-thirds of which is being provided by the Latin American countries themselves.

Disbursements on Bank loans during 1965 amounted to \$182,161,061. This raised cumulative disbursements as of December 31, 1965, to \$586,513,753, or 38.4 per cent of the total loan volume committed to that date.

THE BANK achieved notable progress in 1965 in increasing its own resources, as well as in mobilizing funds for Latin America's development from non-member nations. As indicated in the Bank's 1964 Report, the Board of Governors at its Fifth Annual Meeting in Panama in April 1964 adopted a resolution recommending an increase of \$900 million in the resources of the Fund for Special Operations.

The increase was to be contributed in three equal installments payable by the end of the years 1964, 1965 and 1966. On December 31, 1964, the date for the payment of the first installment was extended by the Board of Directors to June 30, 1965. During 1965 all of the Bank's member countries totally paid in their contributions to the first two installments.

This substantial increase in the resources of the Fund for Special Operations was largely responsible for the rise in the Bank's lending volume in 1965 and has enabled the Bank to continue financing projects in social development sectors while broadening opportunities for member countries to obtain soft loans.

During 1965 the Bank's member countries also fully subscribed their shares to the second and final quota of the \$1 billion increase in the authorized *callable* capital which had been approved by the Bank's Board of Governors January 28, 1964. Subscriptions to the first part entered into effect December 31, 1964. The callable capital serves, in effect, to guarantee borrowings which the Bank makes in capital markets.

The Bank intensified its efforts during 1965 to obtain additional financial resources from non-member capital-exporting countries. These efforts resulted in the mobilization of an additional \$53.2 million for Latin America's development during the year as follows:

- \$20 million from the Spanish Government. A total of \$12.5 million of that sum was in the form of a direct loan and the remaining \$7.5 mil-

lion in the form of a commitment by the Spanish Government to purchase participations in the Bank's ordinary capital loans (see page 15).

- 25 million Canadian dollars (equivalent to \$23.2 million). Of this sum, 10 million Canadian dollars represent an addition to the 10 million made available to the Bank for administration in December 1964 under an agreement with the Government of Canada. The remaining 15 million Canadian dollars are being made available by the Export Credits Insurance Corporation under "parallel" or independent financing arrangements, according to the terms of an agreement signed with the Bank (see page 147).

- 36 million guilders (equivalent to \$10 million) from the Government of the Netherlands in a "parallel" or an independent financing arrange-

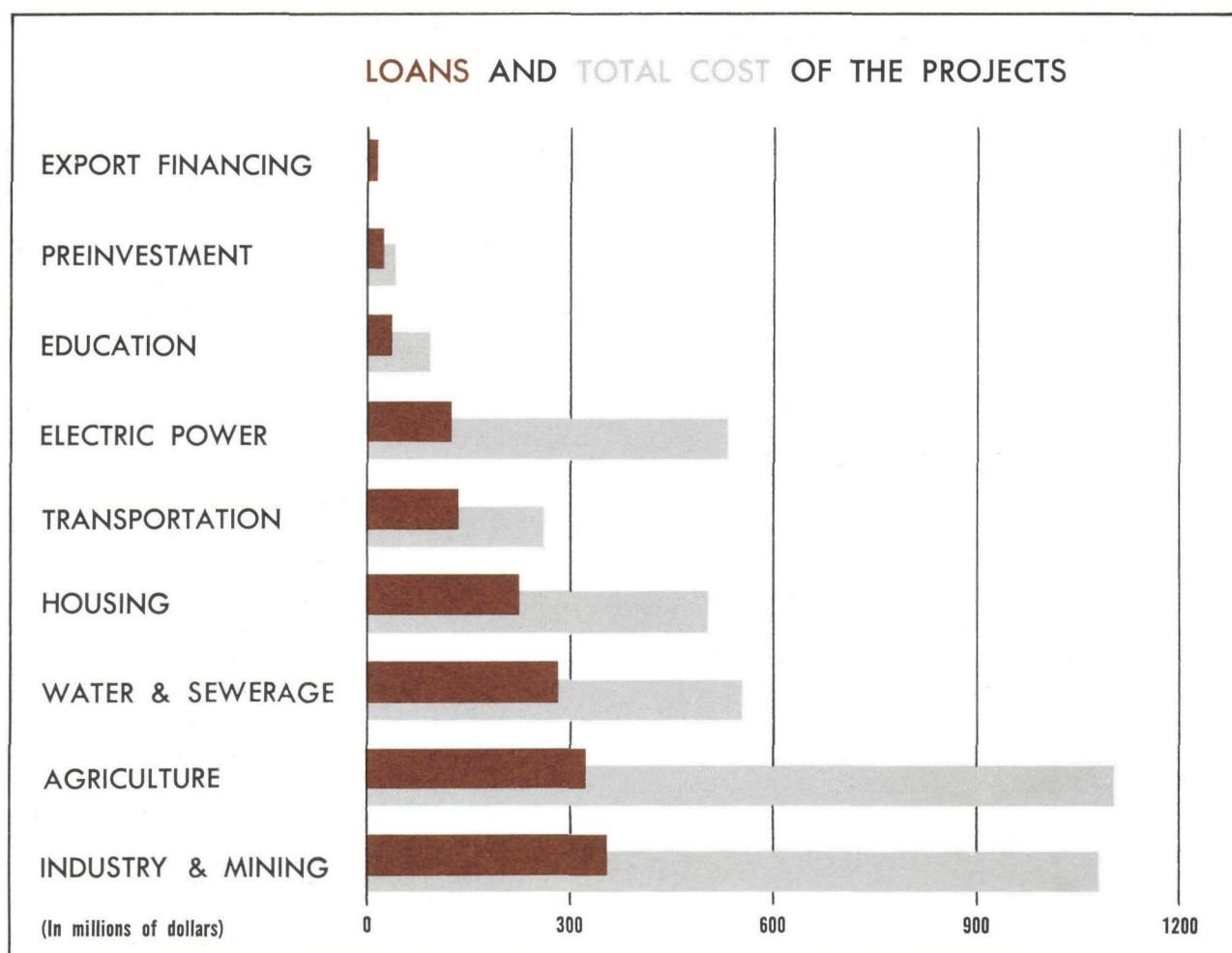
ment, according to an agreement signed with the Bank (see page 148).

IN ITS operating policies, the Bank has constantly striven to give balanced consideration to the financial needs of the principal economic and social sectors of its member countries.

The loans authorized by the Bank in 1965 were devoted to a wide variety of projects. The distribution included industry, agriculture and mining, \$100.5 million, or 26.9 per cent; economic infrastructure, \$145 million, or 38.8 per cent; social development, \$109.1 million, or 29.2 per cent, and other (including education, export financing and preinvestment), \$18.8 million, or 5.1 per cent.

Cumulative figures through December 31, 1965, show that 44.5 per cent of the Bank's loans have

THE BANK'S LENDING BY SECTORS, 1961-65



been devoted to directly reproductive sectors, principally industry and agriculture; 17 per cent to economic infrastructure, primarily transportation and electric power; 33.6 per cent to social development projects, including water and sewage systems and housing, and the remaining 4.9 per cent to higher education, preinvestment studies and export financing.

The Bank's loans in Latin America are being translated into physical accomplishments of growing dimensions. Thus the projects which the Bank is helping to carry out with the loans which it authorized through December 31, 1965, are resulting in:

- The construction, expansion or improvement of 48 *industrial* plants and the authorization of about 1,600 industrial credits to small- and medium-

scale enterprises from loans extended by the Bank to Latin American development institutions.

- The improvement of about 3.7 million acres of *agricultural* lands and the extension of about 123,000 credits to low-income farmers for farm improvements from loans authorized by the Bank to development institutions.

- The expansion of *electric* generating capacity by 1.8 million kilowatts, the installation of about 7,700 miles of transmission lines and the expansion or improvement of 150 distribution systems.

- The construction or improvement in the *transportation* field of about 870 miles of highways and 4,464 miles of access and farm roads.

- The construction, expansion or improvement of about 2,000 *water supply and sewage* systems which will benefit about 30 million persons.

- The construction of about 261,000 *housing* units, of which 93,000 are already built; 56,000 are being built, and the remainder are in various planning stages.

- The modernization or expansion of facilities for higher *education and advanced training* in 40 universities and institutes.

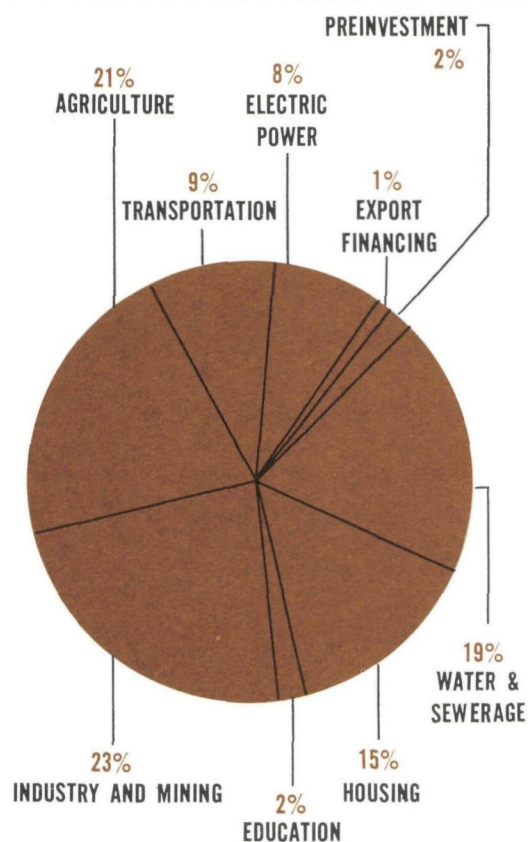
DURING 1965 the Bank committed considerably more funds in technical assistance than it had approved in any previous year. Commitments from its own resources, the Social Progress Trust Fund and Canadian resources amounted to \$19,261,907, a figure 69 per cent greater than the \$11,275,939 authorized in 1964. Of the 1965 amount, \$16,204,157 was reimbursable and \$3,057,750 was non-reimbursable. By December 31, 1965, cumulative technical assistance authorizations had reached \$53,474,670, of which \$40,389,879 was reimbursable and \$13,084,791 was non-reimbursable.

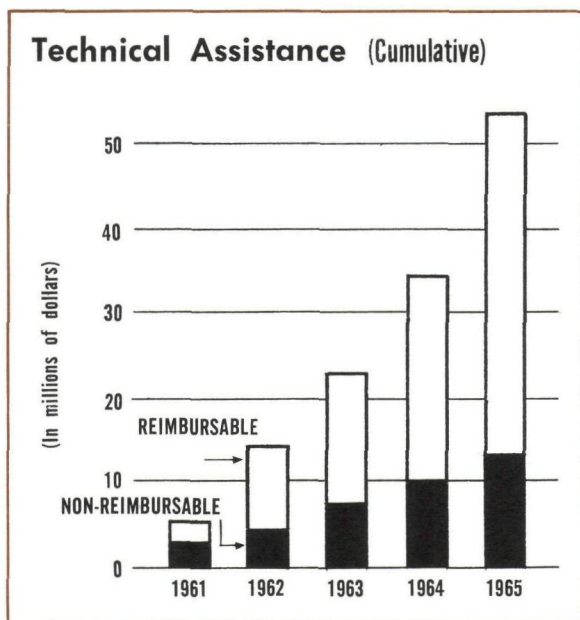
The increase in technical assistance commitments in 1965 was a result of the Bank's decision to broaden its activities in the preinvestment field to help speed up the economic and social development of its members.

Despite advances made since the Alliance for Progress was launched, the preparation of investment projects—a basic element in development planning—is not going forward, in most Latin American countries, with the required speed or effectiveness. Shortcomings in this regard are due in some cases to institutional factors and in others to the lack of funds to cover the cost of the studies and frequently to both factors.

In order to help its member countries overcome these handicaps, the Bank in 1965 began ap-

PERCENTAGE DISTRIBUTION OF LOANS





proving over-all loans to national development institutions to finance study programs embracing the entire preinvestment field, including project selection, feasibility studies and project preparation.

Examples were a \$5 million loan to an agency in Brazil (see page 73) and a \$3 million loan to one in Chile (see page 74). Through this means, the Bank hopes to foster the establishment of continuing local funds devoted to preinvestment studies of projects in the private and public sectors. Such funds would replenish themselves through repayments from projects once these are carried out.

In addition to its efforts in the preinvestment field, the Bank in 1965 continued its technical assistance activity in areas financed in previous years, such as the establishment or reorganization of institutions devoted to economic and social development; the spreading of development skills through training programs, fellowships, seminars and other means; the preparation and execution of development projects and programs; research in developmental fields, and the promotion of regional integration.

IN 1965 the Bank greatly strengthened its support for Latin America's economic integration, as one of the most effective methods of promoting the area's economic and social progress. Discussion of methods of furthering the integration process was one of the main topics of the Sixth Annual Meeting of the Bank held in Asunción, Para-

guay, in April 1965, when the Board of Governors adopted a resolution requesting the management of the Bank to formulate programs of technical and financial assistance to spur the process of regional integration.

The most significant of the Bank's activities in the integration field in 1965 were:

- The establishment, as a unit of the Bank, of the Institute for Latin American Integration in Buenos Aires, Argentina. The Institute, which receives part of its support from special contributions from the Bank's Latin American member countries, began operations in August 1965. A summary of the Institute's first year of activities appears on page 156.

- The authorization in November 1965 of a \$100,000 technical assistance grant to the Latin American Free Trade Association (LAFTA) to be used in three programs designed to foster Latin America's integration. Two of these are for integration studies in industry and agriculture and the other is for the identification of specific branches of production that might be encouraged in LAFTA's comparatively less-developed, small-market countries, so that they might benefit from an integrated Latin American market.

- The preparation, with the cooperation of the Latin American Institute for Economic and Social Planning, of a study regarding the integration of Colombian-Ecuadorian border zones. The study was completed and given to the respective governments in mid-1965. In 1964 the Bank carried out a study of a similar nature on Colombian-Venezuelan border areas.

- The authorization of two loans to finance a program in Brazil which has an integration impact. One of these loans, for \$20 million, was for construction of a highway from Paranaguá, Brazil, to Friendship Bridge, which crosses the Paraná River to Paraguay. The other, for \$5,640,000, will improve the Atlantic seaport of Paranaguá where the foreign trade of Paraguay, which moves over the road, enjoys free port privileges.

- The authorization of a \$1 million line of credit to Peru under a program initiated by the Bank in 1964 to finance intraregional exports of capital goods among its Latin American member countries. The Bank also disbursed \$3,982,470 under similar lines authorized in 1964 to Argentina, Brazil and Mexico. As of December 31, 1965, cumulative authorizations under this program amounted to \$12 million. The program is designed

to stimulate the development of the capital goods industry in Latin America and foster economic integration through an increase in intraregional trade.

In 1965 the Bank also continued to encourage the preparation of projects which would lead to greater trade among its Latin American member countries and the Bank's loans themselves generated an increasing volume of purchases in Latin American countries.

One of the most important initiatives of 1965 to further economic integration was a proposal calling for the creation of a fund to finance feasibility studies for development projects of multinational scope.

The Foreign Ministers of the LAFTA member countries specifically recommended in Montevideo in November 1965 that the Bank establish such a fund, and the Second Special Inter-American Conference held later that month in Rio de Janeiro declared that special priority must be given to the preparation and execution of multinational projects and their financing "with a view to the earliest possible establishment of the Latin American common market."

In late 1965 the Bank and the Inter-American Committee on the Alliance for Progress (CIAP) initiated discussions with the United States Government regarding the creation of such a fund.

For preparatory work in this area of activities, the Bank late in 1965 entered into a contract with a consulting firm to advise it in preparing preinvestment projects and programs in the field of integration and on methods to carry them out.

IN 1965 the Inter-American Bank for the first time organized a consultative group on the external financing requirements of the national development plan of one of its member countries. The Consultative Group for Ecuador's Ten-Year General Economic and Social Development Plan held its first meeting in June 1965 in the Bank's headquarters with the participation of representatives from 19 nations and 11 financial and technical organizations.

The representatives considered 40 projects presented by the Government of Ecuador, with external financing requirements of \$179 million, to be initiated in the program's 1965-68 period. Of that sum participants expressed interest in providing a total of \$173 million and by December 31, 1965, had extended loans totaling \$33.5 million for nine projects. In addition, Ecuador had presented another 14 applications to various financing sources.

This experience has convinced the Bank that the organization of consultative groups is an effective means of broadening aid flows and of assisting its member countries in the execution of their development plans. The Bank is prepared to offer this cooperative service to other countries when deemed advisable and convenient, and at the end of the year was considering requests of this nature from the Governments of Paraguay and Uruguay.

IN INCREASING the resources of the Fund for Special Operations by \$900 million the Board of Governors also directed the Bank to include in future operations of the Fund financing for social development, including fields previously covered with the resources of the Social Progress Trust Fund. Accordingly, the Board of Executive Directors reviewed the Fund's policies and decided to expand its lending fields to include:

- Financing of agricultural and rural development on an integral basis through coordinated programs related to such economic infrastructure facilities as electric power, roads and irrigation; to such social development aspects as housing, public health and education, and to the extension of credit and other facilities to improve the farm sector.

- Financing urban development programs on a similar basis of coordinated attention to housing, water and sewage systems, community facilities, and other services.

- Broadening financial assistance for higher education and extending such assistance to technical and vocational education fields.

- Intensifying aid to member countries in the preinvestment field through programs designed to identify investment projects and then prepare feasibility studies for them.

THE NET income from the Bank's various sources of funds increased substantially in 1965. That of the ordinary capital resources amounted to \$5,008,711, compared with \$4,774,353 in 1964, and that of the Fund for Special Operations was \$2,876,625, prior to deducting technical assistance expenses, compared with \$2,280,824 in 1964.

Reserves as of December 31, 1965, had risen to \$20,962,935 in the ordinary capital resources, and to \$3,408,030 in the Fund for Special Operations.

The income of the Social Progress Trust Fund was sufficient for the first time to cover administrative expenses chargeable to the Fund as well as technical assistance expenses and exchange adjustments. Income in excess of expenses amounted to \$1,837,481, before deducting the latter two items.

AT THE Sixth Annual Meeting of the Board of Governors of the Bank, held in Asunción, Paraguay, April 26-30, 1965, under the chairmanship of César Barrientos, Minister of Finance of Paraguay, the role of the Bank in fostering Latin America's economic integration was one of the principal topics of discussion. Another was the Bank's continuing efforts to secure additional resources from non-member countries for Latin America's development.

The role of education in the development of the region was another highlight of the meeting, with two afternoon sessions being devoted to a round table discussion on "Higher Education and Latin American Development."

In connection with integration, the Board of Governors adopted a resolution providing its "broadest possible support for the Bank's efforts to expedite and promote the process of Latin American integration," expressing satisfaction over the Bank's decision to establish the Institute for Latin American Integration, and requesting the Bank's management to formulate programs of technical and financial assistance and to study, in coordination with other agencies participating in the process of Latin American integration, all aspects of that process related to the purposes for which the Bank was established.

In compliance with a request of the Fifth Annual Meeting of the Bank held in Panama in April 1964, the Board of Executive Directors presented a document to the meeting regarding "Contributions of Additional Resources by Countries which are Not Members of the Bank."

The Board of Governors expressed gratification with the intensive efforts of the management of the Bank to obtain financial and technical resources in non-member countries for the economic and social development of Latin America and requested it to continue these efforts with the same diligence, and attention to the terms on which these resources are provided, which had been shown up to then.

In other resolutions, the Board of Governors:

- Approved the financial statements of the Bank with respect to the ordinary capital resources and to the Fund for Special Operations for the fiscal year ending December 31, 1964.

- Recommended to the Board of Executive Directors that, for all purposes of the Agreement Establishing the Bank, except for voting, it consider the Executive Director whose candidacy is pre-

sented by the Governors for the countries composing the Central American Common Market, as representing those countries and that the same approach be applied to other groups of member countries (Uruguay, Paraguay and Bolivia, for example) seeking joint representation in regional agencies.

- Selected Mexico City as the site of the Seventh Annual Meeting to be held in April 1966.

A total of 82 participants from the Bank's member nations, 45 observers from various organizations and 253 special guests from 33 countries attended the meeting.

THE FOLLOWING changes in the Board of Executive Directors of the Bank occurred in 1965:

On April 26, Mr. Elías Soley of Costa Rica was elected an Executive Director by Costa Rica and Nicaragua to fill the vacancy created by the resignation of Mr. Raúl Hess, also of Costa Rica.

On July 1, Mr. Julio C. Gutiérrez of Paraguay, previously an Alternate Executive Director for Bolivia and Paraguay, was elected Executive Director by those two countries, succeeding Mr. Julio Solsona Flores who had resigned. On July 7, Mr. Gutiérrez designated Mr. Oscar Ortiz Avaroma of Bolivia as his Alternate Executive Director.

Due to expanding responsibilities, the Bank in 1965 carried out various organizational changes designed to strengthen its administrative structure. These included the establishment of an Office of Integration Advisor and an Office of Controller of Operations, attached to those of the President and the Executive Vice-President, and the creation of two new divisions: the Personnel Division in the Finance and Administration Department and the Training Division in the Technical Department. In addition the former Division of Operations Control, in the Department of Operations, was reorganized into the Division of Loan Administration.

The Directors and Alternate Directors of the Bank are listed on page 153, the principal officers on page 154.

THE Bank's relations with other international and regional organizations in 1965 were designed as always to strengthen common methods of promoting the economic and social welfare of Latin America. Within the Hemisphere, the decisions adopted at the Meeting of Ministers of Foreign Affairs of the Latin American Free Trade Association (LAFTA) November 3-6 in Montevideo and at the Second Special Inter-American Conference in Rio de Janeiro November 17-30 were of particular interest to the bank.

As indicated earlier, a resolution adopted at the LAFTA meeting recommended that the Bank establish a fund "on which LAFTA may draw to finance preinvestment studies proposed by the Association, for programs and projects bearing on regional integration, particularly in the fields of infrastructure, the development of basic industries, the prospecting and exploitation of natural resources of major importance to industrial development and the development of geo-economic regions embracing two or more countries."

In the Economic and Social Act of Rio de Janeiro adopted by the Second Special Inter-American Conference, the American states recognized that "the economic integration of the developing countries of the Hemisphere should be one of the basic objectives of the inter-American system."

The Act added that "with the object of strengthening and accelerating integration in all its aspects, special priority must be given to the preparation and execution of multinational projects, and to the financing thereof, and the already existing economic integration agencies should coordinate their activities with a view to the earliest possible establishment of the Latin American common market."

"Likewise," the resolution stated, "the economic and financial institutions of the region should continue to give their fullest support to the organizations for regional integration."

As the technical arm of CIAP in matters concerning the financing of Latin America's development, the Bank participated actively in 1965 in the annual reviews conducted by that Committee of the national development programs of individual countries.

Additional progress was made in 1965 in the work carried out on behalf of Latin America's economic and social advancement by the OAS-IDB-ECLA Coordination Committee, in which the Bank has joined the Organization of American States and the UN Economic Commission for Latin America in providing help on development planning to some of its member countries.

The regional Central American plan, as well as plans for the area's individual member countries prepared by a joint mission of the Committee, were submitted to the Panel of Nine for evaluation. The advisory group in Paraguay completed its cooperation with the nation's Technical Planning Secretariat and during the course of the year Paraguay also submitted its national plan to the Panel of

Nine. The joint mission in Peru helped the National Planning Institute prepare the public investment program for 1966 and program public budget outlays. The mission in Uruguay helped the Committee on Investment and Economic Development to complete the nation's economic and social development plan and outline its execution during the first year. This plan was also submitted to the Panel of Nine for evaluation. The mission in the Dominican Republic continued its advisory activities and initiated planning for a two-year public investment program in cooperation with the Technical Secretariat of the Presidency.

In order to help foster agricultural development in its member countries, the Bank sponsored a Workshop on Agricultural Financing in Latin America in Viña del Mar, Chile, March 18-25, 1965, in conjunction with the Eighth Regional Conference of the UN Food and Agriculture Organization. On July 23, 1965, the Bank and FAO entered into an agreement to coordinate their activities in the agricultural field as a further step to stimulate farm output in Latin America. The Bank also took part in a Meeting of Latin American Project Directors of the UN Special Fund and FAO in Santiago, Chile, in October.

The Bank continued its cooperation with the Inter-American Committee on Agricultural Development in studies on agrarian reform and economic development in the five Central American countries and in Bolivia, Mexico and Venezuela and in studies on agricultural credit systems that the Committee is carrying out in Argentina, Brazil, Chile, El Salvador, Paraguay and Venezuela. A study on the latter subject in Costa Rica has already been concluded.

























































































































The Bank joined with the Agency for International Development of the United States and the National League of Insured Savings Associations in co-sponsoring the Third Inter-American Meeting on Savings and Loans held in Quito March 28-April 2.

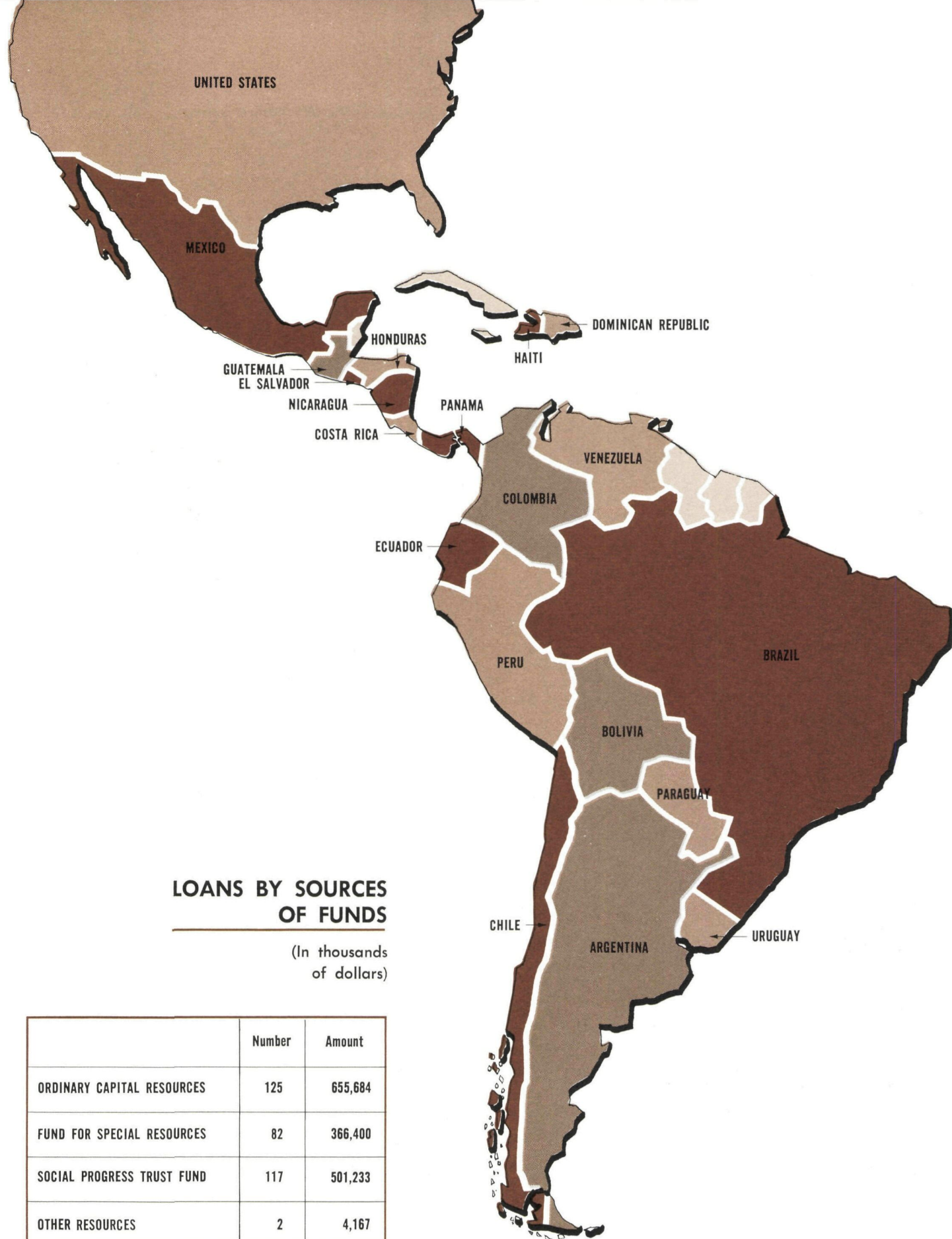
The Bank was represented at a number of regional and international meetings, including the First Meeting of the Latin American Parliament in Lima July 14-18 and the annual meeting of the Board of Governors of the World Bank and the International Monetary Fund held in Washington in September. In addition, an official of the Inter-American Bank provided advisory services for an eight-month period in the preparatory work for the creation of the Asian Development Bank.

APPROVED LOANS

Up to
December 31, 1965

(Expressed in
thousands of dollars)

	1965		INDUSTRY AND MINING	AGRICULTURE	ELECTRIC POWER	TRANSPORTATION	WATER AND SEWERAGE	HOUSING	EDUCATION	PREINVESTMENT	EXPORT FINANCING	1961 — 1965	
	Number	Amount										Number	Amount
Argentina	6	50,339	 13	 4	 2		 4	 1	 1	 4	 1	30	189,103
Bolivia	5	4,640	 3	 4	 1		 1	 1	 5			15	42,460
Brazil	9	90,890	 12	 5	 7	 2	 10	 1	 1	 4	 1	43	319,605
Chile	6	31,200	 8	 6			 5	 6	 4	 3	 1	33	132,292
Colombia	7	28,150	 5	 2	 4	 2	 8	 3	 3	 2		29	131,664
Costa Rica	4	10,700	 4	 5	 1		 1	 2		 2		15	35,842
Dominican Republic	3	6,975	 2	 2			 1	 2	 1			8	21,525
Ecuador	2	4,167	 1	 6		 1	 2	 1	 2	 2		15	43,248
El Salvador	3	12,000	 3	 1	 1	 1	 4	 2				12	32,181
Guatemala			 2	 1	 1		 3	 1		 2		10	23,293
Haiti				 1			 1					2	5,860
Honduras	2	10,505	 2	 3		 2	 2	 1		 3		13	28,010
Mexico	4	59,847	 5	 9		 2	 2	 1	 3	 1	 1	24	184,611
Nicaragua	3	15,500	 2	 4		 1		 2		 2		11	42,065
Panama	2	11,500	 1	 2			 1	 2		 1		7	26,062
Paraguay	2	2,160	 4	 3	 1			 1	 1	 2		12	33,810
Peru	5	21,300	 5	 4		 1	 3	 3	 3	 1	 1	21	74,497
Uruguay	2	3,600	 3	 1		 1	 4	 1				10	37,783
Venezuela	1	10,000	 2	 3			 4	 3	 1			13	106,444
Central America			 2						 1			3	17,129
	66	373,473	79	66	18	13	56	34	26	29	5	326	1,527,484



LOANS BY SOURCES OF FUNDS

(In thousands
of dollars)

	Number	Amount
ORDINARY CAPITAL RESOURCES	125	655,684
FUND FOR SPECIAL RESOURCES	82	366,400
SOCIAL PROGRESS TRUST FUND	117	501,233
OTHER RESOURCES	2	4,167
	326	1,527,484



HIGHWAY GRADERS lined up outside plant of *Industria del Hierro, S.A.*, near Mexico City. The heavy-equipment manufacturing plant was built with help of a loan of \$3 million from the ordinary capital resources.

Part I

ORDINARY CAPITAL RESOURCES

Operations / Fiscal Year 1965

Resources

The substantial volume of lending authorized by the Bank from its ordinary capital resources during its early years of operations was made possible to a great extent by the funds paid into its initial capital by its member countries. As those initial funds became committed by loans, the rate of operations from the ordinary capital resources has increasingly depended on the amount of funds which the Bank is able to borrow.

The Bank obtained increased capacity to borrow funds in the world's capital markets on December 10, 1965, when all of its member countries completed steps to subscribe their shares to the second half of the \$1 billion increase in the authorized *callable* capital, which they had approved on January 28, 1964.

This completed action initiated by the member countries in April 1962 to increase the authorized capital stock of the Bank from the \$850 million with which it began operation to \$2.15 billion, through the following measures:

ORDINARY CAPITAL RESOURCES

• A \$1 billion increase in the authorized *callable* capital stock, in terms of United States dollars of the weight and fineness in effect on January 1, 1959, divided into 100,000 shares having a par value of \$10,000 each.

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

The total authorized "paid-in" capital amounts to \$475 million, of which \$381,580,000 has been paid in by the member countries and \$93,420,000 is available for subscription, partly by present members of the Bank and partly by other countries which might join the Bank in the future. The total authorized callable capital is \$1,675 million, of which \$1,388,240,000 has been subscribed by the Bank's current membership and \$286,760,000 is available for subscription by present or by future members.

Total subscriptions by the Bank's present members to the ordinary capital resources as of December 31, 1965, are shown in the accompanying table.

The callable capital, as indicated, serves as a guarantee for the borrowings which the Bank makes in the capital markets. During 1965 the Bank effected one borrowing in the form of a direct loan for \$12.5 million obtained from the Government of Spain. This brought the Bank's total funded debt as of December 31, 1965, to the equivalent of \$285,093,548, as detailed in the following table.

BORROWINGS

(Expressed in United States Dollars)

Payable in United States Dollars:

4¼% 20-Year Bonds of 1962	\$ 75,000,000
4½% 20-Year Bonds of 1964	50,000,000
4½% 20-Year Bonds of 1964	100,000,000
4¾% 12-Year Loan of 1965 borrowed in Spain	12,500,000

Payable in Other Currencies:

5% 20-Year Italian Lire Bonds of 1962 (Lit. 15,000,000,000)	24,193,548
5½% 15-Year Deutsche Mark Bonds of 1964 (DM 60,000,000)	15,000,000
5½% 20-Year English Sterling Stock of 1964 (£3,000,000)	8,400,000

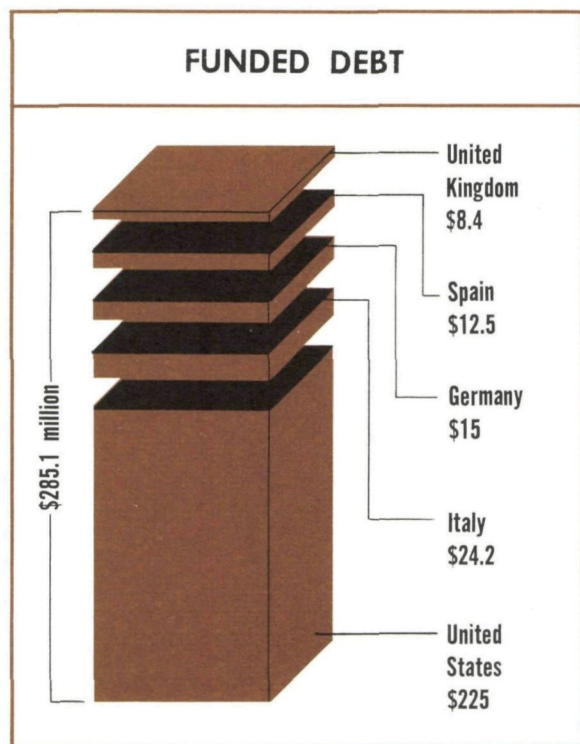
TOTAL **\$285,093,548**

SUBSCRIPTIONS

ORDINARY CAPITAL RESOURCES

(Expressed in United States Dollars)

COUNTRY	Paid In	Callable	Total
Argentina	\$ 51,570,000	\$ 172,910,000	\$ 224,480,000
Bolivia	4,140,000	13,880,000	18,020,000
Brazil	51,570,000	172,910,000	224,480,000
Chile	14,160,000	47,480,000	61,640,000
Colombia	14,150,000	47,440,000	61,590,000
Costa Rica	2,070,000	6,940,000	9,010,000
Dominican Republic	2,760,000	9,260,000	12,020,000
Ecuador	2,760,000	9,260,000	12,020,000
El Salvador	2,070,000	6,940,000	9,010,000
Guatemala	2,760,000	9,260,000	12,020,000
Haiti	2,070,000	6,940,000	9,010,000
Honduras	2,070,000	6,940,000	9,010,000
Mexico	33,150,000	111,150,000	144,300,000
Nicaragua	2,070,000	6,940,000	9,010,000
Panama	2,070,000	6,940,000	9,010,000
Paraguay	2,070,000	6,940,000	9,010,000
Peru	6,910,000	23,170,000	30,080,000
United States	150,000,000	611,760,000	761,760,000
Uruguay	5,530,000	18,540,000	24,070,000
Venezuela	27,630,000	92,640,000	120,270,000
TOTAL	\$381,580,000	\$1,388,240,000	\$1,769,820,000



The \$12.5 million borrowed in Spain was part of \$20 million in United States dollars which the Government of Spain placed at the disposal of the Bank in an agreement signed March 30, 1965, in Madrid. The loan was extended to the Bank at 4¾ per cent interest per annum for a term of 12 years. It will be repaid by the Bank in eight equal annual installments, the first of which will be due five years after the date of the agreement.

The remaining \$7.5 million is held by the *Instituto Español de Moneda Extranjera*, the Spanish Government agency through which the funds are being made available, to be used for purchases, as requested by the Bank, of participations in the Bank's ordinary capital loans. The amounts of such participations are determined by the amounts of purchases of goods and services placed in Spain as a result of the usual competitive procedures of the Bank's borrowers in the normal course of the ordinary operations of the Bank.

In addition, the Bank during 1965 continued discussions regarding the possibility of selling its obligations in other capital markets¹ and also mobilized additional financial resources for Latin America's

¹ In January, 1966, the Bank sold a bond issue in Italy for 15 billion lire, equivalent to about \$24 million.

development through special arrangements entered into with non-member countries. Due to the growing importance of this aspect of the Bank's activities, it is dealt with in greater detail in a new section, Part IV, of this report (see page 145).

During 1965 the Bank made substantial progress in widening the market for the purchase of its securities in the United States, particularly among large institutional investors which are regulated by state laws, such as state-chartered banks, insurance companies and state pension funds. During the year legislation qualifying the Bank's bonds for investment by state and municipal employees' pension funds was approved by the legislatures of Hawaii, Illinois, Michigan, Ohio, Tennessee, Utah and Washington. The Bank's bonds are now eligible for investment in more than 95 per cent of the United States institutional market.

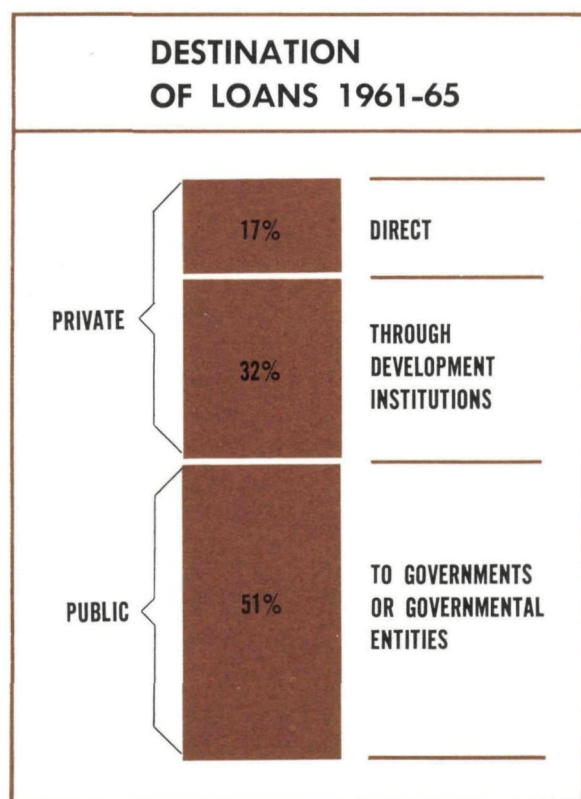
Loans

During 1965, the Bank's total loan authorizations from the ordinary capital resources amounted to \$121,512,198, compared with \$164,010,000 in 1964. This brought cumulative authorizations at the end of the year to \$655,683,977, net of cancellations and exchange adjustments.

Disbursements on ordinary capital loans during the year totaled \$82,917,140, bringing total disbursements as of December 31, 1965, to \$280,535,860.

Nearly half of the loan volume from the ordinary capital resources in 1965—ten loans amounting to \$59,775,000—was devoted to Latin America's private industrial development. The remaining eight loans, totaling \$61.6 million, were distributed as follows: transportation, three for \$30 million; electric power, three for \$28 million; water supply, one for \$2.6 million, and export financing, one for \$1 million.

Four *industrial* loans, amounting to \$21,475,000, were extended directly to private enterprise projects. They included loans of \$10,525,000 for a petrochemical complex which will supply fertilizers to increase productivity in Argentina's farm sector; \$800,000 for a factory which will build prefabricated monoblocs to help Argentina solve its housing problem; \$4,650,000 for a plant which will help supply Brazil's growing demand for cement and eventually meet its needs for special quick-drying cements, currently not produced in Brazil, and \$5.5 million for a synthetic fiber industry in Colombia

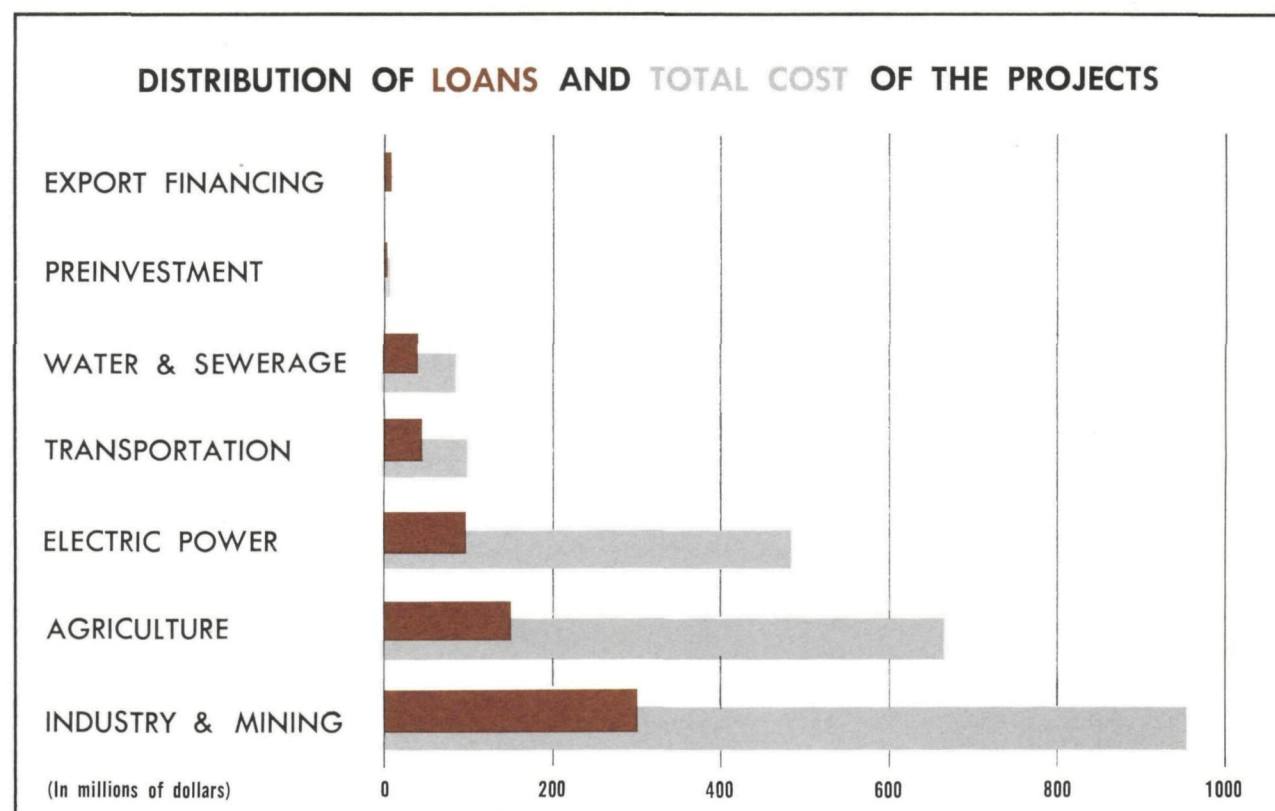


which will produce raw materials for Colombia's sizable textile industry.

The remaining six *industrial* loans, amounting to \$38.3 million, are being channeled through development banks which relend the proceeds to small- and medium-sized Latin American private industries.

The biggest of the six loans, one for \$15 million, was granted to the *Banco Industrial de la Republica Argentina*, which received such a credit for the first time. The remaining five went to credit institutions in Chile (\$8 million), Costa Rica (\$2 million), El Salvador (\$3 million), Nicaragua (\$3.3 million) and Peru (\$7 million), which had received either one or two previous loans of this type and had largely or completely committed them. The loans extended in Costa Rica and Nicaragua were also accompanied by parallel loans from the Fund for Special Operations.

The Bank initiated this lending technique in 1961, the first year of its operations, and by December 31, 1965, had channeled a total of \$203.2 million from its ordinary capital resources for Latin America's development in the fields of industry, agriculture, mining and fisheries through public and private development institutions. These loans have



made increased resources available to small- and medium-sized private enterprises, which previously had little access to international financing facilities. In addition, the technical assistance which has accompanied the Bank's loans has greatly strengthened the financial structure and operating procedures of such development institutions.

In addition, the Bank has extended similar loans, totaling \$80.1 million, from the Fund for Special Operations, including two to the Central American Bank for Economic Integration to help it finance economic projects at the regional level. The development loan for relending technique has also been used in connection with loans made from the Social Progress Trust Fund, especially in the fields of agricultural credit and housing.

The loans extended for *transportation* included one for \$5 million to improve Colombia's three principal Atlantic ports, Cartagena, Barranquilla and Santa Marta; another for \$21 million (along with \$33 million from the Fund for Special Operations) to help Mexico carry out a broad feeder road construction program, and the third for \$4 million to help build a section of the Pan American Highway in Peru.

The three loans for *electric power* included one for \$3.5 million to expand transmission and distribution facilities in the state of Santa Catarina in Brazil, another for \$16.4 million to finance a program being carried out throughout Brazil to expand electric generating, transmission and distribution facilities, and a third for \$8.1 million to increase power output in the Department of Caldas in Colombia.

The \$2.6 million loan for *water supply* (accompanied by one for \$1 million from the Fund for Special Operations) is contributing to Uruguay's development by improving potable water systems in the important tourist region surrounding the resort city of Punta del Este east of Montevideo.

The \$1 million line of credit for *export financing* was extended to Peru under the Bank's program to help finance trade in capital goods among its Latin American member countries.

A total of \$111,272,198 of the \$121,512,198 authorized in loans from the ordinary capital resources in 1965 was extended in dollars; \$2,890,000 in currencies of Latin American member countries, and \$7,350,000 in currencies of non-member countries.

In order to increase resources for Latin America's development, the Bank in 1965 sold participations for \$5,420,400, without its guarantee, to private commercial banks in 10 of the 18 loans authorized from the ordinary capital resources during the year. These participations compared with \$5,297,124 in 1964, and brought cumulative participations in ordinary capital loans by 62 commercial banks and other financial institutions as of December 31, 1965, to \$24,972,231.

A significant factor in the Bank's lending is the sizable amount of domestic resources which the Bank's loans are helping to marshal for development. Thus, the \$121,512,198 in loans authorized by the Bank in 1965 from its ordinary capital resources was matched by domestic contributions (supplemented by small additional amounts from other public and private international financing sources) of \$187.9 million. The Bank's financing covered about 39 per cent of the total cost of these projects and other sources, primarily those of Latin America itself, supplied 61 per cent.

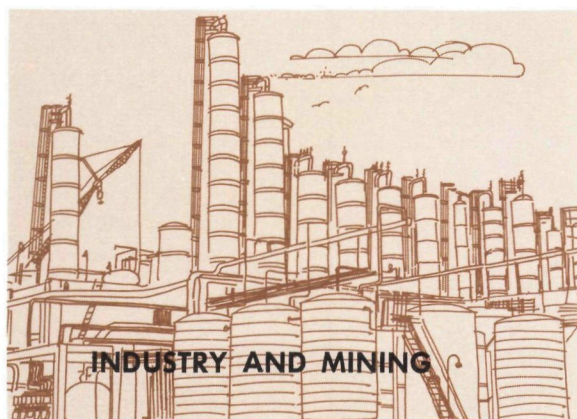
Loans authorized by the Bank from the ordinary capital resources are described below according to the following categories.

- Industry and Mining.
- Transportation.
- Electric Power.
- Water Supply.
- Export Financing.

The loans carry an interest rate of 6 per cent per annum and a commitment fee of 1 per cent on undisbursed balances. In addition, pounds sterling included in loans carry a service commission of 1½ per cent annually and an extra commitment fee of ¾ of 1 per cent on undisbursed balances. Lines of credit to finance exports of capital goods carry a 6 per cent annual interest rate but no commitment fee. In all instances the interest rate includes the 1 per cent commission which is allocated to the Bank's Special Reserve.

With the exception of the revolving line of credit to finance exports of capital goods, all of the loans extended from the ordinary capital resources during 1965 were authorized for terms ranging from 9 to 20 years.

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



ARGENTINA

INDUSTRIAL DEVELOPMENT

\$15 million 15-year 6% loan of April 8, 1965

Borrower: BANCO INDUSTRIAL DE LA REPUBLICA ARGENTINA

In Argentina's national development plan for 1965-69, high priority is given to industrial growth as one of the principal means of promoting economic progress and increasing exports. The plan's target growth rate in the manufacturing sector, where special emphasis will be placed on the capital goods and intermediate industries, is 7.4 per cent a year.

This loan will finance 26 per cent of the cost of a program of investments of \$57.5 million in small- and medium-scale industrial projects according to the priorities of the plan. The borrower, the *Banco Industrial de la República Argentina*, an autonomous state agency, will use the proceeds of the loans, along with 26 per cent from its own resources, to extend credits of up to \$1 million to private enterprises. The latter will provide the remaining 48 per cent from their own resources and other credits.

The \$57.5 million will be allocated as follows: light machinery and tool manufacturing projects, 30 per cent; cellulose and paper plants, 7 per cent; mining and metallurgical projects, 11 per cent; cold storage equipment, 24 per cent, and miscellaneous industries, 28 per cent.

In the selection of individual projects consideration will be given to their potential contribution to replacing imports, increasing exports, decentralizing industry, mobilizing new resources or reducing production costs. The program is expected to produce a favorable result in Argentina's balance of payments

of \$32 million per year by replacing imports and increasing exports.

FERTILIZER PLANTS

\$10,525,000 9½-year 6% loan of April 8, 1965

(\$6,525,000; 1,250,000 pounds sterling, and \$500,000 in Argentine pesos)¹

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

The growth of Argentina's farm sector, Argentina's National Development Plan recognizes, will depend increasingly in the future on measures taken to increase farm productivity. Among such measures particular emphasis is placed on the development of the fertilizer industry.

This loan will finance 50 per cent of the cost of a \$21 million petrochemical complex—the first such major installation in Argentina—which will produce 135,000 metric tons of fertilizers a year.

The borrower, *Petrosur, S.A.I.C.*, is a private enterprise whose principal shareholders are American and Foreign Power Company, Inc.; *Shell CAPSA*; *Archilnit S.R.L.*, and *Techint, S.A.*

The industrial complex will consist of five integrated plants. Two of these will produce intermediate products—ammonia and sulfuric acid—part of which will be used by the other three to manufacture such finished fertilizer products as urea, ammonium sulfate and mixtures of nitrogen, phosphate and potash.

The complex will be located in the Province of Buenos Aires at Campana, an industrial center 50 miles north of Buenos Aires, near the Paraná River. The site is strategically situated with respect to the major potential consuming markets—the northwest sugar areas, the Patagonia fruit region, and the wheat and corn producing zones of the Pampas.

The ammonia plant, which will have a capacity of 50,000 tons per year, and the sulfuric acid plant, with an annual capacity of 39,900 tons, will use natural gas as the principal raw material. The three fertilizer plants will have annual capacities of 55,000 tons of urea, 50,000 tons of ammonium sulfate and 30,000 tons of mixtures of nitrogen, phosphate and potash. They are expected to enter into production in two and one-half years. The loan is guaranteed by the *Banco Industrial de la República Argentina*.

PARTICIPATIONS—The First Pennsylvania Banking and Trust Company, Philadelphia, and Marine

¹See conditions applicable to loans containing pounds sterling on page 17.

Midland Grace Trust Company of New York are participating in the loan for a total of \$150,000.

MONOBLOC PLANT

\$800,000 9-year 6% loan of August 12, 1965
(\$600,000 and \$200,000 in Argentine pesos)
Borrower VIALSA, S.A.

This loan will help finance the completion of a prefabricated housing plant, which will produce 1,500 units per year when operating at full capacity. The borrower, *Vialsa, S.A.*, a private company, received a Bank loan of \$2.2 million in 1961, also from the ordinary capital resources, to buy machinery and equipment and help finance construction costs.

The factory, being built at a total cost of \$5 million, entered into production late in 1964. It produces reinforced concrete elements for the construction of single and multi-family housing units and transports and assembles the units it produces.

The project will contribute to the Argentine Government's efforts to reduce the national housing deficit, which is estimated at 1.4 million units, not counting replacement needs. The Buenos Aires metropolitan area, where the *Vialsa* factory is located, accounts for 20 per cent of this deficit.

BRAZIL

CEMENT PLANT

\$4,650,000 12-year 6% loan of December 30, 1965
(\$2,820,000; 475,000 pounds sterling, and \$500,000 in cruzeiros)¹
Borrower: COMPANHIA DE CIMENTO PORTLAND BRANCO DO BRASIL S.A.

The *Companhia de Cimento Portland Branco do Brasil S.A.*, a private Brazilian enterprise, has initiated a project to expand production of cement from a capacity of 36,000 tons a year to 231,000 tons through the installation of a new plant. This loan will finance 53 per cent of the \$8,815,000 total cost of the project.

The company's present plant is the only one in Brazil which produces white cement. The new plant will have a capacity of 195,000 tons and initially will produce common cement, but its design provides for the eventual production of special cements, characterized by quick-drying, high strength properties, of varying specifications.

The new facilities are to be completed by 1968.

¹ See conditions applicable to loans containing pounds sterling on page 17.

The output of the expanded installation will be marketed in Guanabara, Rio de Janeiro, São Paulo, Espírito Santo and Minas Gerais, states which account for 73 per cent of the nation's cement consumption.

In 1964 Brazil's 33 cement plants produced 5.5 million tons of cement. However, this production fell short of demand. The new facilities will help to overcome this shortage, as well as enable the country to expand the manufacture of special cements as needs arise. The loan is guaranteed by the *Banco Nacional do Desenvolvimento Econômico*.

CHILE

INDUSTRIAL DEVELOPMENT

\$8 million 12-year 6% loan of September 23, 1965
(\$7,650,000 and \$350,000 in escudos)
Borrower: CORPORACION DE FOMENTO DE LA PRODUCCION

In 1961 the *Corporación de Fomento de la Producción (CORFO)*, Chile's development agency, began a special program to develop small and medium industrial enterprises by extending credits for new plant construction or the expansion and modernization of existing facilities. The program seeks to replace imports and expand exports, particularly to the Latin American Free Trade Association area, and thus help to attain the annual rate of growth of 6.5 per cent in manufacturing output programmed in Chile's Ten-Year Economic and Social Development Plan.

The Bank helped finance the early stages of the program with two loans of \$6 million each from the ordinary capital resources, one authorized in 1961 and the other in 1964. With these *CORFO* has extended 162 industrial credits, principally in the fields of food processing, fishing, forestry, mining and construction materials.

This new loan will finance 31 per cent of the cost of another stage of the program during 1965-67. About 70 per cent of the proceeds will be channeled to lumber and metal enterprises to expand the production of veneers, prefabricated houses, plywood, chipboard, metal fixtures, die molds, electrical equipment and other capital goods, as well as durable consumer goods. The remaining 30 per cent will be allocated to the construction, chemical, food-processing and fishing industries.

PARTICIPATIONS—The Chase Manhattan Bank (National Association), New York; Crocker-Citizens

National Bank, San Francisco; Fidelity-Philadelphia Trust Company and the Philadelphia National Bank, both of Philadelphia; The Meadow Brook National Bank, New York; The Bank of California National Association, San Francisco; The First Pennsylvania Banking and Trust Company, Philadelphia, and Union Bank, Los Angeles, are participating in the loan for a total of \$830,200.

COLOMBIA

SYNTHETIC FIBER PLANT

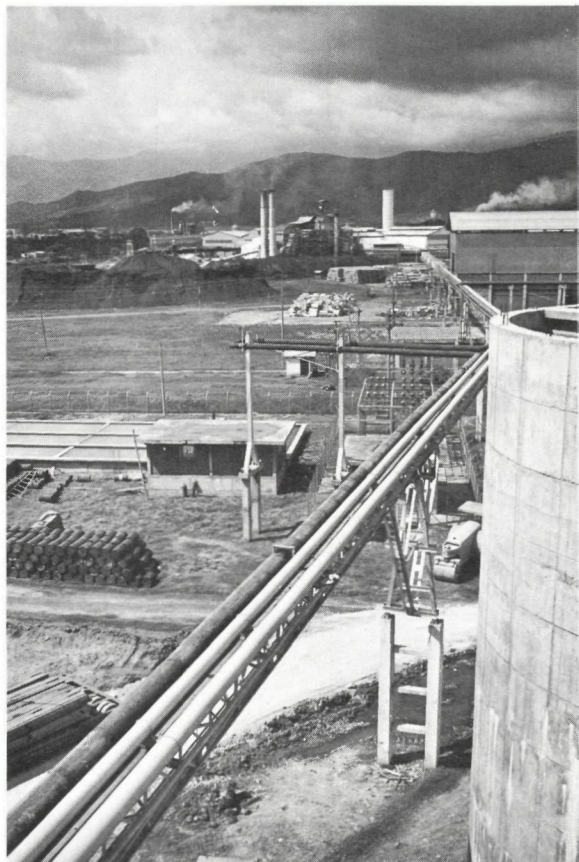
\$5.5 million 10-year 6% loan of August 26, 1965
(\$2,980,000 and 900,000 pounds sterling)¹

Borrower: ENKA DE COLOMBIA, S.A.

ENKA de Colombia, S.A., is a private firm organized in 1964 to produce, process and distribute synthetic yarns and fibers. Its stockholders are several Colombian companies, led by Colombia's

¹ See conditions applicable to loans containing pounds sterling on page 17.

PULP AND PAPER mill near Cali, built with help of Bank loan, uses Colombia's hardwoods as raw material.



Corporación Financiera Nacional and the industrial group *Algemene Kunstzijde Unie (AKU)*, of Arnhem, the Netherlands.

This loan will finance 35 per cent of the cost of a \$16 million plant with an annual capacity of 4,070 tons of synthetic yarns and fibers to be built by *ENKA* at Girardota, in the Department of Antioquia. The plant, which will employ nearly 600 persons, will have three units—one for the production of nylon 6 and polyester yarns, another for nylon cord for tires, and a third for polyester fibers and cables. It is scheduled to enter into production in 1966.

The loan will finance 71 per cent of the foreign exchange costs of the imported machinery and equipment. *ENKA* will finance the remaining foreign exchange costs as well as local currency costs connected with the plant site, the construction of buildings and other improvements. The plant's output is expected to replace imports of \$4.9 million per year, thus saving foreign exchange for the country.

The plant will also supply processed materials to the Colombian textile industry, which provides most of the needs of the internal market and exports an average of \$4.5 million worth of textile goods per year. The loan is guaranteed by the *Banco Comercial Antioqueño* and the *Banco Industrial Colombiano*.

PARTICIPATIONS — Union Commerce Bank, Cleveland, and National Bank of Detroit are participating in the loan for a total of \$250,000.

COSTA RICA

INDUSTRIAL DEVELOPMENT

\$2 million 16-year 6% loan of December 21, 1965
(\$1,860,000 and \$140,000 in Costa Rican colones)

Borrower: BANCO DE COSTA RICA

In 1962 the Inter-American Bank extended a \$3 million loan from its ordinary capital resources to the *Banco de Costa Rica* to help finance a credit program for small- and medium-scale industries to purchase capital goods. That loan, together with local contributions of \$4 million, financed 73 projects, of which 53 involved expansion or modernization of existing plants and 20 were for new industrial activities.

This new loan, together with another for \$2 million from the Fund for Special Operations (see page 61), will help finance a similar industrial credit

program which entails an investment of \$7.2 million. The Inter-American Bank will finance 58 per cent of this investment, the *Banco de Costa Rica* 21 per cent and the beneficiaries the remainder.

The program forms part of an industrial development plan prepared by Costa Rica for 1965-68, which calls for average annual investments of \$26.9 million in industrial projects. The loan is guaranteed by the Republic of Costa Rica.

PARTICIPATION—Manufacturers Hanover Trust Company, New York, is participating in the loan for a total of \$223,200.

EL SALVADOR

INDUSTRIAL DEVELOPMENT

\$3 million 15-year 6% loan of April 15, 1965
(\$2,800,000 and \$200,000 in colonies)

Borrower: INSTITUTO SALVADOREÑO DE FOMENTO INDUSTRIAL

El Salvador's National Economic and Social Development Plan for 1965-69 calls for an industrial rate of growth of 14 per cent per year, compared with an average of 12 per cent annually in the previous three years. To achieve this target, the *Instituto Salvadoreño de Fomento Industrial (INSAFI)*, a governmental agency which provides credit to private industrial enterprises, expects to channel \$72 million in loans to industrial firms during the period.

This loan will finance 50 per cent of the cost of a program, included in the plan, under which credits of up to \$500,000 will be extended for industrial projects and technical assistance will be provided for the preparation of preinvestment studies and the execution of projects.

This is the second such loan made by the Bank in El Salvador. A \$2.5 million loan extended in 1961 helped the *Banco Central de Reserva* to finance nearly 60 private industrial, agricultural and livestock projects. The principal industries helped with that loan were textiles and clothing, jute bags, metal products, building materials, paper and printing, and electric power.

Under the new program, *INSAFI* hopes to promote the development of intermediate industries capable of supplying such products as calcium carbonate, polyvinyls, printing inks, starches, nuts and bolts, mufflers, and industrial cardboard for the domestic as well as the Central American market. The loan is guaranteed by the Republic of El Salvador.

NICARAGUA

INDUSTRIAL DEVELOPMENT

\$3.3 million 15-year 6% loan of August 5, 1965

Borrower: INSTITUTO DE FOMENTO NACIONAL

The *Instituto de Fomento Nacional (INFONAC)*, Nicaragua's principal development credit agency, has received three loans from the Bank to help finance industrial and agricultural projects. With the first of these, one for \$2 million extended from the ordinary capital resources in 1961, 47 credits for small and medium industrial projects were granted. About 61 per cent of the funds invested under that program went to private enterprises producing principally for the Central American Common Market and 39 per cent to firms whose output was mainly for the domestic market.

This new loan, along with another for \$200,000 from the Fund for Special Operations (see page 74), will finance 45 per cent of the cost of a similar program which forms part of Nicaragua's 1965-67 Industrial Development Plan, which calls for a total investment of \$19.5 million. *INFONAC* will relend \$3 million of the ordinary capital loan in medium- and long-term credits to private industries for imported machinery and equipment, as well as for the installation, modernization, expansion or improvement of industrial plants. The remaining \$300,000 will help finance a plan under which industrial enterprises may lease fixed assets under an option to buy them.

The loan from the Fund for Special Operations will help finance the preparation of feasibility and technical studies for industrial projects which might be financed by *INFONAC*. This loan is guaranteed by the Republic of Nicaragua.

PARTICIPATIONS—Girard Trust Bank, Philadelphia; the Bank of Nova Scotia, Toronto, and Fidelity-Philadelphia Trust Company, Philadelphia, are participating in the loan for a total of \$550,000.

PERU

INDUSTRIAL DEVELOPMENT

\$7 million 12½-year 6% loan of April 15, 1965

Borrower: BANCO INDUSTRIAL DEL PERU

The *Banco Industrial del Peru*, the principal source of industrial credit in Peru, initiated a credit program in 1962 for small and medium enterprises with the help of a loan from the Inter-American Bank of \$2.5 million. That loan was rapidly committed and in 1963 the Bank authorized another for

\$5 million to help finance a second stage. With the proceeds of these loans and its own contributions to the program, the *Banco Industrial* authorized 100 credits for projects, whose total cost was \$28.1 million, in the following sectors:

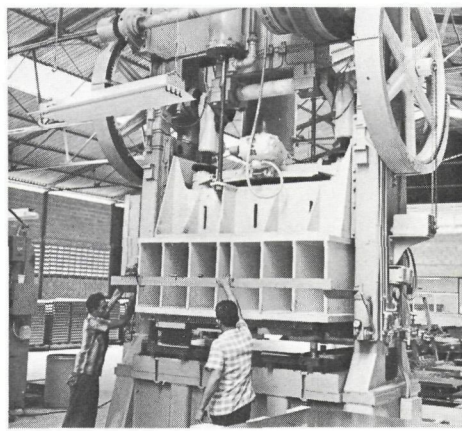
(In Thousands of Dollars) (1962-64)		
Industries	Number	Total Cost
Food and beverages	13	\$ 5,097
Textiles, clothing and footwear	21	7,109
Wood, paper and cellulose	11	2,966
Electric power	4	2,235
Chemicals	29	6,888
Machinery	22	3,795
TOTAL	100	\$28,090

This new loan, the third, will finance 38 per cent of the cost of a new stage of the program which, like the earlier ones, will help to maintain the high rate of growth shown by Peru's industrial sector in the last few years, spread industry over a

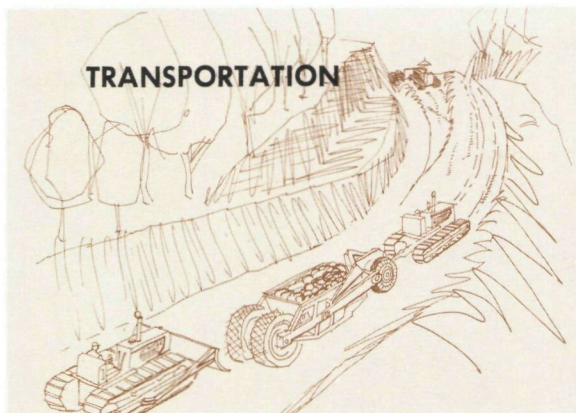
broader geographic area and promote the replacement of imported consumer goods and semiprocessed raw materials with domestic production. The loan is guaranteed by the Republic of Peru.

PARTICIPATIONS—Bank of London & South America, Ltd., New York; The Bank of Nova Scotia, Toronto; Fidelity-Philadelphia Trust Company and Girard Trust Bank, both of Philadelphia; Irving Trust Company, New York; Banco Crédito y Ahorro Ponceño, Ponce, Puerto Rico; Banque Italo-Belge, Antwerp, Belgium; Chemical Bank New York Trust Company, New York; The Citizens and Southern National Bank, Atlanta; Crocker-Citizens National Bank, San Francisco; First Western Bank and Trust Company, Los Angeles; Manufacturers National Bank of Detroit; The Marine Trust Company of Western New York, Buffalo; J. Henry Schroder Banking Corporation, New York; Marine Midland Grace Trust Company of New York; The First Pennsylvania Banking and Trust Company, Philadelphia, and The Northern Trust Company, Chicago, are participating in the loan for a total of \$1,199,000.

SPREADING INDUSTRIAL BENEFITS of Bank's lending are illustrated in credits extended in Venezuela by the *Corporacion Venezolana de Fomento*. From proceeds of two Bank loans, the development institution has extended credits which have benefited a gas cylinder manufacturing plant (top left), a pharmaceutical plant (top right), a textile mill (bottom left), a glass factory (bottom center) and a refrigerator plant (bottom right).



TRANSPORTATION



COLOMBIA

PORT EXPANSION

\$5 million 15-year 6% loan of January 28, 1965

Borrower: EMPRESA PUERTOS DE COLOMBIA

During the current decade the volume of cargo handled by Colombia's main ports—Buenaventura, on the Pacific Ocean, and Cartagena, Barranquilla and Santa Marta, on the Atlantic—is expected to rise from the 1,580,000 tons registered in 1960 to 2,550,000 tons in 1970. About 180,000 tons of this increase is to be handled by the port of Buenaventura, whose facilities are being improved with the aid of a \$10 million loan extended in 1963 from the ordinary capital resources to *Empresas Puertos de Colombia (EMPOCOL)* and the remaining 790,000 tons by the Atlantic ports.

This new loan to *EMPOCOL* will help finance a \$10.3 million program to expand and improve the three Atlantic ports and reorganize their administrative structure in order to bring their cargo handling capacity to the levels anticipated in Colombia's 10-Year Economic and Social Development Plan. The program calls for the following improvements at the three ports:

Cartagena: Construction of an additional pier for deep-draft vessels; construction of a cargo warehouse with all services, yards and paved access roads; conversion of two existing sheds into equipment repair shops, and the acquisition of cargo handling equipment. The loan will cover \$2,054,000 of the \$4,235,000 total cost of this phase.

Barranquilla: Expansion of the river terminal; construction of a retaining wall; paving 50,000 square meters in the storage area, and acquiring cargo handling equipment. The total cost of this phase is \$1,426,000, of which the loan will cover \$642,000.

Santa Marta: Relocation of the banana terminal and railway yard; construction of two merchandise warehouses; conversion of the existing banana terminal into a general purpose pier, and the construction of paved yards for open storage. The total cost of this phase is \$4,578,000, of which \$2,204,000 will be covered by the loan.

The program also calls for the consolidation of the administrative and accounting services of the three ports.

PARTICIPATIONS—Bank of Montreal (New York Agency); United California Bank, Los Angeles; Continental Bank International, New York; Harris Trust and Savings Bank, Chicago; Banco de Ponce, Ponce, Puerto Rico; Central National Bank of Cleveland; Crocker-Citizens National Bank, San Francisco; The Meadow Brook National Bank, New York; The First Pennsylvania Banking and Trust Company, Philadelphia, and First Western Bank and Trust Company, Los Angeles, are participating in the loan for a total of \$550,000.

MEXICO

FEEDER ROADS

\$21 million 20-year 6% loan of December 30, 1965

(\$10 million; 6.25 billion Italian lire, and \$1 million in Mexican pesos)¹

Borrower: NACIONAL FINANCIERA, S.A.

Mexico's Secretariat of Public Works is carrying out a two-stage National Feeder Road Program under which 224 road projects, whose total length is nearly 5,000 miles, are being carried out throughout the nation. The program includes the construction of 64 new roads with a length of 1,224 miles and the reconstruction or improvement of another 160 with a length of 3,665 miles.

The program, being carried out at a total cost of \$150 million, is expected to benefit 8 million persons in the 29 states and two territories of Mexico. Its major goals are to open up new farm lands, reduce transportation costs and improve productivity and output in areas whose current economic growth is held back by poor communications with marketing centers.

This loan, together with another for \$33 million from the Fund for Special Operations (see page 66), will finance 60 per cent of the cost of

¹ The lire portion of this loan, derived from a bond issue sold in Italy in January 1966, carries a service charge of 2 per cent and an additional commitment fee of 3/4 of 1 per cent.

ORDINARY CAPITAL RESOURCES

the first stage of the program. The total \$54 million contribution of the Bank to the program is the largest sum it has authorized to date for a single project. The first stage, costing \$90 million, will consist of the execution of projects whose engineering plans are sufficiently advanced to permit their completion during the next three years. The loan is guaranteed by the United Mexican States.

PARTICIPATIONS — Crocker-Citizens National Bank, San Francisco; Girard Trust Bank, Philadelphia; Mellon National Bank and Trust Company, Pittsburgh; Fidelity-Philadelphia Trust Company, Philadelphia; The Marine Trust Company of Western New York, Buffalo; American National Bank and Trust Company of Chicago; The Bank of Nova Scotia; Toronto; The First Pennsylvania Banking and Trust Company, Philadelphia; Union Bank, Los Angeles; Bank of America N.T. & S.A., San Francisco; Bank of Montreal (New York Agency), and The Riggs National Bank of Washington, D.C., are participating for a total of \$1,098,000.

PERU

ROAD CONSTRUCTION

\$4 million 15-year 6% loan of November 18, 1965

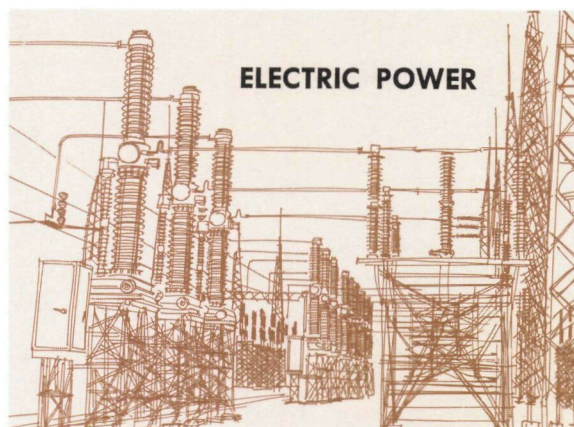
Borrower: REPUBLIC OF PERU

The Pan American Highway is the principal throughfare in Peru's road system, extending for about 1,700 miles along the coast. Except for a 78-mile stretch in the southern province of Moquegua, between the communities of Montalvo and Puente Fiscal, the two-lane, asphalt roadway is in reasonably good condition.

This loan will finance 59 per cent of the cost of a project to construct or reconstruct this section of the highway and build two bridges as well as to provide the necessary engineering services to complete plans and specifications. About 30 per cent of the existing gravel route will be replaced by a shorter route.

The bridges will be built at each end, one over the Tambo River at the northern end and the other over the Osmore River at the southern end. The project will be carried out by the *Dirección de Caminos*, the road agency of the Ministry of Development and Public Works.

PARTICIPATIONS—United California Bank, Los Angeles; The Bank of Tokyo Trust Company, New York, and Girard Trust Bank, Philadelphia, are participating in the loan for a total of \$320,000.



BRAZIL

TRANSMISSION FACILITIES

\$3.5 million 18-year 6% loan of April 8, 1965

Borrower: CENTRAIS ELETRICAS DE SANTA CATARINA S.A.

Centrais Elétricas de Santa Catarina S.A. (CELESC) is a mixed corporation which has been supplying some 80 per cent of the electric power of the State of Santa Catarina. Present generating capacity of CELESC, which includes 11 hydroelectric plants, a thermoelectric plant and several diesel units, amounts to 60,000 kilowatts. About 50 per cent of the State's installed capacity supplies the highly industrialized Blumenau-Joinville-Itajaí triangle, but the zone's further industrial development is being hampered by power shortages.

CELESC has undertaken an expansion program which calls for the construction of three new hydroelectric plants and the expansion of three others, in order to raise its generating capacity by an additional 41,200 kilowatts.

As part of its electric power development efforts, the Brazilian Government has financed the construction, by another Santa Catarina power company, the *Sociedade Termoelétrica de Capivari (SOTELCA)*, of a 100,000-kilowatt thermoelectric plant at Capivari, Santa Catarina, which initiated operations in 1965.

This loan will finance 22 per cent of the cost of a project being carried out by CELESC at a cost of \$15.6 million to expand its transmission and distribution facilities and connect them with SOTELCA's system. Specifically, the loan funds will be used to import aluminum and copper ingots needed to manufacture some 577 miles of trans-

mission lines, equipment for nine substations and goods and equipment to expand and improve distribution facilities in 103 localities. The loan is guaranteed by the State of Santa Catarina.

ELECTRIC POWER

\$16.4 million 15-year 6% loan of September 9, 1965

Borrower: CENTRAIS ELETRICAS BRASILEIRAS S.A.

This loan will finance 30.6 per cent of the cost of a program to expand and improve power generating, transmission and distribution facilities in the States of Alagoas, Bahia, Espirito Santo, Guanabara, Minas Gerais, Pernambuco, Rio Grande do Norte, Rio Grande do Sul and São Paulo.

The borrower, *Centrais Elétricas Brasileiras S.A. (ELETROBRAS)*, the public enterprise responsible for most of the Government's investments in electric power, will use \$8.7 million of the loan to provide credits to four other associated electric power enterprises. They include:

- \$800,000 to *Centrais Elétricas de Furnas S.A.*, which serves Brazil's south central region, for purchase of operating and maintenance equipment.
- \$2 million to *Termoeletrica de Charqueadas S.A.*, which serves the State of Rio Grande do Sul, to help expand its generating and transmission facilities.
- \$3.7 million to *Centrais Elétricas de Minas Gerais S.A.* to help expand its transmission system in the State of Minas Gerais.
- \$2.2 million to *Centrais Elétricas Fluminenses S.A.*, which serves the State of Guanabara, to help install interconnection lines and expand subtransmission systems.

Up to \$3,250,000 of the loan will be used to install power distribution equipment in Rio de Janeiro for control of interconnected operations and to purchase portable generator units for emergency purposes and equipment for aerial and land surveys and for laboratories.

Another \$3.5 million will be applied to the purchase of equipment to improve the transmission and distribution systems of eight companies operating in various Brazilian states which belong to the *Companhia Auxiliar de Empresas Elétricas Brasileiras*, a subsidiary of *ELETROBRAS*.

Another \$750,000 will finance technical assistance for subsidiary and associated enterprises to prepare projects and train personnel. The remain-

ing \$200,000 will help finance general supervisory costs of the overall program.

This and the previous loan are the sixth and seventh, respectively, that the Bank has extended for electric power projects in Brazil. In previous years the Bank had extended five loans totaling \$41.9 million. These are helping to finance programs whose total cost is \$286.7 million to expand installed electric capacity and build supplementary facilities in various areas of Brazil.

The loan is guaranteed by the United States of Brazil.

COLOMBIA

HYDROELECTRIC PLANT

\$8.1 million 16-year 6% loan of November 18, 1965

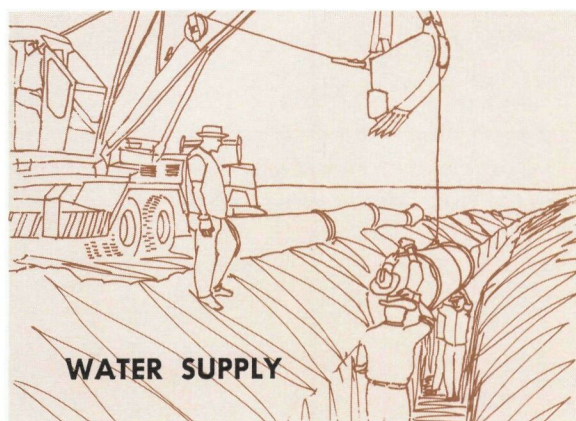
Borrower: CENTRAL HIDROELECTRICA DE CALDAS, S.A.

In 1964 the Department of Caldas, Colombia's principal coffee producing state, undertook a Five-Year Economic Development and Diversification Plan to reduce its dependence on coffee. One of the projects in the plan calls for the construction of the San Francisco hydroelectric power plant with a capacity of 90,000 kilowatts near the city of Manizales, utilizing the waters of the Campoalegre and Chinchiná Rivers. The plant's design provides for later expansion of generating capacity to 135,000 kilowatts.

This loan will finance 48 per cent of the cost of the project which provides for installation of two generating units of 45,000 kilowatts each and construction of a reservoir and dam, headrace, penstock, powerhouse and related facilities at the site; installation of a transmission line which will connect the plant with the existing high-tension system; expansion of primary distributing works at Manizales, and execution of other transmission and distribution improvements in various communities in the Department. Up to \$530,000 of the loan may be applied to technical assistance costs related to the execution of the project.

The borrower, *Central Hidroeléctrica de Caldas, S.A.*, is the principal power supplier of the Department of Caldas and supplies appreciable power to the Department of Valle del Cauca. The loan is guaranteed by the Republic of Colombia.

PARTICIPATIONS—Crocker-Citizens National Bank, San Francisco, and Fidelity-Philadelphia Trust Company and The First Pennsylvania Banking and Trust Company, both of Philadelphia, are participating in the loan for a total of \$250,000.



URUGUAY

CENTRAL WATER SYSTEM

\$2.6 million 20-year 6% loan of June 10, 1965

Borrower: REPUBLIC OF URUGUAY

Tourism accounts for about \$35 million of Uruguay's yearly foreign exchange earnings and prospects for increasing these earnings are particularly favorable. The zone offering the best natural conditions for tourism is a 43-mile coastal strip in the Department of Maldonado, which includes the resort communities of Punta del Este and Piriápolis and the towns of San Carlos and Maldonado.

The area has a permanent population of 40,000, a figure which is expected to double in the next ten years, and a transient summer population of up to 100,000. However, deficiencies in the zone's water supply systems, now based on individual wells, hamper the development of tourism and other economic activities.

This loan, together with another for \$1 million from the Fund for Special Operations (see page 69), will finance 56 per cent of the cost of a project to build a central system which will supply 100,000 cubic meters of potable water per day to the various communities in the resort area. The system will use the water of Laguna del Sauce, an 18-square-mile lake, as its source of supply.

The project calls for construction of intake facilities, a purification plant with a capacity of 1,200 liters per second, a control tank and conduits to the communities to be served. It will be carried out by the *Administración de Obras Sanitarias del Estado*, the agency of the Ministry of Public Works in charge of administering Uruguay's water supply and sewage services. The proceeds of this loan will be used exclusively to pay for imported goods and services.



PERU

\$1 million 6% credit of June 15, 1965

Borrower: BANCO INDUSTRIAL DEL PERU

Up to September 1963, when the Inter-American Bank adopted a program to finance exports of capital goods among its Latin American member countries, Peru had no official system to foster such exports. Following the Bank's action, however, interest among Peruvian manufacturers in increasing their incipient exports of capital goods led the Government to designate the *Banco Industrial del Peru*, the nation's main development bank, as the national agency responsible for such a financing system.

This revolving line of credit will enable the *Banco Industrial* to discount at the Bank credit instruments it issues in the medium-term (180 days to five years) financing of exports of Peruvian capital goods to other Latin American member countries of the Bank. Up to 70 per cent of the credits issued by the *Banco Industrial* may be re-financed with the Bank. Goods eligible for financing under the program must originate in the Republic of Peru.

Exports of capital goods from Peru amounted to only \$45,000 in 1960, but since then they have increased steadily as the capital goods manufacturing industry, based primarily on the fishing industry, has grown and such exports were expected to reach a value of \$2.5 million in 1965.

This is the fifth line of credit made by the Bank under its export financing program. Previous ones were extended in Argentina, Brazil, Chile and Mexico. Thus total credits under the program by the end of the year amounted to \$12 million.

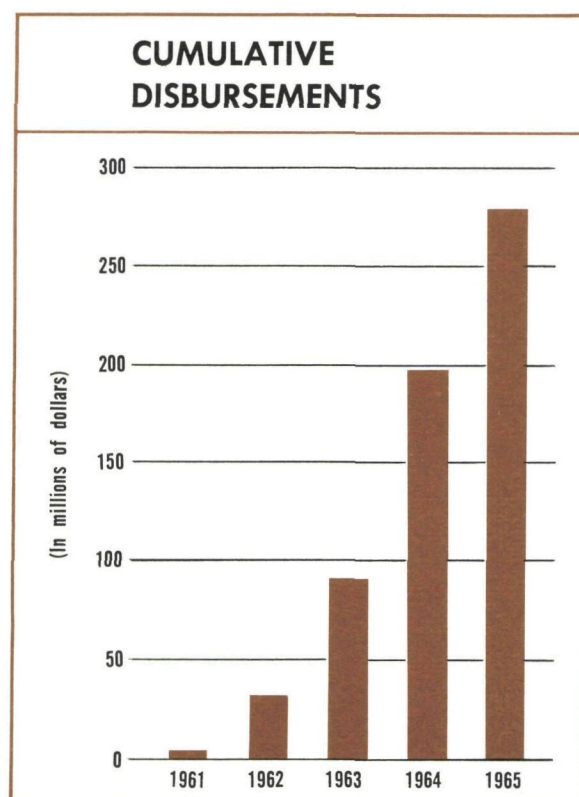
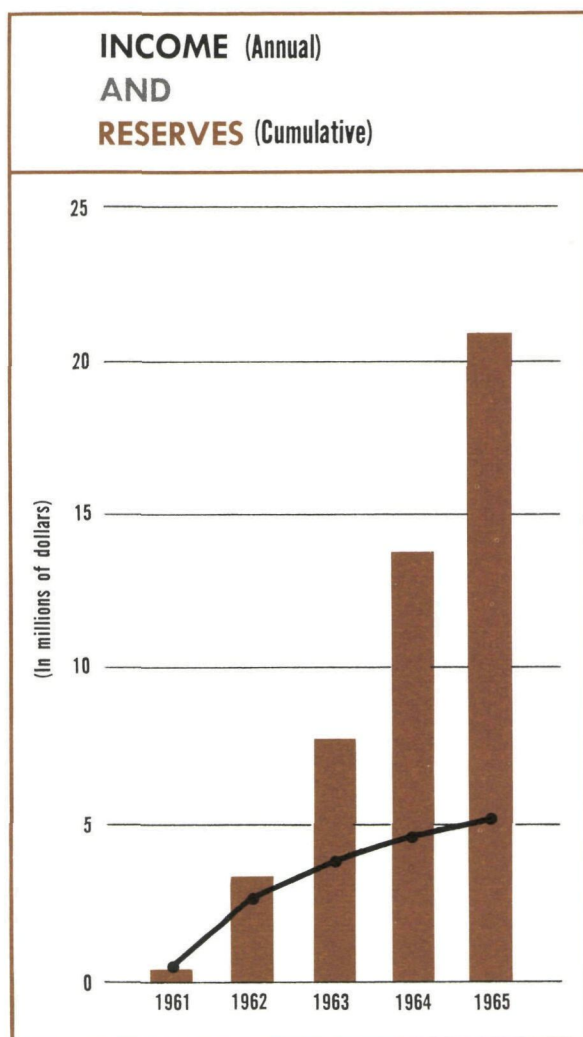
The credit is guaranteed by the Republic of Peru.

Financial Operations

The net income of the ordinary capital resources of the Bank in 1965 amounted to \$5,008,711, compared with \$4,774,353 in 1964.

Gross income for the year was \$27,356,726, compared with \$18,936,134 in 1964. The 1965 gross income included \$10,308,150 derived from interest; \$2,209,363 from commitment charges; \$2,112,795 from the 1 per cent commission charged on loans, which is allocated to the special reserve; \$12,647,414 from short-term investments, and \$79,004 from other sources.

By December 31, 1965, the total reserves of the ordinary capital resources, including the general reserve and the special reserve, had risen to \$20,962,935, compared with \$13,841,429 on the same 1964 date. The general reserve, made up of net



earnings, was \$16,928,550 as of December 31, 1965. This represents a \$5,008,711 increase over the 1964 figure of \$11,919,839. The special reserve had risen to \$4,034,385 by the end of 1965, an increase of \$2,112,795 over the 1964 figure of \$1,921,590.

The total administrative expenses of the Bank chargeable to the ordinary capital resources in 1965 were \$6,978,880, and the interest paid by the Bank on its funded debt and the amortization of debt discount and expense in 1965 were \$13,256,340. As of December 31, 1965, the Bank's funded debt amounted to \$285,093,548, a figure \$12.5 million higher than that of the previous year's total as a result of a borrowing in Spain.

Disbursements on loans made from the ordinary capital resources in 1965 amounted to \$82,917,140, compared with \$106,624,662 in 1964. This brought cumulative disbursements on such loans as of December 31, 1965, to \$280,535,860.

Repayments by borrowers on loans in 1965 amounted to \$8,784,243, bringing total repayments at the end of the year to \$14,146,593, including repayments on participations in loans.

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

ORDINARY CAPITAL RESOURCES

OPINION OF INDEPENDENT AUDITOR
ORDINARY CAPITAL

FINANCIAL STATEMENTS
ORDINARY CAPITAL

1707 L Street, N.W.
Washington, D. C.
February 7, 1966

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

In our opinion, the accompanying financial statements (Appendices I-1 to I-7) present fairly, in terms of United States currency, the financial position of Inter-American Development Bank—Ordinary Capital at December 31, 1965, 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.



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

ORDINARY CAPITAL RESOURCES

Inter-American Development Bank — Ordinary Capital

APPENDIX I-1

BALANCE SHEET

December 31, 1965

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

ASSETS

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

Unrestricted

United States dollars	\$ 876,983	
Member currencies other than United States dollars	35,168,577	
Non-member currencies	<u>1,052,685</u>	\$ 37,098,245

Restricted (Note C)

Member currencies other than United States dollars	<u>7,872,348</u>	\$ 44,970,593
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Investments

United States Government obligations (at cost or amortized cost—face amount \$60,800,000)		60,839,271	
Time deposits			
United States dollars		183,000,000	
Non-member currencies		18,296,494	
Accrued interest		<u>5,808,445</u>	267,944,210

Loans outstanding held by Bank (Appendix I-4)

Total loans approved by Bank since inception, less cancellations	655,683,977		
Less principal repayments to Bank	<u>9,178,628</u>	646,505,349	
Less loans sold or agreed to be sold		24,972,231	
Approved loans held by Bank		<u>621,533,118</u>	
Less undisbursed balance of approved loans held by Bank		<u>365,820,574</u>	255,712,544

Accrued charges on loans held by Bank			3,616,019
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Due from members (Note D)

Non-negotiable, non-interest-bearing demand obligations denominated in members' currencies (Appendix I-6)			103,418,432
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Land and building (See Appendix II-7, Note G)	9,938,941		
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Less reserve for depreciation	<u>236,254</u>	9,702,687	
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Unamortized debt discount and expense			4,912,238
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Other assets			744,652
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Special Reserve Fund (Note F)

Due from banks	161,745		
Investments in United States Government obligations (at amortized cost—face amount \$3,305,000)		3,282,196	
Accrued loan commissions		<u>590,444</u>	4,034,385

Staff Retirement Plan Assets

(Segregated and held in trust)			4,550,418
Total assets			<u>\$699,606,178</u>

BALANCE SHEET**December 31, 1965***Expressed in United States Dollars—See Notes to Financial Statements—Appendix I-7.***LIABILITIES, RESERVES AND CAPITAL****Liabilities**

Accrued interest on borrowings	\$ 2,440,901
Accrued expenses and accounts payable	448,120
Mortgage payable	4,530,256
Funded debt (Appendix I-3) (<i>Note I</i>)	285,093,548

Special Reserve (*Note F*) 4,034,385

Staff Retirement Plan Reserve 4,550,418

CapitalCapital Stock (Appendix I-5) (*Note D*)

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

Subscribed 176,982 shares	\$1,769,820,000		
Less—Callable portion	1,388,240,000	\$381,580,000	
General reserve (<i>Notes E and H</i>)		16,928,550	398,508,550
Total liabilities, reserves and capital			<u>\$699,606,178</u>

ORDINARY CAPITAL RESOURCES

Inter-American Development Bank — Ordinary Capital

APPENDIX I-2

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Years Ended December 31, 1964 and December 31, 1965

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

	Year ended December 31	
	1964	1965
Income		
From loans		
Interest	\$6,431,380	\$10,308,150
Commitment charges	1,648,497	2,209,363
Commissions (Note F)	1,329,134	2,112,795
		\$14,630,308
From investments	9,447,008	12,647,414
From other sources	80,115	79,004
Gross income	18,936,134	27,356,726
Deduct commissions allocated to Special Reserve (Note F)	1,329,134	2,112,795
Gross income less reserve deduction	17,607,000	25,243,931
Expenses		
Administrative expenses (Note G)		
Board of Governors		
Annual meeting	124,766	193,040
Board of Executive Directors		
Salaries	230,638	238,193
Other compensation and benefits	47,515	54,887
Travel	48,613	48,822
Staff		
Salaries	3,052,925	3,583,803
Other compensation and benefits	1,059,506	1,248,744
Travel	415,251	489,777
Other administrative expenses		
Communications	224,488	277,422
Office occupancy	432,377	390,422
Publications and printing	119,197	134,928
Supplies and equipment	239,972	286,992
Miscellaneous	343,108	406,289
Field offices		
Salaries	259,124	338,353
Other	278,954	507,541
	6,876,434	8,199,213
Depreciation (See Appendix II-7, Note G)	72,231	109,685
	6,948,665	8,308,898
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B)	1,239,316	1,330,018
Total administrative expenses including depreciation	5,709,349	6,978,880
Interest on borrowings	7,106,709	12,820,134
Amortization of debt discount and expense	204,873	436,206
	13,020,931	20,235,220
Net income before special addition	4,586,069	5,008,711
Addition to income arising from retroactive adjustment of rate used in charging Social Progress Trust Fund for indirect and overhead expenses (See Appendix III-6, Note B)	188,284	—
Net income—allocated to general reserve (Note E)	\$ 4,774,353	\$ 5,008,711

FUNDED DEBT OF THE BANK**December 31, 1965***Expressed in United States Dollars—See Notes to Financial Statements—Appendix I-7.*

	<i>Principal Outstanding</i>
Payable in United States dollars:	
4¼% Twenty-Year Bonds of 1962, due December 15, 1982, subject to sinking fund requirements to redeem \$5,000,000 of the bonds on or before December 15 in each of the years 1968 through 1981	\$ 75,000,000
4½% Twenty-Year Bonds of 1964, due April 1, 1984, subject to sinking fund requirements to redeem \$2,700,000 of the bonds on or before April 1 in each of the years 1970 through 1983	50,000,000
4½% Twenty-Year Bonds of 1964, due November 1, 1984, subject to sinking fund requirements to redeem \$5,400,000 of the bonds on or before November 1 in each of the years 1970 through 1983	100,000,000
4¾% loan of April 1, 1965 from <i>Instituto Español de Moneda Extranjera</i> , Spain, payable in eight annual installments of \$1,562,500 each, against promissory notes maturing consecutively on April 1 of each year from 1970 through 1977	12,500,000
Payable in non-member currencies (Note I):	
5% Italian Lire Bonds of 1962, due April 1, 1982 (Lit. 15,000,000,000)	24,193,548
5½% German Deutsche Mark Bonds of 1964, due July 1, 1979, payable in ten equal annual installments on July 1 of each of the years 1970 through 1979 (DM60,000,000)	15,000,000
5½% English Sterling Stock of 1964, due October 1, 1984, redeemable by the operation of a fixed annual sinking fund of £200,000 commencing in the year ending October 1, 1970, the first payment to be made no later than September 1, 1970 (£3,000,000)	8,400,000
Total	<u>\$285,093,548</u>

Each issue is subject to redemption prior to maturity at the option of the Bank at the prices and upon the conditions stated in the respective bonds and notes except the first installment of the loan from *Instituto Español de Moneda Extranjera*, Spain, which may not be paid prior to maturity.

ORDINARY CAPITAL RESOURCES

Inter-American Development Bank — Ordinary Capital

APPENDIX I-4

SUMMARY STATEMENT OF LOANS

December 31, 1965

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

Member in whose territory loans have been made (1)	Total loans approved by Bank since inception, less cancellations (2)	Principal repayments to Bank	Loans sold or agreed to be sold	Approved loans held by Bank			Currency in which disbursed portion of approved loans held by Bank is repayable		
				Total	Undisbursed	Disbursed	United States dollars	Member's currency	Non-member currency
Argentina	\$118,129,290	\$1,055,614	\$ 1,625,547	\$115,448,129	\$ 56,221,315	\$ 59,226,814	\$ 35,366,224	\$11,835,282	\$12,025,308
Brazil	159,290,000	1,857,118	122,094	157,310,788	110,476,150	46,834,638	38,393,896	7,811,486	629,256
Chile	68,521,460	1,266,335	3,206,000	64,049,125	20,494,007	43,555,118	30,748,294	4,184,907	8,621,917
Colombia	69,522,201	625,047	2,673,554	66,223,600	42,830,305	23,393,295	13,485,071	4,946,124	4,962,100
Costa Rica ..	13,501,631	422,553	1,386,325	11,692,753	5,596,054	6,096,699	5,205,678	891,021	—
Dominican Republic ..	6,000,000	—	200,000	5,800,000	4,810,492	989,508	989,508	—	—
Ecuador	6,836,330	316,330	257,143	6,262,857	5,588,392	674,465	554,465	120,000	—
El Salvador..	6,958,163	128,500	63,000	6,766,663	3,439,020	3,327,643	3,014,663	312,980	—
Guatemala ..	8,437,804	496,841	625,000	7,315,963	3,652,533	3,663,430	3,183,260	480,170	—
Honduras	460,474	330,142	60,000	70,332	—	70,332	70,332	—	—
Mexico	101,487,503	970,009	5,985,137	94,532,357	62,999,357	31,533,000	21,940,559	9,592,441	—
Nicaragua ..	12,230,000	250,000	1,275,000	10,705,000	8,207,135	2,497,865	2,497,865	—	—
Paraguay	2,749,996	181,413	269,911	2,298,672	13,752	2,284,920	2,108,920	176,000	—
Peru	28,772,078	137,310	2,527,125	26,107,643	12,001,745	14,105,898	11,230,409	2,875,489	—
Uruguay	22,043,000	60,425	951,395	21,031,180	14,503,108	6,528,072	4,823,611	1,704,461	—
Venezuela ..	30,744,047	1,080,991	3,745,000	25,918,056	14,987,209	10,930,847	8,777,541	2,153,306	—
Total	\$655,683,977	\$9,178,628	\$24,972,231	\$621,533,118(3)	\$365,820,574(4)	\$255,712,544	\$182,390,296	\$47,083,667	\$26,238,581

(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 \$505,612,684 had become effective (i.e. eligible for disbursement) as of December 31, 1965 (see (2) above).

(4) Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse \$11,133,377.

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

December 31, 1965

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

Member	Shares	Percent of total	Total subscribed capital	Amount received		Non-negotiable, non-interest- bearing demand obligations	Callable portion of subscribed capital	Number of votes	Percent of total
				United States dollars	Member currency				
Argentina	22,448	12.68	\$ 224,480,000	\$ 25,785,000	\$12,406,969	\$ 13,378,031	\$ 172,910,000	22,583	12.57
Bolivia	1,802	1.02	18,020,000	2,070,000	70,000	2,000,000	13,880,000	1,937	1.08
Brazil	22,448	12.68	224,480,000	25,785,000	25,785,000		172,910,000	22,583	12.57
Chile	6,164	3.48	61,640,000	7,080,000	7,080,000		47,480,000	6,299	3.50
Colombia	6,159	3.48	61,590,000	7,075,000	7,075,000		47,440,000	6,294	3.50
Costa Rica	901	.51	9,010,000	1,035,000	1,035,000		6,940,000	1,036	.58
Dominican Republic	1,202	.68	12,020,000	1,380,000	1,380,000		9,260,000	1,337	.74
Ecuador	1,202	.68	12,020,000	1,380,000	1,380,000		9,260,000	1,337	.74
El Salvador	901	.51	9,010,000	1,035,000	1,035,000		6,940,000	1,036	.58
Guatemala	1,202	.68	12,020,000	1,380,000	1,380,000		9,260,000	1,337	.74
Haiti	901	.51	9,010,000	1,035,000	1,035,000		6,940,000	1,036	.58
Honduras	901	.51	9,010,000	1,035,000	1,035,000		6,940,000	1,036	.58
Mexico	14,430	8.15	144,300,000	16,575,000	16,575,000		111,150,000	14,565	8.10
Nicaragua	901	.51	9,010,000	1,035,000	1,035,000		6,940,000	1,036	.58
Panama	901	.51	9,010,000	1,035,000	140,000	895,000	6,940,000	1,036	.58
Paraguay	901	.51	9,010,000	1,035,000	1,035,000		6,940,000	1,036	.58
Peru	3,008	1.70	30,080,000	3,455,000	3,186,820	268,180	23,170,000	3,143	1.75
United States	76,176	43.04	761,760,000	75,000,000		75,000,000	611,760,000	76,311	42.47
Uruguay	2,407	1.36	24,070,000	2,765,000	1,775,000	990,000	18,540,000	2,542	1.41
Venezuela	12,027	6.80	120,270,000	13,815,000	2,927,779	10,887,221	92,640,000	12,162	6.77
Total	176,982	100.00	\$1,769,820,000	\$190,790,000	\$87,371,568	\$103,418,432	\$1,388,240,000	179,682	100.00

ORDINARY CAPITAL RESOURCES

Inter-American Development Bank — Ordinary Capital

APPENDIX I-6

STATEMENT OF CURRENCIES AND DEMAND OBLIGATIONS HELD BY THE BANK
December 31, 1965

See Notes to Financial Statements—Appendix I-7.

Member	Unit of currency	Exchange rate (1)	Due from banks		Non-negotiable, non-interest-bearing demand obligations		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	4,302,028	\$ 52,130	1,104,021,968	\$ 13,378,031	1,108,323,996	\$ 13,430,161
Argentina	Peso	188.10	159,460	848			159,460	848
Argentina	Peso	146.25	155,284,491	1,061,755			155,284,491	1,061,755
Bolivia	Peso Boliviano	11.875	59,117	4,978	23,750,000	2,000,000	23,809,117	2,004,978
Brazil	Cruzeiro	18.50	324,505,400	17,540,832			324,505,400	17,540,832
Brazil	Cruzeiro	1,598.69	1,699,366,551	1,062,973			1,699,366,551	1,062,973
Chile	Escudo	3.55	11,407,623	3,213,415			11,407,623	3,213,415
Colombia	Peso	9.00	17,284,904	1,920,545			17,284,904	1,920,545
Colombia	Peso	13.52	13,027	963			13,027	963
Colombia	Peso	11.30	7,315,106	647,043			7,315,106	647,043
Costa Rica	Colon	6.62	370,307	55,938			370,307	55,938
Costa Rica	Colon	6.63	826,468	124,645			826,468	124,645
Dominican Republic	Peso	1.00	1,376,358	1,376,358			1,376,358	1,376,358
Ecuador	Sucre	18.00	22,337,170	1,240,954			22,337,170	1,240,954
El Salvador	Colon	2.50	1,822,162	728,865			1,822,162	728,865
Guatemala	Quetzal	1.00	878,158	878,158			878,158	878,158
Haiti	Gourde	5.00	5,079,318	1,015,864			5,079,318	1,015,864
Honduras	Lempira	2.00	1,955,450	977,725			1,955,450	977,725
Mexico (Note C)	Peso	12.50	98,404,353	7,872,348			98,404,353	7,872,348
Nicaragua	Cordoba	7.00	7,213,075	1,030,439			7,213,075	1,030,439
Panama	Balboa	1.00	33,627	33,627	895,000	895,000	928,627	928,627
Paraguay	Guarani	122.00	89,145,064	730,697			89,145,064	730,697
Paraguay	Guarani	126.00	9,518,423	75,543			9,518,423	75,543
Peru	Sol	26.81	3,160,238	117,872	7,189,906	268,180	10,350,144	386,052
Peru	Sol	26.82	8,563,557	319,294			8,563,557	319,294
United States	Dollar	1.00	876,983	876,983	75,000,000	75,000,000	75,876,983	75,876,983
Uruguay	Peso	16.50	142,847	8,657			142,847	8,657
Uruguay	Peso	19.30	3,197,776	165,679			3,197,776	165,679
Uruguay	Peso	55.00			54,450,000	990,000	54,450,000	990,000
Venezuela	Bolivar	4.50	3,528,589	782,780	48,992,494	10,887,221	52,521,083	11,670,001
				43,917,908		103,418,432		147,336,340
<i>Non-member</i>								
England	Pound Sterling	.357	277	777			277	777
Germany	Deutsche Mark	4.00	1,887,302	471,825			1,887,302	471,825
Italy	Lira	620.00	359,651,334	580,083			359,651,334	580,083
				1,052,685				1,052,685
Total expressed in United States dollars				\$44,970,593		\$103,418,432		\$148,389,025

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

NOTES TO FINANCIAL STATEMENTS**December 31, 1965**

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, 1965. Italian lire, German deutsche marks and British pounds sterling have been translated into United States dollars at the rate of 620 lire to the dollar, 4 deutsche marks to the dollar and .357 pounds to the dollar (2.80 dollars to one pound), respectively, the approximate market rates of exchange at the time the currencies were obtained. Amounts of loans approved and loans sold or agreed to be sold which are denominated in other non-member currencies have been translated into United States dollars at the approximate market rates of exchange existing at December 31, 1965. No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates.

Note B

In accordance with Article V, Section 3 of the Agreement Establishing the Bank (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 of the Agreement the use of these funds by the Bank or any recipient from the Bank has been restricted by the member to making payments for goods and services produced in its territory.

Note D

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

In January 1964 the Board of Governors approved an increase of \$1,000,000,000 in authorized callable capital at the subscription price of \$10,000 per share. As of December 31, 1965 all of the member countries had subscribed their quotas to a total of 95,666 additional shares of callable capital equal to \$956,660,000. These subscriptions to additional shares of callable capital raised the total of subscribed capital to \$1,769,820,000 of which \$381,580,000 is "paid-in" capital and \$1,388,240,000 is "callable" capital.

In January 1964 the Board of Governors also approved a further increase of \$300,000,000 in authorized capital of which \$75,000,000 is "paid-in" and \$225,000,000 is "callable", such capital to be available in the case of expansion of the Bank's membership. As of December 31, 1965 no new members had been admitted to the Bank and the Bank had not received any subscriptions to the further increase in authorized capital of \$300,000,000.

The subscribed "paid-in" capital has been paid 50% in gold and/or United States dollars and 50% in the currency of the respective member except that non-negotiable, non-interest-bearing demand obligations 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.

ORDINARY CAPITAL RESOURCES

Note E

Pursuant to actions of the Board of Governors the net income from the Ordinary Capital resources of the Bank has been allocated to a general reserve for possible future losses and, until further action by the Board of Governors, the net income of each year will be allocated automatically to such reserve.

Note F

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

Note G

Article III, Section 3 (b) of the Agreement provides: "Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses pertaining directly to special operations shall be charged to the resources of the Fund [for Special Operations]. Other expenses shall be charged as the Bank determines." For each of the years ended December 31, through 1965 expenses which have been deemed to be not identifiable as pertaining directly to either the Ordinary Capital or the Fund for Special Operations have been distributed pursuant to the decisions of the Board of Executive Directors. Expenses during 1964 and 1965 which have been deemed to be not identifiable as pertaining directly to either the Ordinary Capital or the Fund for Special Operations have been charged 77% to the income of the Ordinary Capital and 23% to the income of the Fund for Special Operations.

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, 1965 the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,984,295. Pursuant to resolutions passed by the Board of Executive Directors all technical assistance expenditures after January 1, 1963 are to be charged first to the net income of the Fund for Special Operations, including such income accumulated in the general reserve of that Fund, and thereafter to the net income of the Ordinary Capital.

Note I

On January 28, 1966 the Bank entered into an agreement for an issue of bonds in Italy in the aggregate principal amount in local currency equivalent to approximately \$24,000,000.

STATEMENT OF APPROVED LOANS
ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
ARGENTINA										
Banco de la Provincia de Entre Ríos	Agricultural, mining and industrial development	7/13/61	Pesos ¹	1,000,000	463,209	536,791		536,791	5¾	16 semiannual beginning 1/1/66
Banco Provincial de Santa Fé		(8/18/61)	U.S. dollars	14,000,000	4,238,196	9,761,804		9,761,804		
Banco de la Provincia de Córdoba			Total in U.S. dollars	15,000,000	4,701,405	10,298,595		10,298,595		
Mixed entities			Less: Participations	100,000		100,000		100,000		
			Net total in U.S. dollars	14,900,000	4,701,405	10,198,595		10,198,595		
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina)	Technical assistance	8/3/61 (8/28/61)	Pesos ¹ U.S. dollars Total in U.S. dollars	252,000 378,000 630,000		252,000 378,000 630,000	180,000 270,000 450,000	72,000 108,000 180,000	5¾	7 semiannual beginning 8/28/63
Public entity										
Tool Research Argentina, Sociedad Anónima Industrial y Comercial (Banco Provincial de Santa Fé)	Auto components plant	10/5/61 (12/13/61)	U.S. dollars Less: Participations Net total in U.S. dollars	252,000 25,200 226,800		252,000 25,200 226,800	50,400 25,200 25,200	201,600 201,600	5¾	20 semiannual beginning 6/1/64
Private entity										
Vialsa, S.A. Private entity	Prefabricated housing plant	12/14/61 (12/15/61)	U.S. dollars	2,200,000	1,957	2,198,043	220,000	1,978,043	5¾	18 semiannual beginning 6/15/65
Sociedad Anónima "La Merced" (Garovaglio y Zorraquín, Ltda.) Private entity	Irrigation	12/21/61 (3/5/62)	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	13,280,000 470,000 560,085 52,222 507,863	6,058,500 40,294 72,435 72,435	7,221,500 429,706 487,650 52,222 435,428	552,089 26,111 29,330 26,111 3,219	6,669,411 403,595 458,320 26,111 432,209	5¾	18 semiannual beginning 9/5/65
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina) Public entity	Electric power	12/21/61 (3/22/62)	Pesos U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	232,400,000 8,000,000 9,671,800 150,000 9,521,800	123,625 1,271,932 1,272,588 150,000 1,272,588	232,276,375 6,728,068 8,399,212 150,000 8,249,212		232,276,375 6,728,068 8,399,212 150,000 8,249,212	5¾	24 semiannual beginning 4/1/66
Corporación Entrerriana de Citrus, Sociedad Anónima de Economía Mixta, Industrial, Comercial y Financiera (Province of Entre Ríos) Mixed entity	Citrus fruit processing plant	2/21/62 (4/6/62)	Pesos ¹ U.S. dollars Total in U.S. dollars	337,000 1,300,000 1,637,000		337,000 1,300,000 1,637,000	149,106 149,106	187,894 1,300,000 1,487,894	5¾	24 semiannual beginning 10/15/65
Armetal, Industria Argentina de Metales, S.A. (Banco Industrial de la República Argentina) Private entity	Auto components plant	3/8/62 (5/31/62)	Pesos ¹ Italian lire U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	170,000 293,878,955 848,002 1,492,000 406,389 1,085,611	123,187,998	170,690,957 848,002 1,293,310 406,389 886,921	375,499 375,499 323,056 52,443	170,000 170,690,957 472,503 917,811 83,333 834,478	5¾ ²	12 semiannual beginning 11/15/64

COMINCO, Sociedad Anónima, Comercial, Industrial, Inmobiliaria y Financiera (Banco Industrial de la República Argentina) <i>Private entity</i>	Chipboard plant	2/21/63 (8/13/63)	Pesos ¹ U.S. dollars Total in U.S. dollars	29,000 201,706 230,706		29,000 201,706 230,706	5,273 36,674 41,947	23,727 165,032 188,759	5¾	11 semiannual beginning 2/12/65
Banco de la Nación Argentina <i>Public entity</i>	Agricultural mechanization	4/16/63 (6/27/63)	Pesos ¹ Italian lire U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	7,500,000 3,100,000,000 12,500,000 25,000,000 321,736 24,678,264		7,500,000 3,100,000,000 9,748,000 22,248,000 321,736 21,926,264		7,500,000 3,100,000,000 9,748,000 22,248,000 321,736 21,926,264	5¾ ²	23 semiannual beginning 7/3/67
Compañía Sudamericana de Cemento Portland Juan Minetti e Hijos Ltda., S.A. (Banco Industrial de la República Argentina) <i>Private entity</i>	Cement plant	4/16/63 (1/23/64)	U.S. dollars	7,000,000	7,000,000				5¾	13 semiannual beginning 7/23/66
CARBOCLOR, Industrias Químicas, S.A.I.C. (Banco Industrial de la República Argentina) <i>Private entity</i>	Petrochemical plant	6/20/63 (7/12/63)	U.S. dollars	2,500,000	2,500,000				5¾	13 semiannual beginning 1/12/67
Frigoríficos Argentinos, S.A.I.C. (Banco Industrial de la República Argentina) <i>Private entity</i>	Meat packing plant	12/17/63 (12/18/63)	Pesos ¹ U.S. dollars Total in U.S. dollars	189,000 1,328,000 1,517,000		189,000 959,040 1,148,040		189,000 959,040 1,148,040	5¾	15 semiannual beginning 12/15/66
Banco Central de la República Argentina <i>Public entity</i>	Capital goods exports	4/8/64 (4/15/64)	U.S. dollars	3,113,699	2,314,476	799,223	113,699	685,524	6	Repayable in periods and conditions specified in credit documents issued by the borrower
Empresa Provincial de Energía de Córdoba (Province of Córdoba) <i>Public entity</i>	Electric power	7/30/64	Pesos ¹ U.S. dollars Total in U.S. dollars	2,000,000 2,500,000 4,500,000	2,000,000 2,500,000 4,500,000				5¾	24 semiannual beginning 42 months after date of contract
ADAMAS, Sociedad Anónima, Industrial, Comercial e Inmobiliaria (Banco Industrial de la República Argentina) <i>Private entity</i>	Paper plant	10/15/64 (1/28/65)	German marks U.S. dollars Total in U.S. dollars	3,000,000 750,000 1,500,000		3,000,000 554,030 1,304,030		3,000,000 554,030 1,304,030	6 ³	15 semiannual beginning 1/28/68
Banco de la Nación Argentina <i>Public entity</i>	Agricultural mechanization	12/10/64 (12/11/64)	Pesos ¹ German marks U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	3,000,000 24,000,000 6,000,000 15,000,000 420,000 14,580,000	1,570,000 24,000,000 3,301,000 4,871,000 420,000 4,451,000	1,430,000 24,000,000 2,699,000 10,129,000		1,430,000 24,000,000 2,699,000 10,129,000	6 ³	25 semiannual beginning 7/3/67

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1965

<i>Country and Borrower (Guarantor)</i>	<i>Purpose</i>	<i>Approved (Signed)</i>	<i>Currency</i>	<i>Amount</i>	<i>Undisbursed</i>	<i>Disbursed</i>	<i>Status of Loan Repaid</i>	<i>Outstanding</i>	<i>Interest %</i>	<i>Repayment Terms</i>
ARGENTINA (Cont'd)										
Petrosur, S.A.I.C. (Banco Industrial de la República Argentina) <i>Private entity</i>	Petrochemical plant	4/8/65 (12/6/65)	Pesos ¹ Pounds sterling U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	500,000 1,250,000 6,525,000 10,525,000 150,000 10,375,000	500,000 1,250,000 6,525,000 10,525,000 150,000 10,375,000				6 ⁴	13 semiannual beginning 7/15/69
Banco Industrial de la República Argentina <i>Public entity</i>	Industrial development	4/8/65 (7/8/65)	U.S. dollars	15,000,000	15,000,000				6	24 semiannual beginning 1/8/69
VIALSA, S.A. <i>Private entity</i>	Prefabricated housing plant	8/12/65 (12/28/65)	Pesos ¹ U.S. dollars Total in U.S. dollars	200,000 600,000 800,000	200,000 316,834 516,834	283,166 283,166		283,166 283,166	6	14 semiannual beginning 6/15/67
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				118,129,290	56,791,315	61,337,975	1,429,981	59,907,994		
Less: Participations				1,625,547	570,000	1,055,547	374,367	681,180		
Net total loans to Argentina expressed in U.S. dollars				116,503,743	56,221,315	60,282,428	1,055,614	59,226,814		
BRAZIL										
Lutcher S.A. Celulose e Papel <i>Private entity</i>	Pulp mill	3/31/61 (6/14/61)	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	2,200,000 2,500,000 4,700,000		2,200,000 2,500,000 4,700,000	330,000 375,000 705,000	1,870,000 2,125,000 3,995,000	5¾	16 semiannual beginning 12/15/63
Lutcher S.A. Celulose e Papel <i>Private entity</i>	Pulp mill	4/17/64 (5/1/64)	U.S. dollars	4,000,000	45,648	3,954,352		3,954,352	5¾	8 semiannual beginning 12/15/71
Sifco do Brasil S.A. <i>Private entity</i>	Auto components plant	6/28/61 (11/21/61)	Cruzeiros ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	180,000 570,000 750,000 122,094 627,906		180,000 570,000 750,000 122,094 627,906	77,112 244,188 321,300 122,094 199,206	102,888 325,812 428,700 428,700	5¾	14 semiannual beginning 4/1/63
Industria Brasileira de Equipa- mentos S.A. (Directors of the Borrower) <i>Private entity</i>	Oil drilling tool plant	10/19/61 (1/24/62)	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	87,000 528,000 615,000		87,000 528,000 615,000	11,600 83,456 95,056	75,400 444,544 519,944	5¾	16 semiannual beginning 7/15/64
Papel e Celulose Catarinense Ltda. (Klabin Irmãos & Cía.) <i>Private entity</i>	Pulp and paper mill	12/14/61 (1/22/62)	U.S. dollars	5,000,000	2,170,578	2,829,422	100,000	2,729,422	5¾	9 semiannual beginning 1/15/66

Centrais Elétricas de Minas Gerais S.A. (Banco Mineiro da Produção S.A.) <i>Public entity</i>	Electric power	12/14/61 (6/5/62)	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	<u>1,500,000</u> <u>3,500,000</u> <u>5,000,000</u>	<u>1,500,000</u> <u>984,920</u> <u>984,920</u>	<u>1,500,000</u> <u>2,515,080</u> <u>4,015,080</u>	<u>1,500,000</u> <u>2,515,080</u> <u>4,015,080</u>	5¾	20 semiannual beginning 12/5/66	
Fundição Tupy S.A. <i>Private entity</i>	Auto components plant	2/15/62 (5/16/62)	U.S. dollars	<u>560,000</u>	<u>560,000</u>	<u>110,000</u>	<u>450,000</u>	5¾	12 semiannual beginning 11/15/64	
Companhia Agrícola, Imobiliária e Colonizadora (Banco do Estado de São Paulo) <i>Public entity</i>	Agricultural mechanization	6/8/62 (12/6/62)	Italian lire U.S. dollars Total in U.S. dollars	<u>620,000,000</u> <u>3,500,000</u> <u>4,500,000</u>	<u>140,600,899</u> <u>9,474</u> <u>236,250</u>	<u>479,399,101</u> <u>3,490,526</u> <u>4,263,750</u>	<u>89,260,204</u> <u>503,888</u> <u>647,856</u>	<u>390,138,897</u> <u>2,986,638</u> <u>3,615,894</u>	5¾ ²	12 semiannual beginning 6/6/65
Companhia Pernambucana de Borracha Sintética (Banco Nacional do Desenvolvimento Econômico) <i>Public entity</i>	Synthetic rubber plant	7/5/62 (11/9/62)	U.S. dollars	<u>3,615,000</u>	<u>3,615,000</u>		<u>3,615,000</u>	5¾	14 semiannual beginning 5/15/66	
Companhia Hidro Elétrica do São Francisco (United States of Brazil) <i>Public entity</i>	Electric power	8/9/62 (12/12/62)	Italian lire U.S. dollars Total in U.S. dollars	<u>1,860,000,000</u> <u>12,000,000</u> <u>15,000,000</u>	<u>1,860,000,000</u> <u>5,801,852</u> <u>8,801,852</u>	<u>6,198,148</u> <u>6,198,148</u> <u>6,198,148</u>	<u>6,198,148</u> <u>6,198,148</u> <u>6,198,148</u>	5¾ ²	28 semiannual beginning 7/10/66	
Centrais Elétricas de Urubupunga S.A. (United States of Brazil) <i>Public entity</i>	Electric power	11/14/63 (11/20/63)	U.S. dollars	<u>13,250,000</u>	<u>1,482,815</u>	<u>11,767,185</u>	<u>11,767,185</u>	5¾	32 semiannual beginning 5/20/68	
Companhia de Eletricidade do Estado da Bahia (State of Bahia) <i>Public entity</i>	Electric power	12/31/63 (12/22/64)	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	<u>640,000</u> <u>2,560,000</u> <u>3,200,000</u>	<u>640,000</u> <u>2,377,000</u> <u>3,017,000</u>	<u>183,000</u> <u>183,000</u> <u>183,000</u>	<u>183,000</u> <u>183,000</u> <u>183,000</u>	5¾	28 semiannual beginning 6/30/68	
Banco do Brasil S.A. <i>Public entity</i>	Capital goods exports	4/8/64 (7/9/64)	U.S. dollars	<u>3,000,000</u>	<u>2,495,400</u>	<u>504,600</u>	<u>504,600</u>	6	Repayable in periods and conditions specified in credit documents issued by the borrower	
Banco Nacional do Desenvolvimento Econômico <i>Public entity</i>	Industrial development	7/30/64 (12/23/64)	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	<u>15,000,000</u> <u>12,000,000</u> <u>27,000,000</u>	<u>13,750,000</u> <u>11,750,000</u> <u>25,500,000</u>	<u>1,250,000</u> <u>250,000</u> <u>1,500,000</u>	<u>1,250,000</u> <u>250,000</u> <u>1,500,000</u>	5¾	23 semiannual beginning 1/3/69	
Magnesita S.A. (Banco da Bahia S.A. and Banco de Minas Gerais S.A.) <i>Private entity</i>	Refractories plant	7/30/64 (9/29/64)	U.S. dollars	<u>4,000,000</u>	<u>3,812,885</u>	<u>187,115</u>	<u>187,115</u>	5¾	14 semiannual beginning 3/29/68	
Ferro e Aço de Vitória S.A. (Banco Nacional do Desenvolvimento Econômico) <i>Private entity</i>	Steel feasibility studies	11/19/64 (7/29/65)	U.S. dollars	<u>1,300,000</u>	<u>1,300,000</u>			6	10 semiannual beginning 1/29/68	

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
BRAZIL (Cont'd)										
Companhia Vale do Rio Doce (United States of Brazil) Public entity	Iron ore production	11/19/64 (2/17/65)	German marks	20,000,000	20,000,000				6 ²	24 semiannual beginning 8/17/68
			U.S. dollars	23,800,000	23,800,000					
			Total in U.S. dollars	28,800,000	28,800,000					
Central Elétrica Capivari- Cachoeira S.A. (State of Paraná) Public entity	Electric power	11/19/64 (5/3/65)	U.S. dollars	5,450,000	5,292,000	158,000		158,000	6	30 semiannual beginning 11/5/69
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Water supply	12/24/64 (12/31/64)	Cruzeiros ¹	5,000,000	1,986,802	3,013,198		3,013,198	6	35 semiannual beginning 1/3/68
Centrais Elétricas de Santa Catarina S.A. (State of Santa Catarina) Public entity	Electric power	4/8/65 (5/3/65)	U.S. dollars	3,500,000	3,500,000				6	30 semiannual beginning 11/5/68
Centrais Elétricas Brasileiras S.A. (United States of Brazil) Public entity	Electric power	9/9/65 (10/1/65)	U.S. dollars	16,400,000	16,400,000				6	23 semiannual beginning 10/1/69
Companhia de Cimento Portland Branco do Brasil S.A. (Banco Nacional do Desenvolvi- mento Econômico) Private entity	Cement plant	12/30/65	Cruzeiros ¹	500,000	500,000				6 ⁴	18 semiannual beginning 42 months after date of contract
			Pounds sterling	475,000	475,000					
			U.S. dollars	2,820,000	2,820,000					
			Total in U.S. dollars	4,650,000	4,650,000					
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				159,290,000	110,476,150	48,813,850	1,979,212	46,834,638		
Less: Participations				122,094		122,094	122,094			
Net total loans to Brazil expressed in U.S. dollars				159,167,906	110,476,150	48,691,756	1,857,118	46,834,638		
CHILE										
Corporación de Fomento de la Producción Public entity	Industrial, mining and fishery development	4/9/61 (8/19/61)	Escudos ¹	1,500,000		1,500,000	299,413	1,200,587	5¾	20 semiannual beginning 12/15/63
			U.S. dollars	4,500,000		4,500,000	898,240	3,601,760		
			Total in U.S. dollars	6,000,000		6,000,000	1,197,653	4,802,347		
			Less: Participations	344,098		344,098				
			Net total in U.S. dollars	5,655,902		5,655,902	853,555	4,802,347		

Republic of Chile <i>Public entity</i>	Water supply	11/22/61 (5/16/62)	U.S. dollars	<u>1,050,000</u>	<u>132,264</u>	<u>917,736</u>	<u>917,736</u>	5¾	32 semiannual beginning 11/16/66	
Corporación de Fomento de la Producción <i>Public entity</i>	Fishery project	12/7/61 (3/29/62)	U.S. dollars Less: Participations Net total in U.S. dollars	<u>5,000,000</u> <u>250,000</u> <u>4,750,000</u>	<u>5,000,000</u> <u>250,000</u> <u>4,750,000</u>	<u>100,000</u> <u>100,000</u> <u>4,750,000</u>	<u>4,900,000</u> <u>150,000</u> <u>4,750,000</u>	5¾	18 semiannual beginning 7/15/65	
Republic of Chile <i>Public entity</i>	Irrigation	2/8/62 (5/16/62)	Escudos U.S. dollars Total in U.S. dollars	<u>1,350,000</u> <u>1,575,000</u> <u>2,211,460</u>	<u>1,350,000</u> <u>233,595</u> <u>233,595</u>	<u>1,341,405</u> <u>1,341,405</u> <u>1,977,865</u>	<u>1,350,000</u> <u>1,341,405</u> <u>1,977,865</u>	5¾	32 semiannual beginning 11/16/66	
Compañía Manufacturera de Papeles y Cartones, S.A. <i>Private entity</i>	Pulp plant	11/8/62 (11/23/62)	Escudos ¹ Italian lire U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	<u>1,600,000</u> <u>4,960,000,000</u> <u>6,400,000</u> <u>16,000,000</u> <u>450,000</u> <u>15,550,000</u>	<u>1,600,000</u> <u>253,542,036</u> <u>417,165</u> <u>826,104</u> <u>450,000</u> <u>826,104</u>	<u>1,600,000</u> <u>4,706,457,964</u> <u>5,982,835</u> <u>15,173,896</u> <u>450,000</u> <u>14,723,896</u>	<u>64,000</u> <u>172,360,000</u> <u>222,000</u> <u>564,000</u> <u>258,000</u> <u>306,000</u>	<u>1,536,000</u> <u>4,534,097,964</u> <u>5,760,835</u> <u>14,609,896</u> <u>192,000</u> <u>14,417,896</u>	5¾ ²	25 semiannual beginning 11/23/65
Maderas Aglomeradas Pinihue, S.A. (Corporación de Fomento de la Producción) <i>Private entity</i>	Chipboard plant	2/7/63 (2/8/63)	Italian lire U.S. dollars Total in U.S. dollars	<u>207,700,000</u> <u>900,000</u> <u>1,235,000</u>	<u>207,700,000</u> <u>2,476</u> <u>2,476</u>	<u>9,610,000</u> <u>897,524</u> <u>1,232,524</u>	<u>198,090,000</u> <u>42,000</u> <u>57,500</u>	<u>198,090,000</u> <u>855,524</u> <u>1,175,024</u>	5¾ ²	18 semiannual beginning 8/8/65
Empresa de Agua Potable (Republic of Chile) <i>Public entity</i>	Water supply	4/4/63 (5/24/63)	Escudos ¹ U.S. dollars Total in U.S. dollars	<u>1,500,000</u> <u>3,625,000</u> <u>5,125,000</u>	<u>1,500,000</u> <u>2,436,207</u> <u>3,936,207</u>	<u>1,188,793</u> <u>1,188,793</u>	<u>1,188,793</u> <u>1,188,793</u>	5¾	32 semiannual beginning 11/24/67	
Empresa Nacional del Petróleo (Corporación de Fomento de la Producción) <i>Public entity</i>	Oil refinery	10/24/63 (11/5/63)	U.S. dollars Swiss francs Belgian francs Total in U.S. dollars Less: Participations Net total in U.S. dollars	<u>10,718,298</u> <u>1,000,000</u> <u>2,500,000</u> <u>11,000,000</u> <u>1,131,702</u> <u>9,868,298</u>	<u>2,098,711</u> <u>1,000,000</u> <u>2,500,000</u> <u>2,098,711</u> <u>1,131,702</u> <u>2,098,711</u>	<u>8,619,587</u> <u>1,000,000</u> <u>2,500,000</u> <u>8,901,289</u> <u>1,131,702</u> <u>7,769,587</u>	<u>8,619,587</u> <u>1,000,000</u> <u>2,500,000</u> <u>8,901,289</u> <u>1,131,702</u> <u>7,769,587</u>	5¾	20 semiannual beginning 5/5/66	
Corporación de Fomento de la Producción <i>Public entity</i>	Industrial, mining and fishery development	3/12/64 (3/17/64)	U.S. dollars Less: Participations Net total in U.S. dollars	<u>6,000,000</u> <u>200,000</u> <u>5,800,000</u>	<u>1,095,346</u> <u>200,000</u> <u>1,095,346</u>	<u>4,904,654</u> <u>200,000</u> <u>4,704,654</u>	<u>4,904,654</u> <u>200,000</u> <u>4,704,654</u>	5¾	18 semiannual beginning 9/17/67	
Banco Central de Chile <i>Public entity</i>	Capital goods exports	4/8/64 (4/15/64)	U.S. dollars	<u>2,000,000</u>	<u>2,000,000</u>			6	Repayable in periods and conditions specified in credit documents issued by the borrower	
Republic of Chile <i>Public entity</i>	Irrigation	8/6/64 (8/12/64)	Escudos ¹ U.S. dollars Total in U.S. dollars	<u>1,700,000</u> <u>1,800,000</u> <u>3,500,000</u>	<u>888,140</u> <u>1,800,000</u> <u>2,688,140</u>	<u>811,860</u> <u>811,860</u>	<u>811,860</u> <u>811,860</u>	6	32 semiannual beginning 2/12/69	
Compañía Manufacturera de Papeles y Cartones, S.A. <i>Private entity</i>	Pulp mill	10/8/64 (10/9/64)	German marks Total in U.S. dollars	<u>5,600,000</u> <u>1,400,000</u>	<u>1,245,455</u> <u>311,364</u>	<u>4,354,545</u> <u>1,088,636</u>	<u>197,120</u> <u>49,280</u>	<u>4,157,425</u> <u>1,039,356</u>	6 ²	25 semiannual beginning 11/23/65

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Status of Loan			Interest %	Repayment Terms
						Disbursed	Repaid	Outstanding		
CHILE (Cont'd)										
Corporación de Fomento de la Producción	Industrial development	9/23/65 (12/3/65)	Escudos ¹	350,000	350,000				6	19 semiannual beginning 11/30/68
Public entity			U.S. dollars	7,650,000	7,650,000					
			Total in U.S. dollars	8,000,000	8,000,000					
			Less: Participations	830,200	830,200					
			Net total in U.S. dollars	7,169,800	7,169,800					
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS										
				68,521,460	21,324,207	47,197,253	1,968,433	45,228,820		
			Less: Participations	3,206,000	830,200	2,375,800	702,098	1,673,702		
			Net total loans to Chile expressed in U.S. dollars	65,315,460	20,494,007	44,821,453	1,266,335	43,555,118		
COLOMBIA										
Corporación Financiera Colombiana de Desarrollo Industrial	Industrial development	4/9/61 (9/8/61)	Pesos	4,000,000		4,000,000	1,000,000	3,000,000	5¾	16 semiannual beginning 3/15/64
Private entity			U.S. dollars	203,653		203,653	81,853	121,800		
			Total in U.S. dollars	658,682		658,682	195,606	463,076		
			Less: Participations	61,500		61,500	61,500			
			Net total in U.S. dollars	597,182		597,182	134,106	463,076		
Empresas Públicas de Medellín (Republic of Colombia)	Water supply	4/9/61 (6/3/61)	Pesos	19,950,000		19,950,000	623,438	19,326,562	5¾	32 semiannual beginning 12/1/65
Public entity			U.S. dollars	3,300,000	338,899	2,961,101	103,125	2,857,976		
			Total in U.S. dollars	5,230,724	338,899	4,891,825	164,515	4,727,310		
			Less: Participations	103,125		103,125	78,125	25,000		
			Net total in U.S. dollars	5,127,599	338,899	4,788,700	86,390	4,702,310		
Empresas Públicas Municipales de Cartagena (Republic of Colombia)	Water and sewage systems	6/15/61 (10/17/61)	Pesos ¹	3,800,000	1,228,187	2,571,813		2,571,813	5¾	32 semiannual beginning 4/17/66
Public entity			U.S. dollars	2,200,000	492,444	1,707,556		1,707,556		
			Total in U.S. dollars	6,000,000	1,720,631	4,279,369		4,279,369		
			Less: Participations	137,500		137,500		137,500		
			Net total in U.S. dollars	5,862,500	1,720,631	4,141,869		4,141,869		
Republic of Colombia	Technical assistance	9/6/61 (10/14/61)	Pesos ¹	200,000	172,696	27,304	4,551	22,753	5¾	6 semiannual beginning 4/1/64
Public entity			U.S. dollars	300,000	300,000					
			Total in U.S. dollars	500,000	472,696	27,304	4,551	22,753		
Celulosa y Papel de Colombia, S.A. (Instituto de Fomento Industrial)	Pulp plant	1/18/62 (3/2/62)	U.S. dollars	702,795		702,795	71,429	631,366	5¾	14 semiannual beginning 9/2/65
Private entity			Less: Participations	71,429		71,429	71,429			
			Net total in U.S. dollars	631,366		631,366		631,366		
Instituto Nacional de Fomento Municipal (Republic of Colombia)	Water and sewage systems	7/12/62 (8/21/62)	U.S. dollars	400,000		400,000	400,000		5¾	Repaid
Public entity										

Republic of Colombia <i>Public entity</i>	Sodium carbonate plant	4/9/63 (9/18/63)	Italian lire U.S. dollars Total in U.S. dollars	<u>3,534,000,000</u> <u>6,300,000</u> <u>12,000,000</u>	<u>457,498,000</u> <u>444,199</u> <u>1,182,099</u>	<u>3,076,502,000</u> <u>5,855,801</u> <u>10,817,901</u>	<u>3,076,502,000</u> <u>5,855,801</u> <u>10,817,901</u>	5¾ ²	24 semiannual beginning 3/18/67
Banco de la República <i>Public entity</i>	Industrial and agricultural development	10/10/63 (10/30/63)	U.S. dollars	<u>3,000,000</u>	<u>1,942,476</u>	<u>1,057,524</u>	<u>1,057,524</u>	5¾	20 semiannual beginning 4/30/66
Empresa Puertos de Colombia (Republic of Colombia) <i>Public entity</i>	Port improvements	12/5/63 (12/10/63)	U.S. dollars Less: Participations Net total in U.S. dollars	<u>10,000,000</u> <u>825,000</u> <u>9,175,000</u>	<u>8,031,808</u> <u>825,000</u> <u>8,031,808</u>	<u>1,968,192</u> <u>825,000</u> <u>1,143,192</u>	<u>1,968,192</u> <u>825,000</u> <u>1,143,192</u>	5¾	23 semiannual beginning 12/10/67
Industrial Agraria La Palma, S.A. (Corporación Financiera Colombiana de Desarrollo Industrial) <i>Private entity</i>	Oil palm cultivation	8/28/64 (6/1/65)	Pesos ¹ U.S. dollars Total in U.S. dollars	<u>334,000</u> <u>896,000</u> <u>1,230,000</u>	<u>193,052</u> <u>670,426</u> <u>863,478</u>	<u>140,948</u> <u>225,574</u> <u>366,522</u>	<u>140,948</u> <u>225,574</u> <u>366,522</u>	6	13 semiannual beginning 5/31/69
Instituto de Aprovechamiento de Aguas y Fomento Eléctrico (Republic of Colombia) <i>Public entity</i>	Electric power	11/19/64 (1/18/65)	U.S. dollars Less: Participations Net total in U.S. dollars	<u>8,000,000</u> <u>425,000</u> <u>7,575,000</u>	<u>7,878,218</u> <u>350,000</u> <u>7,528,218</u>	<u>121,782</u> <u>75,000</u> <u>46,782</u>	<u>121,782</u> <u>75,000</u> <u>46,782</u>	6	32 semiannual beginning 7/18/69
Instituto de Aprovechamiento de Aguas y Fomento Eléctrico (Republic of Colombia) <i>Public entity</i>	Electric power	12/3/64 (1/18/65)	Pesos ¹ U.S. dollars Total in U.S. dollars	<u>300,000</u> <u>2,900,000</u> <u>3,200,000</u>	<u>300,000</u> <u>2,900,000</u> <u>3,200,000</u>			6	32 semiannual beginning 7/18/69
Empresa Puertos de Colombia (Republic of Colombia) <i>Public entity</i>	Port improvements	1/28/65 (6/21/65)	U.S. dollars Less: Participations Net total in U.S. dollars	<u>5,000,000</u> <u>550,000</u> <u>4,450,000</u>	<u>5,000,000</u> <u>550,000</u> <u>4,450,000</u>			6	22 semiannual beginning 11/30/69
ENKA de Colombia, S.A. (Banco Comercial Antioqueño and Banco Industrial Colombiano) <i>Public entity</i>	Industrial development	8/26/65 (11/16/65)	Pounds sterling U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	<u>900,000</u> <u>2,980,000</u> <u>5,500,000</u> <u>250,000</u> <u>5,250,000</u>	<u>900,000</u> <u>2,980,000</u> <u>5,500,000</u> <u>250,000</u> <u>5,250,000</u>			6 ⁴	16 semiannual beginning 5/15/68
Central Hidroeléctrica de Caldas, S.A. (Republic of Colombia) <i>Public entity</i>	Electric power	11/18/65	U.S. dollars Less: Participations Net total in U.S. dollars	<u>8,100,000</u> <u>250,000</u> <u>7,850,000</u>	<u>8,100,000</u> <u>250,000</u> <u>7,850,000</u>			6	24 semiannual beginning 54 months after date of contract
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				<u>69,522,201</u>	<u>44,230,305</u>	<u>25,291,896</u>	<u>836,101</u>		
Less: Participations				<u>2,673,554</u>	<u>1,400,000</u>	<u>1,273,554</u>	<u>211,054</u>		
Net total loans to Colombia expressed in U.S. dollars				<u>66,848,647</u>	<u>42,830,305</u>	<u>24,018,342</u>	<u>625,047</u>		

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
COSTA RICA										
Banco Nacional de Costa Rica <i>Public entity</i>	Livestock development	11/30/61 (1/15/62)	Colones ¹	600,000		600,000	57,000	543,000	5¾	20 semiannual beginning 7/15/64
			U.S. dollars	2,400,000	1,219,357	1,180,643	228,000	952,643		
			Total in U.S. dollars	3,000,000	1,219,357	1,780,643	285,000	1,495,643		
			Less: Participations	150,000		150,000	150,000			
			Net total in U.S. dollars	2,850,000	1,219,357	1,630,643	135,000	1,495,643		
Industria Nacional de Cemento, S.A. <i>Private entity</i>	Cement plant	1/11/62 (3/2/62)	U.S. dollars	2,800,000		2,800,000	280,000	2,520,000	5¾	20 semiannual beginning 9/2/64
			Less: Participations	560,000		560,000		560,000		
			Net total in U.S. dollars	2,240,000		2,240,000	280,000	1,960,000		
Banco de Costa Rica <i>Public entity</i>	Industrial development	8/9/62 (11/15/62)	Colones	2,660,000	306,099	2,353,901	50,000	2,303,901	5¾	19 semiannual beginning 11/15/65
			U.S. dollars	2,600,000	736,422	1,863,578	50,000	1,813,578		
			Total in U.S. dollars	3,001,631	782,479	2,219,152	57,553	2,161,599		
			Less: Participations	200,000		200,000	50,000	150,000		
			Net total in U.S. dollars	2,801,631	782,479	2,019,152	7,553	2,011,599		
Instituto Costarricense de Electricidad (Republic of Costa Rica) <i>Public entity</i>	Electric power	8/9/62 (9/14/62)	U.S. dollars	2,700,000	1,817,418	882,582		882,582	5¾	32 semiannual beginning 9/20/66
			Less: Participations	253,125		253,125		253,125		
			Net total in U.S. dollars	2,446,875	1,817,418	629,457		629,457		
Banco de Costa Rica (Republic of Costa Rica) <i>Public entity</i>	Industrial development	12/21/65	Colones ¹	140,000	140,000				6	25 semiannual beginning 48 months after date of contract
			U.S. dollars	1,860,000	1,860,000					
			Total in U.S. dollars	2,000,000	2,000,000					
			Less: Participations	223,200	223,200					
			Net total in U.S. dollars	1,776,800	1,776,800					
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				13,501,631	5,819,254	7,682,377	622,553	7,059,824		
Less: Participations				1,386,325	223,200	1,163,125	200,000	963,125		
Net total loans to Costa Rica expressed in U.S. dollars				12,115,306	5,596,054	6,519,252	422,553	6,096,699		
DOMINICAN REPUBLIC										
Banco Agrícola (Dominican Republic) <i>Public entity</i>	Agricultural and livestock development	8/15/63 (8/29/63)	Pesos ¹	1,100,000	1,100,000				5¾	18 semiannual beginning 3/1/67
			U.S. dollars	4,900,000	3,710,492	1,189,508		1,189,508		
			Total in U.S. dollars	6,000,000	4,810,492	1,189,508		1,189,508		
			Less: Participations	200,000		200,000		200,000		
			Net total in U.S. dollars	5,800,000	4,810,492	989,508		989,508		
TOTAL LOANS TO DOMINICAN REPUBLIC EXPRESSED IN U.S. DOLLARS				6,000,000	4,810,492	1,189,508		1,189,508		
Less: Participations				200,000		200,000		200,000		
Net total loans to Dominican Republic expressed in U.S. dollars				5,800,000	4,810,492	989,508		989,508		

ECUADOR									
Sistema de Crédito de Fomento (Republic of Ecuador) <i>Public entity</i>	Wool production	8/10/61 (10/31/61)	Sucres ¹ U.S. dollars Total in U.S. dollars	218,195 618,135 836,330	218,195 618,135 836,330	98,195 218,135 316,330	120,000 400,000 520,000	5¾	26 semiannual beginning 6/15/63
Republic of Ecuador <i>Public entity</i>	Highways	5/25/64 (5/26/64)	Sucres ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	600,000 5,400,000 6,000,000 257,143 5,742,857	600,000 5,245,535 5,845,535 257,143 5,588,392	154,465 154,465 154,465	154,465 154,465	5¾	42 semiannual beginning 11/26/68
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				6,836,330	5,845,535	990,795	674,465		
Less: Participations				257,143	257,143				
Net total loans to Ecuador expressed in U.S. dollars				6,579,187	5,588,392	990,795	674,465		
EL SALVADOR									
Pan Lido, S.A. <i>Private entity</i>	Bakery expansion	6/29/61 (7/12/61)	U.S. dollars	199,375	199,375	41,500	157,875	5¾	18 semiannual beginning 1/15/63
Banco Central de Reserva (Republic of El Salvador) <i>Public entity</i>	Industrial and agricultural development	8/10/61 (10/25/61)	Colones U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	2,000,000 1,700,000 2,500,000 63,000 2,437,000	1,097,549 1,700,000 439,020 63,000 439,020	902,451 1,700,000 2,060,980 63,000 1,997,980	120,000 102,000 150,000 63,000 87,000	5¾	20 semiannual beginning 4/25/65
Banco Central de Reserva (Republic of El Salvador) <i>Public entity</i>	Water supply	8/10/61 (11/17/61)	U.S. dollars	1,258,788	1,258,788		1,258,788	5¾	32 semiannual beginning 5/17/66
Instituto Salvadoreño de Fomento Industrial (Republic of El Salvador) <i>Public entity</i>	Industrial development	4/15/65	Colones ¹ U.S. dollars Total in U.S. dollars	200,000 2,800,000 3,000,000	200,000 2,800,000 3,000,000			6	25 semiannual beginning 36 months after date of contract
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				6,958,163	3,439,020	3,519,143	3,327,643		
Less: Participations				63,000	63,000	63,000			
Net total loans to El Salvador expressed in U.S. dollars				6,895,163	3,439,020	3,456,143	3,327,643		
GUATEMALA									
Industria y Comercio Textiles Rex, S.A. <i>Private entity</i>	Textile mill	6/22/61 (8/10/61)	U.S. dollars	125,000	125,000	125,000		5¾	Repaid

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
GUATEMALA (Cont'd)										
Banco de Guatemala Public entity	Industrial, agricultural and livestock development	8/10/61 (9/6/61)	Quetzales ¹	1,350,000	769,330	580,670	100,500	480,170	5¾	10 annual beginning 9/6/64
			U.S. dollars	3,650,000	1,063,320	2,586,680	577,500	2,009,180		
			Total in U.S. dollars	5,000,000	1,832,650	3,167,350	678,000	2,489,350		
			Less: Participations	355,000		355,000	355,000			
			Net total in U.S. dollars	4,645,000	1,832,650	2,812,350	323,000	2,489,350		
Hidroeléctricas del Atlántico, S.A. Private entity	Water supply	9/28/61 (2/27/62)	U.S. dollars	162,804		162,804	48,841	113,963	5¾	10 semiannual beginning 8/27/64
Instituto Nacional de Electrificación (Republic of Guatemala) Public entity	Electric power	12/19/63 (6/18/64)	U.S. dollars	3,150,000	1,819,883	1,330,117		1,330,117	5¾	35 semiannual beginning 6/18/67
			Less: Participations	270,000		270,000	270,000			
			Net total in U.S. dollars	2,880,000	1,819,883	1,060,117		1,060,117		
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				8,437,804	3,652,533	4,785,271	851,841	3,933,430		
Less: Participations				625,000		625,000	355,000	270,000		
Net total loans to Guatemala expressed in U.S. dollars				7,812,804	3,652,533	4,160,271	496,841	3,663,430		
HONDURAS										
Molinos de Honduras (Jacobo D. Kattan Industrial, S.A.) Private entity	Flour mill	6/15/61 (7/27/61)	U.S. dollars	100,474		100,474	30,142	70,332	5¾	10 semiannual beginning 7/15/64
Químicas Dinant de Centroamérica, S.A. de C.V. Private entity	Chemical plant	7/27/61 (8/8/61)	U.S. dollars	360,000		360,000	360,000		5¾	Repaid
			Less: Participations	60,000		60,000	60,000			
			Net total in U.S. dollars	300,000		300,000	300,000			
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				460,474		460,474	390,142	70,332		
Less: Participations				60,000		60,000	60,000			
Net total loans to Honduras expressed in U.S. dollars				400,474		400,474	330,142	70,332		
MEXICO										
Nacional Financiera, S.A. Public entity	Industrial development	8/10/61 (10/19/61)	Pesos ¹	1,000,000		1,000,000		1,000,000	5¾	12 semiannual beginning 4/20/66
			U.S. dollars	2,000,000		2,000,000		2,000,000		
			Total in U.S. dollars	3,000,000		3,000,000		3,000,000		
			Less: Participations	796,667		796,667		796,667		
			Net total in U.S. dollars	2,203,333		2,203,333		2,203,333		

Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Irrigation	9/7/61 (11/14/61)	Pesos	52,750,000		52,750,000	3,102,940	49,647,060	5¾	34 semiannual beginning 5/14/65
			U.S. dollars	8,780,000		8,780,000	516,470	8,263,530		
			Total in U.S. dollars	13,000,000		13,000,000	764,705	12,235,295		
			Less: Participations	774,000		774,000	516,000	258,000		
			Net total in U.S. dollars	12,226,000		12,226,000	248,705	11,977,295		
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Irrigation	1/25/62 (4/16/62)	Pesos	34,300,000		34,300,000	1,008,841	33,291,159	5¾	34 semiannual beginning 10/16/65
			U.S. dollars	3,000,000		3,000,000	88,245	2,911,755		
			Total in U.S. dollars	5,744,000		5,744,000	168,952	5,575,048		
			Less: Participations	176,470		176,470	88,235	88,235		
			Net total in U.S. dollars	5,567,530		5,567,530	80,717	5,486,813		
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Irrigation	11/27/62 (6/6/63)	Pesos	6,000,000	5,400,000	600,000	16,667	583,333	5¾	36 semiannual beginning 12/6/65
			U.S. dollars	720,000	648,000	72,000	2,000	70,000		
			Total in U.S. dollars	1,200,000	1,080,000	120,000	3,334	116,666		
Química del Rey, S.A. (Metalúrgica Mexicana Peñoles, S.A.) <i>Private entity</i>	Sodium sulfate plant	1/17/63 (4/17/63)	Pesos	4,125,000		4,125,000	773,438	3,351,562	5¾	16 semiannual beginning 10/17/64
			U.S. dollars	170,000		170,000	31,875	138,125		
			Total in U.S. dollars	500,000		500,000	93,750	406,250		
Negromex, S.A. <i>Private entity</i>	Carbon black plant	2/27/63 (6/21/63)	Pesos	4,850,297		4,850,297	4,850,297		5¾	Repaid
			U.S. dollars	131,980		131,980	131,980			
			Total in U.S. dollars	520,003		520,003	520,003			
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Land settlement	6/20/63 (9/19/63)	Pesos ¹	5,250,000	5,250,000				5¾	34 semiannual beginning 3/19/67
			U.S. dollars	20,250,000	20,250,000					
			Total in U.S. dollars	25,500,000	25,500,000					
			Less: Participations	1,630,000	1,630,000					
			Net total in U.S. dollars	23,870,000	23,870,000					
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Industrial development	10/24/63 (10/31/63)	U.S. dollars	5,000,000		5,000,000		5,000,000	5¾	14 semiannual beginning 4/30/67
Industria del Hierro, S.A. de C.V. (Sociedad Mexicana de Crédito Industrial, S.A.) <i>Private entity</i>	Heavy equipment plant	12/19/63 (1/7/64)	Pesos ¹	1,700,000	57,408	1,642,592		1,642,592	5¾	17 semiannual beginning 1/7/66
			U.S. dollars	1,300,000	3,957	1,296,043		1,296,043		
			Total in U.S. dollars	3,000,000	61,365	2,938,635		2,938,635		
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Irrigation	12/31/63 (4/15/64)	U.S. dollars	20,000,000	18,000,000	2,000,000		2,000,000	5¾	35 semiannual beginning 4/15/67
			Less: Participations	1,510,000		1,510,000		1,510,000		
			Net total in U.S. dollars	18,490,000	18,000,000	490,000		490,000		
Nacional Financiera, S.A. <i>Public entity</i>	Capital goods exports	4/8/64 (4/15/64)	U.S. dollars	3,023,500	85,992	2,937,508	23,500	2,914,008	6	Repayable in periods and conditions specified in credit documents issued by the borrower

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Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
MEXICO (Cont'd)										
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Highways	12/30/65	Pesos ¹	1,000,000	1,000,000				6	33 semiannual beginning 48 months after date of contract
			U.S. dollars	20,000,000	20,000,000					
			Total in U.S. dollars	21,000,000	21,000,000					
			Less: Participations	1,098,000	1,098,000					
			Net total in U.S. dollars	19,902,000	19,902,000					
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				101,487,503	65,727,357	35,760,146	1,574,244	34,185,902		
Less: Participations				5,985,137	2,728,000	3,257,137	604,235	2,652,902		
Net total loans to Mexico expressed in U.S. dollars				95,502,366	62,999,357	32,503,009	970,009	31,533,000		
NICARAGUA										
Instituto de Fomento Nacional <i>Public entity</i>	Industrial development	3/31/61 (7/11/61)	U.S. dollars	2,000,000		2,000,000	500,000	1,500,000	5¾	20 semiannual beginning 7/15/63
			Less: Participations	250,000		250,000	250,000			
			Net total in U.S. dollars	1,750,000		1,750,000	250,000	1,500,000		
Instituto de Fomento Nacional <i>Public entity</i>	Agriculture and livestock development	7/30/64 (9/14/64)	Cordobas ¹	928,000	928,000				5¾	44 semiannual beginning 3/14/68
			U.S. dollars	1,402,000	553,022	848,978		848,978		
			Total in U.S. dollars	2,330,000	1,481,022	848,978		848,978		
Banco Nacional de Nicaragua (Republic of Nicaragua) <i>Public entity</i>	Livestock development	12/31/64 (4/6/65)	Cordobas ¹	100,000	100,000				6	24 semiannual beginning 10/6/68
			U.S. dollars	4,500,000	3,876,113	623,887		623,887		
			Total in U.S. dollars	4,600,000	3,976,113	623,887		623,887		
			Less: Participations	475,000		475,000		475,000		
			Net total in U.S. dollars	4,125,000	3,976,113	148,887		148,887		
Instituto de Fomento Nacional (Republic of Nicaragua) <i>Public entity</i>	Industrial development	8/5/65 (12/13/65)	U.S. dollars	3,300,000	3,300,000				6	24 semiannual beginning 7/13/69
			Less: Participations	550,000	550,000					
			Net total in U.S. dollars	2,750,000	2,750,000					
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS				12,230,000	8,757,135	3,472,865	500,000	2,972,865		
Less: Participations				1,275,000	550,000	725,000	250,000	475,000		
Net total loans to Nicaragua expressed in U.S. dollars				10,955,000	8,207,135	2,747,865	250,000	2,497,865		
PARAGUAY										
Compañía Algodonera Paraguaya, S.A. (Consorcio Coplata, S.A.) <i>Private entity</i>	Cotton, tobacco and industrial oils processing facilities	9/28/61 (10/31/61)	Guaranies ¹	220,000		220,000	44,000	176,000	5¾	20 semiannual beginning 5/1/64
			U.S. dollars	329,996		329,996	66,000	263,996		
			Total in U.S. dollars	549,996		549,996	110,000	439,996		
			Less: Participations	115,500		115,500	33,000	82,500		
			Net total in U.S. dollars	434,496		434,496	77,000	357,496		

Manufactura de Pilar, S.A. (Banco Nacional de Fomento) <i>Private entity</i>	Textile and oil producing facilities	4/11/63 (6/6/63)	U.S. dollars Less: Participations Net total in U.S. dollars	2,200,000 154,411 2,045,589	13,752 13,752	2,186,248 154,411 2,031,837	258,824 154,411 104,413	1,927,424 1,927,424	5¾	17 semiannual beginning 6/6/65
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				2,749,996	13,752	2,736,244	368,824	2,367,420		
Less: Participations				269,911		269,911	187,411	82,500		
Net total loans to Paraguay expressed in U.S. dollars				2,480,085	13,752	2,466,333	181,413	2,284,920		
PERU										
Corporación de Saneamiento de Arequipa (Republic of Peru) <i>Public entity</i>	Water supply and sewage system	2/3/61 (6/2/61)	Soles U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	66,000,000 1,450,000 3,910,359 145,000 3,765,359	 152,585 152,585 152,585	66,000,000 1,297,415 3,757,774 145,000 3,612,774	 72,500 72,500 72,500 3,612,774	66,000,000 1,224,915 3,685,274 72,500 3,612,774	5¾	20 semiannual beginning 12/1/65
Compañía Peruana de Cemento Portland, S.A. (Banco Popular del Perú) <i>Private entity</i>	Cement plant	10/5/61 (12/15/61)	Soles U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	6,750,000 1,250,000 1,501,719 238,125 1,263,594	 152,585	6,750,000 1,250,000 1,501,719 238,125 1,263,594	1,687,929 312,500 375,435 238,125 137,310	5,062,071 937,500 1,126,284 1,126,284	5¾	16 semiannual beginning 6/1/64
Banco Industrial del Perú (Republic of Peru) <i>Mixed entity</i>	Industrial development	10/18/62 (11/23/62)	U.S. dollars Less: Participations Net total in U.S. dollars	2,500,000 375,000 2,125,000	 2,125,000	2,500,000 375,000 2,125,000	250,000 250,000 2,125,000	2,250,000 125,000 2,125,000	5¾	20 semiannual beginning 5/15/65
PERUINVEST Peruano-Suiza de Fomento e Inversiones, S.A. <i>Private entity</i>	Industrial and agricultural development	11/5/63 (11/8/63)	U.S. dollars	750,000	131,404	618,596		618,596	5¾	15 semiannual beginning 11/8/66
Banco Industrial del Perú (Republic of Peru) <i>Mixed entity</i>	Industrial development	12/12/63 (12/13/63)	U.S. dollars Less: Participations Net total in U.S. dollars	5,000,000 250,000 4,750,000	636,568 636,568	4,363,432 250,000 4,113,432		4,363,432 250,000 4,113,432	5¾	20 semiannual beginning 6/13/66
Compañía Irrigadora Pativilca, S.A. (Republic of Peru) <i>Private entity</i>	Irrigation	12/12/63 (12/16/63)	Soles ¹ U.S. dollars Total in U.S. dollars	335,000 1,075,000 1,410,000	108,654 396,357 505,011	226,346 678,643 904,989		226,346 678,643 904,989	5¾	19 semiannual beginning 12/16/66
Irrigadora Chimbote, S.A. (Republic of Peru) <i>Private entity</i>	Irrigation	3/24/64 (3/26/64)	Soles ¹ U.S. dollars Total in U.S. dollars	450,000 1,250,000 1,700,000	450,000 1,250,000 1,700,000				5¾	24 semiannual beginning 9/26/67
Banco Industrial del Perú (Republic of Peru) <i>Mixed entity</i>	Industrial development	4/15/65 (4/20/65)	U.S. dollars Less: Participations Net total in U.S. dollars	7,000,000 1,199,000 5,801,000	5,395,177 1,199,000 4,196,177	1,604,823 1,604,823		1,604,823 1,604,823	6	20 semiannual beginning 4/20/68

ORDINARY CAPITAL RESOURCES

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
PERU (Cont'd)										
Banco Industrial del Perú (Republic of Peru) <i>Mixed entity</i>	Capital goods exports	6/15/65 (6/25/65)	U.S. dollars	1,000,000	1,000,000				6	Repayable in periods and conditions specified in credit documents issued by the borrower
Republic of Peru <i>Public entity</i>	Highways	11/18/65	U.S. dollars	4,000,000	4,000,000				6	24 semiannual beginning 42 months after date of contract
			Less: Participations	320,000	320,000					
			Net total in U.S. dollars	3,680,000	3,680,000					
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				28,772,078	13,520,745	15,251,333	697,935	14,553,398		
Less: Participations				2,527,125	1,519,000	1,008,125	560,625	447,500		
Net total loans to Peru expressed in U.S. dollars				26,244,953	12,001,745	14,243,208	137,310	14,105,898		
URUGUAY										
Republic of Uruguay <i>Public entity</i>	Water supply	8/3/61 (10/9/61)	Pesos ¹	2,750,000	1,000,431	1,749,569	45,108	1,704,461	5¾	33 semiannual beginning 10/10/65
			U.S. dollars	2,993,000	653,365	2,339,635	70,898	2,268,737		
			Total in U.S. dollars	5,743,000	1,653,796	4,089,204	116,006	3,973,198		
			Less: Participations	358,395		358,395	55,581	302,814		
			Net total in U.S. dollars	5,384,605	1,653,796	3,730,809	60,425	3,670,384		
Administración Nacional de Combustibles, Alcohol y Portland <i>Public entity</i>	Oil refinery and cement plant	6/14/62 (8/23/62)	U.S. dollars	4,600,000	1,289,337	3,310,663	460,000	2,850,663	5¾	20 semiannual beginning 2/23/65
			Less: Participations	593,000		593,000	460,000	133,000		
			Net total in U.S. dollars	4,007,000	1,289,337	2,717,663		2,717,663		
Republic of Uruguay <i>Public entity</i>	Highway construction	11/15/62 (3/5/63)	U.S. dollars	4,100,000	3,959,975	140,025		140,025	5¾	25 semiannual beginning 3/1/66
Banco de la República Oriental del Uruguay (Republic of Uruguay) <i>Public entity</i>	Agricultural and industrial development	12/19/63 (4/1/64)	U.S. dollars	5,000,000	5,000,000				5¾	18 semiannual beginning 10/1/67
Republic of Uruguay <i>Public entity</i>	Water supply	6/10/65 (8/19/65)	U.S. dollars	2,600,000	2,600,000				6	34 semiannual beginning 2/19/69
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				22,043,000	14,503,108	7,539,892	576,006	6,963,886		
Less: Participations				951,395		951,395	515,581	435,814		
Net total loans to Uruguay expressed in U.S. dollars				21,091,605	14,503,108	6,588,497	60,425	6,528,072		

VENEZUELA										
Corporación Venezolana de Fomento <i>Public entity</i>	Industrial development	5/18/61 (8/11/61)	Bolivares	13,375,000	3,757,784	9,617,216	2,531,900	7,085,316	5¾	20 semiannual beginning 2/15/64
			U.S. dollars	6,250,000	1,415,650	4,834,350	1,283,000	3,551,350		
			Total in U.S. dollars	9,214,047	2,250,713	6,963,334	1,843,491	5,119,843		
			Less: Participations	762,500		762,500	762,500			
			Net total in U.S. dollars	8,451,547	2,250,713	6,200,834	1,080,991	5,119,843		
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) <i>Public entity</i>	Water supply	8/2/62 (8/24/62)	U.S. dollars	6,000,000	748,751	5,251,249		5,251,249	5¾	30 semiannual beginning 2/24/66
			Less: Participations	402,500		402,500		402,500		
			Net total in U.S. dollars	5,597,500	748,751	4,848,749		4,848,749		
Banco Agrícola y Pecuário (Republic of Venezuela) <i>Public entity</i>	Livestock development	4/16/63 (4/18/63)	U.S. dollars	5,530,000	4,907,372	622,628		622,628	5¾	15 semiannual beginning 4/18/66
			Less: Participations	1,080,000	500,000	580,000		580,000		
			Net total in U.S. dollars	4,450,000	4,407,372	42,628		42,628		
Corporación Venezolana de Fomento <i>Public entity</i>	Industrial development	11/12/64 (5/20/65)	Bolivares ¹	5,000,000	4,415,187	584,813		584,813	6	20 semiannual beginning 11/25/67
			U.S. dollars	5,000,000	3,915,186	1,084,814		1,084,814		
			Total in U.S. dollars	10,000,000	8,330,373	1,669,627		1,669,627		
			Less: Participations	1,500,000	750,000	750,000		750,000		
			Net total in U.S. dollars	8,500,000	7,580,373	919,627		919,627		
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				30,744,047	16,237,209	14,506,838	1,843,491	12,663,347		
Less: Participations				3,745,000	1,250,000	2,495,000	762,500	1,732,500		
Net total loans to Venezuela expressed in U. S. dollars				26,999,047	14,987,209	12,011,838	1,080,991	10,930,847		
Net total active loans expressed in U.S. dollars				630,711,746	365,820,574	264,891,172	9,178,628	255,712,544		
Add: Participations				24,972,231	9,327,543	15,644,688	4,967,965	10,676,723		
				655,683,977	375,148,117	280,535,860	14,146,593	266,389,267		
Add: Loan cancellations				19,803,636						
TOTAL APPROVED LOANS EXPRESSED IN U.S. DOLLARS				675,487,613						

Notes:

- In addition to the interest rates shown, loans extended before August 6, 1964, carry a commitment fee of ¾% on undisbursed balances; those made after that date carry a commitment fee of 1%. However, revolving lines of credit to finance exports of capital goods carry no commitment fee.
 - 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.
 - Interest and amortization are payable in the currencies loaned.
 - On the undisbursed balance of loans, the Bank has entered into irrevocable commitments to disburse \$11,133,377.
- ¹ Expressed in U.S. dollar equivalent.
- ² Italian lire portion is also subject to a service commission of 1% and a commitment fee of 1½%.
- ³ German mark portion is also subject to a service commission of 1½% and a commitment fee of 1¾%.
- ⁴ Pound sterling portion is subject to a service commission of 1½% and a commitment fee of 1¾%.



CATTLE HERDS in Nicaragua are being improved with the help of Bank loans totaling \$11.4 million extended from the Bank's Fund for Special Operations and its ordinary capital resources.

Part II

FUND FOR SPECIAL OPERATIONS

Operations / Fiscal Year 1965

Resources

The volume of loans extended by the Bank in 1965—the highest in its five years of operations—was made possible largely by the action taken during the year by member countries to increase their contributions to the Fund for Special Operations and expand its fields of activity to include those previously financed by the Social Progress Trust Fund.

This action was initiated by a resolution approved by the Bank's Board of Governors at its Fifth Annual Meeting in Panama City in April 1964. The resolution called on member countries to take measures to increase the resources of the Fund through additional contributions, payable in their respective currencies, amounting to the equivalent of \$900 million, of which \$750 million was to be contributed by the United States and the equivalent of \$150 million by the Latin American member countries in their own currencies.

The contributions were to be made in three equal installments payable by the end of 1964, 1965 and 1966. On December 31, 1964, the Bank's Board of Executive Directors extended the first of these dates to June 30, 1965.

FUND FOR SPECIAL OPERATIONS

The increase entered into effect March 31, 1965, the date on which the required number of countries had taken action to adopt it and by December 31, 1965, the Bank's twenty member countries had contributed the first two tranches, amounting to \$600 million, of the increase.

The original contributions to the Fund were \$146,316,000. In 1964 these were increased by \$73,158,000 to a total of \$219,474,000. Half of that amount was paid in gold or United States dollars and half in the currency of the respective member country.

Thus, up to December 31, 1965, the Bank's member countries had contributed a total of \$820,391,500 to the Fund and when the third contribution to the \$900 million increase has been completely paid in by December 31, 1966, the Fund's total resources will amount to \$1,119,474,000, of which \$934,737,000 will have been contributed in dollars and the equivalent of \$184,737,000 in currencies of the Latin American member countries of the Bank.

The contributions made by each member nation to the Fund for Special Operations are shown in the accompanying table.

Policies

The Fund for Special Operations was set up by the Agreement Establishing the Bank as a fund completely separate from the ordinary capital resources to make loans on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects. Such terms and conditions generally have included lower interest rates and longer maturities than those applied to the ordinary capital resources and repayment, in whole or in part, in local currency.

During the Bank's first four years of operations, loans from the Fund were extended primarily in such fields as agriculture, industry, mining, electric power, transportation and water supply. In addition, part of the resources of the Fund, as well as some of its income, was devoted to reimbursable and nonreimbursable technical assistance.

In increasing the resources of the Fund for Special Operations by \$900 million, the Board of Governors also authorized the Bank to expand the activities of the Fund to include "financing for social development purposes, including those hereto-

CONTRIBUTIONS RECEIVED FUND FOR SPECIAL OPERATIONS (Expressed in United States Dollars)	COUNTRY	Prior to 1965	During 1965	Due in 1966	TOTAL
	Argentina	\$ 15,471,000	\$ 22,268,000	\$11,134,000	\$ 48,873,000
	Bolivia	1,242,000	1,788,000	894,000	3,924,000
	Brazil	15,471,000	22,268,000	11,134,000	48,873,000
	Chile	4,248,000	6,114,000	3,057,000	13,419,000
	Colombia	4,245,000	6,110,000	3,055,000	13,410,000
	Costa Rica	621,000	894,000	447,000	1,962,000
	Dominican Republic	828,000	1,192,000	596,000	2,616,000
	Ecuador	828,000	1,192,000	596,000	2,616,000
	El Salvador	621,000	894,000	447,000	1,962,000
	Guatemala	828,000	1,192,000	596,000	2,616,000
	Haiti	621,000	894,000	447,000	1,962,000
	Honduras	621,000	894,000	447,000	1,962,000
	Mexico	9,945,000	14,316,000	7,158,000	31,419,000
	Nicaragua	621,000	894,000	447,000	1,962,000
	Panama	621,000	894,000	447,000	1,962,000
	Paraguay	621,000	894,000	447,000	1,962,000
	Peru	2,073,000	2,982,000	1,491,000	6,546,000
	United States	150,000,000	500,000,000	250,000,000	900,000,000
	Uruguay	1,106,000	3,858,500	276,500	5,241,000
	Venezuela	8,289,000	11,932,000	5,966,000	26,187,000
	TOTAL	\$218,921,000	\$601,470,500	\$299,082,500	\$1,119,474,000

fore financed through the Social Progress Trust Fund." The Bank administers the Trust Fund for the United States Government under the Alliance for Progress program. The resources of the Trust Fund are used to finance land settlement and improved land use, housing for low-income groups, community water supply and sanitation facilities and higher education and advanced training.

The resolution of the Board of Governors increasing the Fund's resources also requested that in establishing financing policies for the expanded Fund, the Board of Executive Directors take into consideration policies which guided Trust Fund operations.

In September 1965, the Board of Executive Directors adopted a document of policy guidance for the future operations of the Fund. These guidelines were based on the discussions of the Specialized Committee which negotiated and drafted the Agreement Establishing the Bank early in 1959, on the Agreement itself, on views of Governors of the Bank and on a careful review of the previous operations of the two funds.

Under these guidelines, the Bank, in carrying out the expanded operations of the Fund, will place special emphasis on activities of a social nature, in addition to those it had previously carried out.

The guidelines also outline various fields in which the Bank will expand its financial and technical assistance in support of the economic and social development of its member countries. These include fields connected with preinvestment studies and project preparation, agricultural and rural development, urban development, and technical and vocational education.

A summary of the fields of action of the expanded Fund follows:

Preinvestment Studies and Project Preparation: In order to help overcome a shortage of well-prepared loan proposals in economic and social fields related to national development plans and priorities, greater emphasis will be placed on financing preinvestment studies and preparing projects, including sectoral studies, river basin surveys and research on basic natural resources.

Rural Community Development: Economic and social elements are combined in this category, including such infrastructure as irrigation and drainage, electrification, cadastral and soil mapping, transportation and marketing and storage facilities; support for rural development institutions; assist-

ance to industries producing fertilizers and farm machinery and tools; help for the animal husbandry and handicraft industries and programs for integral rural community development.

Urban Development: The Bank previously had financed urban housing, water supply and sewage projects separately. In the future it proposes, where possible, to finance them in "package" loans, thus promoting balanced urban development, and to expand the fields to include health, education and other community facilities.

Educational Development: Under the Trust Fund Agreement, Bank support in the educational field was limited to higher education, particularly in science, engineering and agriculture. In the future this will be broadened to include training in medicine and public health, applied social sciences and technical and vocational instruction.

Economic Development: Resources of the Fund will continue to be used to finance infrastructure projects in the fields of transportation, electric power, communications and water supply; overall loans to development banks; industries of an extractive nature in the mining, fuel, forestry and fishery fields, and manufacturing industries.

Miscellaneous Activities: Support will be given for applied research facilities and equipment, and for training connected with economic and social development.

Loans

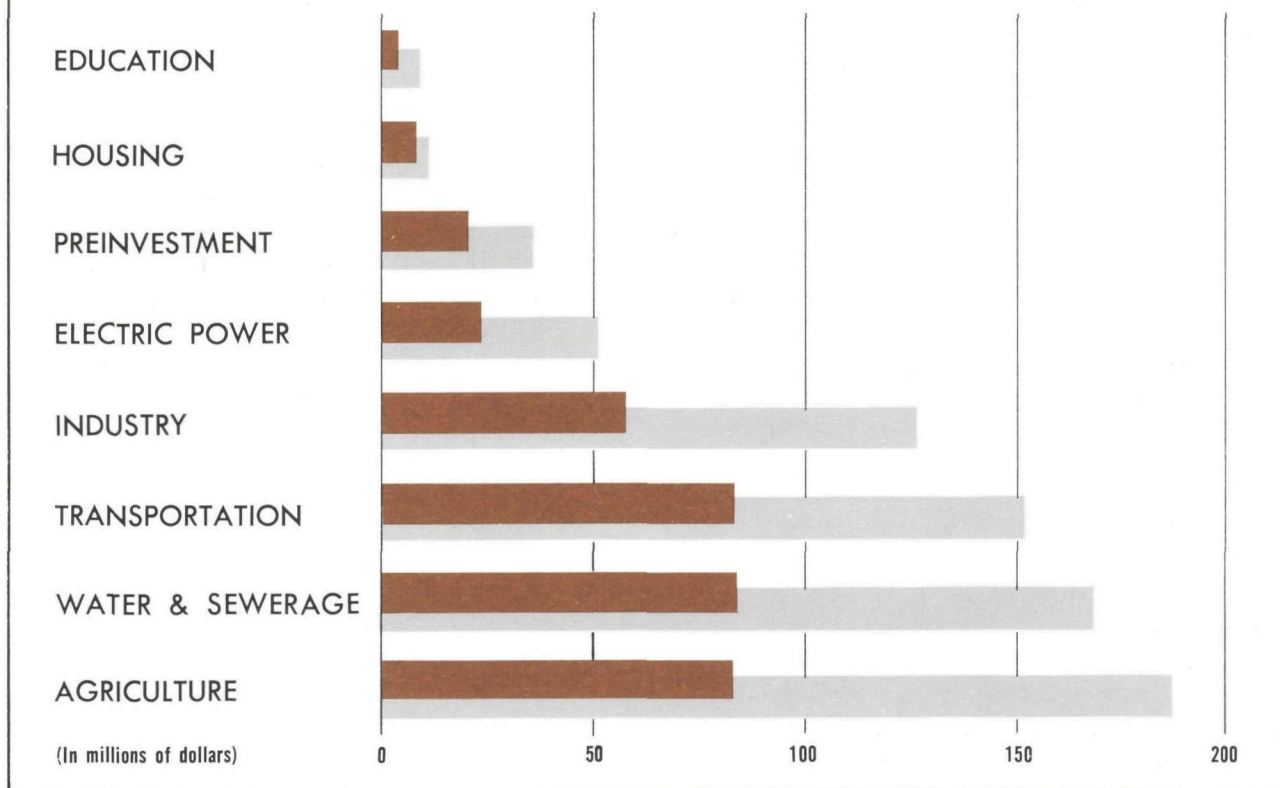
During 1965 the Bank authorized 31 loans totaling \$196,595,000 from the Fund for Special Operations, compared with 14 loans amounting to \$49,420,000 in 1964. The 1965 authorizations brought the Bank's cumulative total from the Fund as of December 31, 1965, to 82 loans for \$366,399,554, net of cancellations and exchange adjustments.

The 1965 figure was not only about four times greater than the 1964 total but also than the average annual figure of \$42.5 million registered over the previous four years.

Disbursements on loans from the Fund for Special Operations in 1965 amounted to \$28,636,505. At year end, cumulative disbursements from the Fund had risen to \$79,880,321.

Slightly more than 40 per cent, or \$80,770,000, of the loan volume authorized in 1965 from the Fund for Special Operations was devoted to financing projects in the field of transportation. This

DISTRIBUTION OF LOANS AND TOTAL COST OF THE PROJECTS



emphasis reflected the Bank's overall concern during the year on financing projects contributing to Latin America's infrastructure development.

The 31 loans authorized from the Fund in 1965 were distributed as follows: industry, three for \$7,440,000; agriculture, three for \$26,360,000; transportation, five for \$80,770,000; electric power, one for \$3,300,000; water supply, six for \$56,050,000; housing, one for \$9,000,000; education, six for \$4,500,000, and preinvestment, six for \$9,175,000.

The three *industry* loans included one for \$2.2 million (supplemented by another from the ordinary capital resources for \$2 million) for an industrial credit program in Costa Rica, another for \$5 million for a similar program in the Dominican Republic, and a third for \$240,000 for studies connected with the operations of the Dominican Republic's *Corporación Azucarera Dominicana*.

The three *agriculture* loans included one for \$20.5 million and another for \$5.2 million to finance agricultural credit programs in Brazil and Costa Rica, respectively, and a third for \$660,000

for a land settlement program in Paraguay.

The five *transportation* loans included \$20 million for a highway from Paranagua, Brazil, to the Paraguayan border; \$5,640,000 for a related project to improve the sea port of Paranagua; \$10,130,000 to finance the construction of a highway in Honduras; \$33 million (together with \$21 million from the ordinary capital resources) to help improve feeder roads in Mexico, and \$12 million for access roads in Nicaragua.

The *electric power* loan, one for \$3.3 million, is helping provide additional energy for the industrial city of Cali in Colombia.

The six *water supply* loans included: \$18.5 million for projects in five Argentine cities; \$15 million for systems in 200 cities of less than 40,000 inhabitants and for the city of Salvador, Bahia, in Brazil; \$15.5 million for systems in 39 Chilean cities; \$4,750,000 to expand the system in Medellin, Colombia; \$1.3 million for projects in 131 rural communities in Costa Rica, and \$1 million (in addition to a loan of \$2.6 million from the ordinary

capital resources) for systems in the areas surrounding the resort community of Punta del Este, Uruguay.

The *housing* loan, one for \$9 million, was extended for low-income homes in Panama City, Colon, and other communities in Panama.

The loans for advanced *education* included \$500,000, \$400,000 and \$400,000, respectively, to improve universities in Cochabamba, Oruro and Santa Cruz, Bolivia; \$1.2 million to improve Schools of Education and Social Sciences at a university in Concepcion, Chile; \$1 million to improve engineering instruction at a private university in Bogota, Colombia, and \$1 million to expand a private technological institution in Monterrey, Mexico.

The six *preinvestment* loans included one for \$400,000 to help Argentina's *Consejo Nacional de Desarrollo* make sectoral and economic studies; \$200,000 for a steel mill feasibility study in Bahia, Brazil; \$5 million to help Brazil draft economic plans and projects; \$3 million for the preparation of development projects in Chile; \$375,000 for similar studies in Honduras, and \$200,000 to help draft projects which might be financed under a \$3.3 million development loan for relending extended to Nicaragua from the ordinary capital resources.

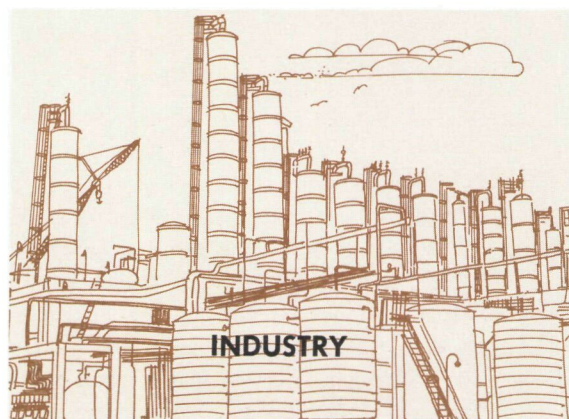
The total cost of the 31 projects and programs which these loans are helping to finance is estimated at \$362,574,000. The Bank's financing is covering 54 per cent of this total; the remaining 46 per cent comes primarily from the borrowers themselves.

Loans authorized by the Bank from the Fund for Special Operations are described in the following section, according to the following categories:

- | | |
|-------------------|------------------|
| • Industry. | • Water Supply. |
| • Agriculture. | • Housing. |
| • Transportation. | • Education. |
| • Electric Power. | • Preinvestment. |

The rate of interest charged during 1965 on loans extended from the Fund for Special Operations varied from $2\frac{1}{4}$ per cent to 4 per cent per annum, according to the nature of the project. In addition, a service charge of $\frac{3}{4}$ of 1 per cent was applied when required. Amortization periods varied from 15 to 30 years on all loans except those for preinvestment projects, whose terms were between $5\frac{1}{2}$ and 15 years.

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



COSTA RICA

INDUSTRIAL DEVELOPMENT

\$2.2 million 16-year $3\frac{1}{4}$ % loan of December 21, 1965
Borrower: BANCO DE COSTA RICA

This loan supplements another for \$2 million from the ordinary capital resources (see page 20) in helping the *Banco de Costa Rica* to finance an industrial development program.

The proceeds of the two loans, which will finance 58 per cent of the cost of the program, will be channeled in credits to help private industrial enterprises expand and modernize their facilities or carry out new projects.

Up to \$200,000 of this loan may be used for technical assistance services related to the preparation of preinvestment studies or the execution of projects. The loan is guaranteed by the Republic of Costa Rica.

TEXTILE MILL in Honduras financed from a global loan made in 1961 from the Fund for Special Operations.



DOMINICAN REPUBLIC

INDUSTRIAL DEVELOPMENT

\$5 million 15-year 4% loan of April 15, 1965
(\$4,850,000 and \$150,000 in Dominican pesos)
Borrower: BANCO CENTRAL DE LA REPUBLICA DOMINICANA

In the past two years, the Dominican Government has undertaken several measures to accelerate industrial development by providing incentives for the establishment of new enterprises which save or generate foreign exchange. This loan will contribute to this end by financing 50 per cent of the cost of a program which will be carried out by the borrower, the *Banco Central de la República Dominicana*, to promote the development of medium- and small-scale industrial enterprises.

The proceeds will be channeled through development institutions and commercial banks to private enterprises to help finance the purchase of machinery and equipment for new industrial projects or for the expansion of existing plants. Up to \$250,000 of the loan may be used to finance pre-investment studies, project preparation, personnel training and advisory services.

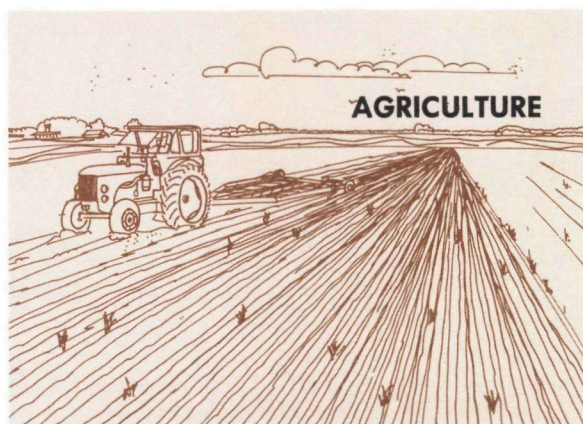
Priority will be given in the program to enterprises whose output will substitute imports, expand exports and promote the processing of the nation's agricultural output. The loan is guaranteed by the Dominican Republic.

INDUSTRIAL STUDIES

\$240,000 8-year 3¼% loan of December 2, 1965
(\$168,000 and \$72,000 in Dominican pesos)
Borrower: CORPORACION AZUCARERA DOMINICANA

The *Corporación Azucarera Dominicana* is the state entity which operates the Dominican Republic's publicly-owned sugar mills. The enterprise, which employs about 60,000 workers, is the nation's largest employer and its sugar exports account for about 30 per cent of the country's total export earnings. In 1964 the Bank provided \$90,000 in reimbursable technical assistance to finance a study of the corporation's operations.

This loan will help to implement various recommendations in the study for the technical and administrative reorganization of the entity. They relate principally to agricultural research and programming, livestock production, factory operations, laboratories, transportation, administration and manpower utilization. The loan is guaranteed by the Dominican Republic.



BRAZIL

FARM CREDIT

\$20.5 million 20-year 2¼% loan of December 9, 1965
(\$17.5 million and \$3 million in cruzeiros)
Borrower: UNITED STATES OF BRAZIL

About 81 per cent of the estimated 3,350,000 farms in Brazil consist of less than 125 acres each. Of these, only about 7 per cent have ever benefited from farm credit programs, and these have generally been located in such highly developed states as São Paulo, Rio Grande do Sul, Minas Gerais, Parana and Goias.

This loan will finance 51 per cent of a program designed to achieve a more balanced distribution in agricultural credit. The program, which will be carried out by the *Banco Central da República do Brasil*, will provide short-, medium- and long-term credit to small- and medium-scale farmers and farm cooperatives. Preference will be given to the less developed areas of the nation.

The *Banco Central* will channel the proceeds to farmers through 14 public and private financial institutions. Credits will be extended for granaries, stables, warehouses, silos, roads, fences, houses, irrigation facilities, water supply, power installations, work animals, breeding stock, tractors, trucks and other machinery. Up to \$300,000 of the loan may be devoted to the financing of technical assistance services related to the establishment of uniform procedures for extending and administering the credits and to the provision of agricultural extension services to the farmers and cooperatives receiving the loans.

The program seeks to expand output of rice, corn, beans, cassava, pork, beef, milk, poultry and eggs, whose current levels of production fail to meet the nation's requirements.

COSTA RICA

FARM CREDIT

\$5.2 million 20-year 4% loan of August 26, 1965

(\$4.8 million and \$400,000 in colones)

Borrower: BANCO NACIONAL DE COSTA RICA

In March 1963, after 54 years of inactivity, the Irazu Volcano located in Costa Rica's central plateau 15 miles from San Jose, the capital, began eruptions which lasted until December 1964. These scattered an estimated 80,000 tons of ash and other volcanic material over an area of 250 square miles embracing the nation's principal population centers and its most productive agricultural and livestock zones. The affected region produces nearly 80 per cent of the milk consumed in the central region, 75 per cent of the nation's potato crop, 30 per cent of the vegetable crop, and a high proportion

of the coffee, fruit and other basic crops.

This loan will finance 44 per cent of the cost of a program to rehabilitate a zone in the affected area and to open new farms in another zone where 500 families will be resettled. In the former, the program calls for the rehabilitation of 2,800 acres of silage crops and 2,900 acres of pastures, and the repair of homes, farm buildings and other installations damaged by the volcanic ash.

In the second zone, the program provides for the development of more than 6,000 acres of silage crops and 8,700 acres of pastures, and for the construction of houses, stables and refrigerating rooms and nearly 625 miles of farm access roads.

The proceeds of the loan will be used to extend credits to farmers for the purchase of machinery and equipment and for on-farm investments. The loan is guaranteed by the Republic of Costa Rica.

WATER FOR PARCHED LANDS is brought to Latin America's countryside with the aid of Bank loans. This project is located in Venezuela, where various programs financed by the Bank are benefiting farmers.



PARAGUAY

LAND SETTLEMENT

\$660,000 15-year 4% loan of May 27, 1965
(\$260,000 and \$400,000 in guaranies)

Borrower: REPUBLIC OF PARAGUAY

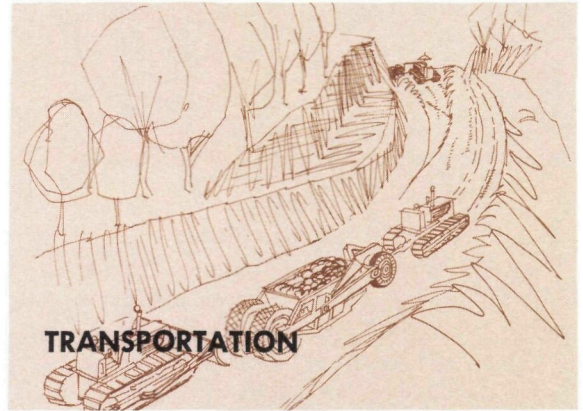
Agriculture, Paraguay's main economic activity, is carried out mostly within a radius of 100 miles from Asuncion, the capital city. This area has 50 per cent of the rural population and 80,000 farms, many excessively small.

This agrarian structure, plus a lack of technology, has resulted in low levels of productivity per farmer and per acre. In view of these factors, the Paraguayan Government has given high priority in its planning efforts to agricultural development, particularly in the upper Parana River.

This loan will help to finance a new stage in a colonization program in that region, which was begun in 1961 with the help of a \$250,000 loan from the Fund for Special Operations. The proceeds of that loan helped resettle more than 700 families on a colony near Puerto Presidente Stroessner, finance the construction of a sawmill and build 85 miles of access roads.

This new loan will help expand the sawmill; purchase timber-felling equipment and trucks to transport logs; construct additional access roads and dividing lanes between farms; build 400 dwellings, and establish a tree nursery.

The program is expected to increase the production of lumber for export and domestic consumption, promote the development of livestock herds and raise the level of farm output. At the end of this new stage, more than 1,500 farm families will have been settled in the zone.



BRAZIL

ROAD CONSTRUCTION

\$20 million 20-year 3¼% loan of December 21, 1965
(\$16 million and \$4 million in cruzeiros)

Borrower: DEPARTAMENTO NACIONAL DE ESTRADAS DE RODAGEM

The Brazilian Government is carrying out large-scale projects to improve and expand highways throughout the country to meet expected increases in the volume of freight moved by highway, which is expected to account for 78 per cent of all commercial freight moved in the nation by the year 1970. One of these projects calls for the improvement in the State of Parana of a 485-mile highway which links the seaport of Paranaguá with Friendship Bridge on the Parana River at the Brazilian-Paraguayan border.

This loan will finance 50 per cent of the cost of the project which consists of widening and paving two sections of the highway with a length of 408 miles. One of the sections, 54 miles long,





TRANSPORTATION NETWORK in Honduras is being improved with Bank financing totaling some \$15 million.

extends from Paranagua to Curitiba, the state capital; the other, 354 miles long, connects Ponta Grossa with the border town of Foz do Iguaçu. A third section, 77 miles long between Curitiba and Ponta Grossa, is already complete. On the Paraguayan side, the highway extends 206 miles from Friendship Bridge to Asuncion, the capital, and is entirely paved.

The project will be carried out by the *Departamento Nacional de Estradas de Rodagem*, Brazil's federal highway agency. In addition to improving the primary road system of the State of Parana, Brazil's most important coffee producing state, the project will facilitate commercial traffic between Brazil and Paraguay. Together with this loan, the Bank authorized another, described below, for a complementary project to improve and expand port facilities at Paranagua.

The loan is guaranteed by the United States of Brazil.

PORT IMPROVEMENT

\$5,640,000 20-year 3¼% loan of December 21, 1965
Borrower: DEPARTAMENTO NACIONAL DE PORTOS E VIAS NAVEGAVEIS

Paranagua, in the State of Parana, is second among Brazil's 36 seaports in the value of freight exported and seventh in terms of total volume of cargo handled. The port's principal export product is coffee, followed by lumber, mate and corn. Petroleum products, transported to Paranagua from other Brazilian areas, are the principal imports and represent 50 per cent of the port's total cargo movement.

The port serves not only the State of Parana but also parts of the States of São Paulo and Mato Grosso. In addition, the port has a free zone devoted to Paraguay's external trade moving overland over the highway.

This loan will finance 45 per cent of the cost of a project to improve and expand the port in order to reduce transportation costs and provide facilities to increase the volume of freight handled by the port. The project will be carried out by the *Departamento Nacional de Portos e Vias Navegaveis*, the Brazilian Government agency in charge of port projects. Specifically the project includes the following works:

- Dredging the access channel to the bay to increase its depth from 23 feet to 33 feet to permit the entry of ships of up to 45,000 tons.
- Lengthening the fuel dock by 543 feet, with an access bridge of 398 feet, in order to accommodate three modern tankers at the same time.
- Expanding the general merchandise pier from 5,216 feet to 6,857 feet to accommodate additional vessels, as the first phase of a plan to double the present length of the pier by 1970 to satisfy the predicted increase in freight moving through the port.
- Constructing a silo of 10,000 tons which will provide sufficient capacity to move at least 300,000 tons a year.

The loan is guaranteed by the United States of Brazil.

HONDURAS

ROAD CONSTRUCTION

\$10,130,000 25-year 4% loan of March 25, 1965
Borrower: REPUBLIC OF HONDURAS

One of the major handicaps to industrial and agricultural development in Honduras is a poor transportation system between the country's main

agricultural areas and its most important industrial center, San Pedro Sula. In order to improve communications between these, as well as other Honduran zones, the Honduran Government in 1961 carried out a preinvestment study, with the aid of a Bank loan of \$960,000, of a project to build a road linking Puerto Cortes, on the Atlantic, with the capital, Tegucigalpa, and with the Pan American Highway along the Gulf of Fonseca on the Pacific. The highway will form part of the transcontinental system contemplated in the Central American Regional Highway Program.

This loan will finance 41 per cent of the cost of building a 125-mile section of that highway, called the *Carretera del Norte*, between Rio del Hambre 12 miles northeast of Tegucigalpa, and Petrerillos. Another 39 per cent will be financed with a \$6 million loan from the World Bank and a \$3.5 million credit from its affiliate, the International Development Association. The remaining 20 per cent will be financed by Honduras.

The two-lane, asphalt highway will cross the most important Departments of Honduras: Francisco Morazán, which includes Tegucigalpa; Comayagua, one of the most productive agricultural areas of the country; and Cortes, which includes the Atlantic port of Puerto Cortes, and the industrial center of San Pedro Sula. This region's farmlands total more than 900,000 acres, or 75 per cent of the cultivated areas of Honduras.

MEXICO

FEEDER ROADS

\$33 million 25-year 4% loan of December 30, 1965
(\$24.5 million and \$8.5 million in Mexican pesos)
Borrower: NACIONAL FINANCIERA, S.A.

This loan, together with one for \$21 million from the ordinary capital resources (see page 23), will finance 60 per cent of the cost of the first stage of a National Feeder Road Program being carried out throughout Mexico by the Secretariat of Public Works.

The program calls for the execution of 224 individual projects, including the construction of 64 new feeder roads with a length of 1,224 miles and the reconstruction or improvement of another 160 with a length of 3,665 miles. The first stage, which will cost \$90 million, calls for the execution of those projects which can be carried out over the next three years due to the fact that the engineering studies are sufficiently advanced.

At present Mexico has some 14,000 miles of main highways and about 20,000 miles of secondary or feeder roads which link interior areas with the primary system. However, the feeder system is considered insufficient to adequately serve Mexico's agricultural sector, which employs 50 per cent of the nation's economically active population.

The feeder road program is expected to help open up new lands to agriculture, to reduce transportation costs, and improve productivity and output in areas whose current economic growth is handicapped by poor communications with marketing centers. The loan is guaranteed by the United Mexican States.

NICARAGUA

ACCESS ROADS

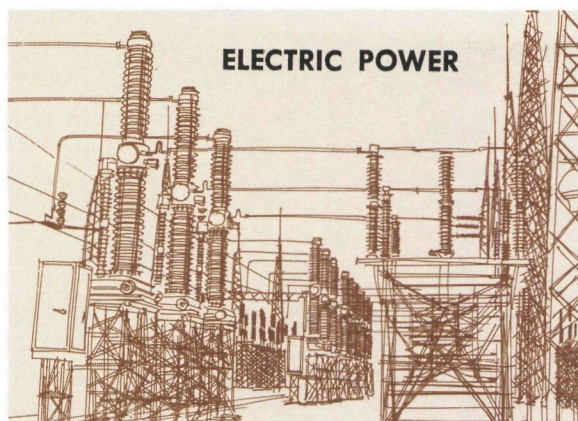
\$12 million 25-year 4% loan of September 27, 1965
(\$11,650,000 and \$350,000 in cordobas)
Borrower: REPUBLIC OF NICARAGUA

Nearly 4,000 miles of roads, 45 per cent of them all-weather, connect various areas in Nicaragua. However, development of the areas served by these main routes is held back by a lack of access and farm roads needed for the rapid movement of farm products to processing and consuming centers.

For this reason, the Government of Nicaragua has given high priority in its National Economic and Social Development Plan for 1965-69 to the improvement of the nation's road system and contemplates spending 41 per cent of its annual public investment on transportation—with particular emphasis on secondary and rural roads.

This loan will finance 70 per cent of the cost of a program, included in the plan, calling for the construction of three access roads totaling 95 miles and 15 farm roads totaling 293 miles. The access roads will link Nicaragua's northwestern cotton producing area and an underdeveloped region on the nation's central coast, south of Managua, with the rest of the country. The farm roads will link 38 communities spread out over an area of 3,300 square miles in the milk producing zone of Matagalpa, in Nicaragua's central region.

The new roads are expected to reduce costs of moving farm products to processing and consuming centers and thus stimulate farm production, especially meat, which has a broad external demand; milk, which properly processed, could supply the Central American Common Market, and cotton, which is the nation's principal export.



COLOMBIA

POWER TRANSMISSION

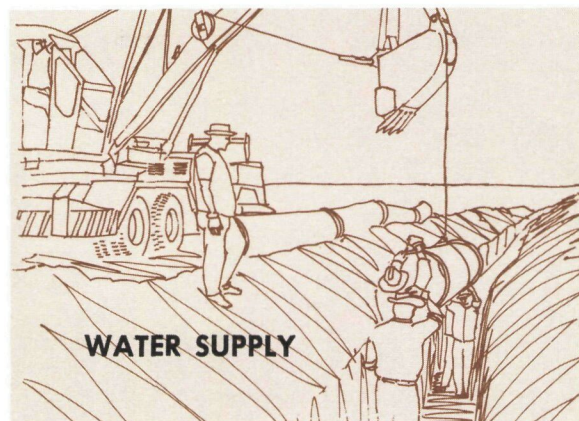
\$3.3 million 15-year 3¼% loan of October 21, 1965
 Borrower: ESTABLECIMIENTO PUBLICO EMPRESAS MUNICIPALES DE CALI

The borrower, *Establecimiento Público Empresas Municipales de Cali (EMCALI)*, is an autonomous public agency which provides utilities to Cali and its suburbs. This area has experienced a remarkably high rate of population and industrial growth in the past 15 years. Its population, now numbering 750,000, has been growing at an average annual rate of 8 per cent, and its industrial production, which in 1963 represented 10 per cent of Colombia's gross domestic product, has been increasing at an annual rate of 21 per cent.

As a result of this growth, the demand for electric power has been rising at an annual rate of 14 per cent, one of the world's highest growth rates for cities of this size. To keep pace with demand, *EMCALI* has prepared a power expansion program to satisfy requirements up to 1971.

This loan will finance 40 per cent of the cost of one of the projects included in the plan, which is designed to expand *EMCALI's* power distribution system from its present capacity of 168 MVA to 308 MVA. The project calls for the installation of 17 miles of transmission lines, 186 miles of low tension distribution lines, four miles of underground cables and seven sub-stations, as well as the purchase of maintenance equipment.

Up to \$100,000 of the loan may be devoted to technical assistance services related to the execution of the project. The loan is guaranteed by the Republic of Colombia.



ARGENTINA

WATER SUPPLY

\$18.5 million 20-year 2¼% loan of December 9, 1965
 (\$12 million and \$6.5 million in Argentine pesos)

Borrower: ADMINISTRACION GENERAL DE OBRAS SANITARIAS DE LA NACION

The Argentine Government has prepared a national plan to provide adequate water services to all rural and urban communities in the nation. The rural phase of the plan, whose first stage was begun in 1965 with the aid of a \$5 million loan from the Social Progress Trust Fund (see page 115), is being carried out by the National Water Supply and Rural Sanitation Service, an agency of the Ministry of Social Welfare and Public Health. The urban phase is being executed by the *Administración General de Obras Sanitarias de la Nación*, the agency responsible for water supply and urban sanitation services in the country.

This loan will finance 41 per cent of the cost of a program in the latter plan to improve and expand water systems in Buenos Aires, Tucuman, Jujuy, Mendoza and Cordoba. The areas to be benefited have a combined population of 3 million persons. The improvements will enable these areas to receive a per capita supply of up to 500 liters per day. The projects include:

Buenos Aires. A \$28.1 million water treatment plant with a capacity of 1 million cubic meters a day in Bernal to meet the needs of six southern suburbs with a population of 1,619,000 persons. In 1964, the Bank extended two loans totaling \$5.5 million for a primary conduit in these zones and for improvements in distribution.

San Miguel de Tucuman. A treatment plant with a capacity of 130,000 cubic meters daily, in-

take facilities, a conduit from the intake to the treatment plant and primary lines from the plant to the city.

San Salvador de Jujuy. Intake facilities, a water treatment plant with a capacity of 65,000 cubic meters per day, and conduits from the intake facilities to the plant and from the plant to the city's distribution system.

Cordoba. Installation of pipelines to carry water to zones where 40 per cent of the city's 600,000 inhabitants live, which lack such services.

Mendoza. Intake facilities, installation of a treatment plant with an initial capacity of 200,000 cubic meters per day, and construction of a conduit from the intake facility to the plant and from the plant to the distribution system.

The loan is guaranteed by the Republic of Argentina.

BRAZIL

WATER SUPPLY

\$15 million 20-year 2¼ % loan of December 21, 1965
(\$11.9 million and \$3.1 million in cruzeiros)

Borrower: UNITED STATES OF BRAZIL

The Government of Brazil, through the *Fundação Serviço Especial de Saúde Pública*, an agency of the Ministry of Health, has prepared a general plan to provide adequate water service to the 600 cities in the nation ranging in size from 5,000 to 40,000 inhabitants, whose total population, according to the 1960 census, was 5.6 million. Estimates indicate that no more than 25 per cent of these inhabitants presently enjoy water service.

Up to \$12,250,000 of this loan will help finance a program included in the plan to provide adequate water to about 200 of these communities whose present population is 1.6 million. By 1968, when this figure reaches 1,770,000, the systems to be built or expanded are expected to serve 60 per cent of the population, and by 1972, when it reaches 2.1 million, the entire population. Total cost of the program is \$24.6 million, of which 46 per cent will be financed by the Bank and 54 per cent by local resources.

The remaining \$2,750,000 will help the *Superintendência de Aguas e Esgotos do Recôncavo* to finance the final stage of a project, begun in 1961 with the aid of a \$4,120,000 loan from the Social Progress Trust Fund, to expand the water supply system of the city of Salvador, Bahia. The new loan will be used to extend the distribution network and to install additional home connections

and water meters. The cost of this stage will be \$4,706,000. The Bank loan will finance 59 per cent and domestic resources the other 41 per cent.

CHILE

WATER SUPPLY

\$15.5 million 20-year 2¼ % loan of December 14, 1965

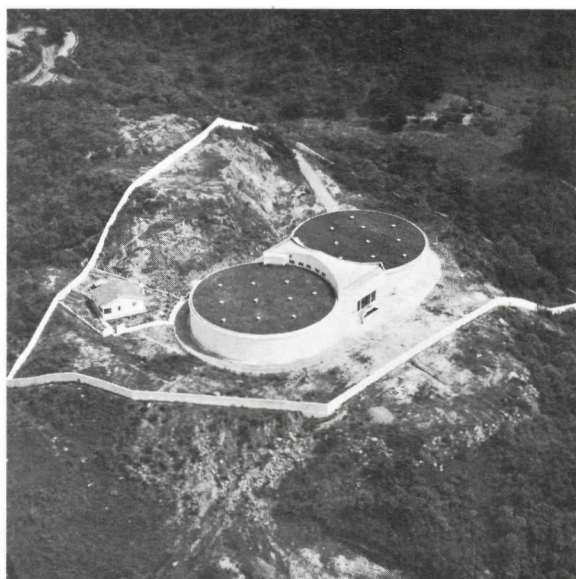
Borrower: REPUBLIC OF CHILE

Chile's 1961-70 National Economic and Social Development Plan calls for average annual investments of \$11 million to meet water supply requirements throughout the country. To help achieve this goal, the Ministry of Development and Public Works, through its *Dirección de Obras Sanitarias*, has prepared a plan for 1965-70 to improve or install water services in 100 Chilean cities with populations of more than 1,000 persons each.

This loan will finance 60 per cent of the cost of a program included in the plan to provide such systems for 39 cities. The program provides for the improvement and expansion of the systems in 28 cities, including 14 provincial capitals, whose total population is about 1.4 million persons, of whom 700,000 will be receiving adequate water service for the first time. The systems are designed to serve a projected population of 2.2 million by 1985. In addition, new systems will be built in 11 towns with a population of about 23,000 persons.

The loan proceeds will be used to purchase pipe,

WATER SUPPLY PROJECT nears completion in Rio de Janeiro with Bank aid. Shown is reservoir at Villa Valqueire.



water meters and supplementary equipment; to finance part of the construction costs, and to pay for up to \$60,000 in technical assistance services.

COLOMBIA

WATER SUPPLY

\$4,750,000 24-year 4% loan of April 15, 1965

(\$3,950,000 and \$800,000 in Colombian pesos)

Borrower: EMPRESAS PUBLICAS DE MEDELLIN

The city of Medellín, one of Colombia's principal industrial centers, has had an exceedingly high rate of population growth during the past decade, averaging 4.5 per cent per year. Its current population of 700,000 is expected to reach 1.8 million by the year 2000.

In order to provide the city with a water supply capable of meeting current and future industrial and residential demands, the borrower, *Empresas Públicas de Medellín*, the authority which provides public utilities to the city and its surrounding communities, has embarked on a broad expansion program. The program, which is being carried out in four-year stages, was begun in 1961 with the help of a Bank loan of \$5,230,724.

This loan will finance 63 per cent of the cost of the second stage, which includes construction of a new treatment plant with a capacity of 120,000 cubic meters of water per day and the expansion of another from 130,000 to 150,000 cubic meters; completion of intake facilities at the Negro River, which were begun during the first stage, and expansion of the distribution network.

These improvements will enable the agency to supply an average flow of 300 liters per capita daily to Medellín up to 1970, when the city will have a population of about 1 million persons. The loan is guaranteed by the Republic of Colombia.

COSTA RICA

WATER SUPPLY

\$1.3 million 30-year 2¼% loan of October 21, 1965

(\$1,230,000 and \$70,000 in Costa Rican colones)

Borrower: SERVICIO NACIONAL DE ACUEDUCTOS Y ALCANTARILLADO

In 1963 about 58 per cent of Costa Rica's population had access to water supply services. All communities with more than 2,000 inhabitants had water systems, but only 15 per cent of those with less than 2,000 enjoyed them.

To improve sanitary conditions, the Costa

Rican Government plans to spend 261 million colones or 20 per cent of its total public investment during 1965-68 on public health programs. A large portion of this investment will be devoted to water supply improvements in an effort to provide adequate service to 750,000 persons, 600,000 in urban areas and 150,000 in rural areas.

The borrower, the *Servicio Nacional de Acueductos y Alcantarillado*, will use this loan to finance 56 per cent of the cost of the first stage of this effort, which calls for the construction of about 70 water supply systems, and the improvement of another 10, for 131 rural communities with a population ranging from 100 to 2,000. Up to \$100,000 of the loan may be used for technical assistance costs related to the execution of the project.

When completed in 1968, the systems will benefit 56,000 persons, but they are designed to serve a projected population of 112,000 persons by 1985. The loan is guaranteed by the Republic of Costa Rica.

URUGUAY

WATER SYSTEM

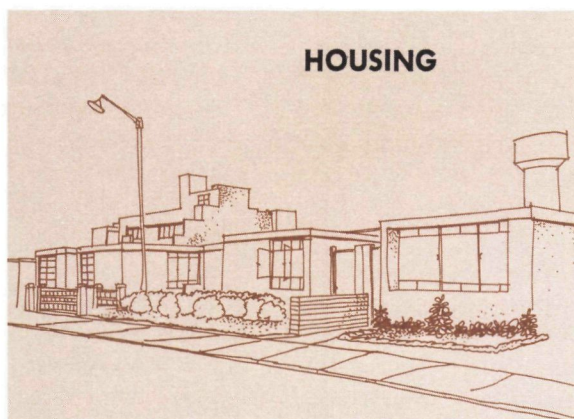
\$1 million 20-year 4% loan of June 10, 1965

Borrower: REPUBLIC OF URUGUAY

This loan, together with another for \$2.6 million from the ordinary capital resources (see page 26), will finance 56 per cent of the cost of a project to build a central water supply system for various coastal communities in the Department of Maldonado, east of Montevideo. The project, which will provide 100,000 cubic meters of potable water per day, is expected to boost Uruguay's foreign exchange receipts by stimulating the tourist industry, which earns about \$35 million annually in foreign exchange.

The area to be benefited by the project is a 43-mile coastal strip which includes the resort communities of Punta del Este and Piriapolis and the towns of San Carlos and Maldonado. The projected central system will use the waters of the Laguna del Sauce lake to supply the area.

Construction will include intake facilities, a purification plant with a capacity of 1,200 liters per second, a control tank and conduits to the communities to be served. The project will be carried out by the *Administración de Obras Sanitarias del Estado*, the agency of the Ministry of Public Works in charge of administering Uruguay's water supply and sewage services. This loan will be devoted to local costs of the project.



PANAMA

HOUSING

\$9 million 30-year 2¼% loan of December 2, 1965
(\$8.5 million and \$500,000 in balboas)

Borrower: INSTITUTO DE VIVIENDA Y URBANISMO

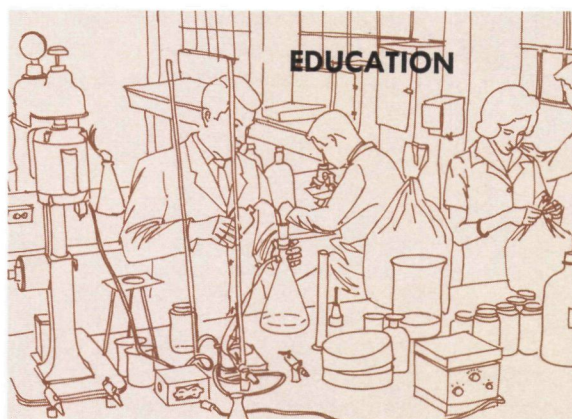
This loan will finance 75 per cent of the cost of a program to build, remodel or expand about 6,000 two- and three-bedroom houses in Panama City, Colon and other communities. The program is being carried out by the *Instituto de Vivienda y Urbanismo*, the Panamanian agency in charge of housing for low-income groups.

The *Instituto* will finance 15 per cent of the cost of the program and the beneficiaries will contribute the remaining 10 per cent in labor, construction materials, or cash. Up to \$150,000 of the loan may be used to finance technical assistance costs related to the Institute's administrative, financial and accounting reorganization and to the execution of the program.

The houses, costing from a minimum of \$2,000 to a maximum of \$4,000, will be allocated to families with annual incomes of less than \$2,340. The program will help to achieve the goals of Panama's National Development Plan, which contemplates investments of \$51.5 million in housing during 1963-70.

In 1961 the Bank extended a \$7.6 million loan from the Social Progress Trust Fund to the *Instituto* to help finance 3,000 houses in Panama City and other communities. By the end of 1965 some 2,615 of these had been completed and the remainder were under construction.

The new loan is guaranteed by the Republic of Panama.



BOLIVIA

Bolivia's seven universities are situated in the capitals of the Departments of La Paz, Cochabamba, Oruro, Santa Cruz, Chuquisaca, Tarija and Potosi. In order to strengthen key sectors in Bolivia's higher education, the Bank in 1965 extended loans to improve individual colleges in four of these universities. The projects seek to benefit programs of study which are not duplicated in other universities.

Three of these loans, totaling \$1.3 million, were extended from the Fund for Special Operations. They were:

- \$500,000 to the *Universidad Mayor de San Simón* in Cochabamba to strengthen its College of Agronomy.
- \$400,000 to the *Universidad Técnica de Oruro* in Oruro to improve and expand its College of Engineering.
- \$400,000 to the *Universidad Autónoma Gabriel René Moreno* in Santa Cruz to strengthen its College of Veterinary Medicine.

The other loan, one for \$740,000, was extended from the Social Progress Trust Fund to the *Universidad Mayor de San Andrés* in La Paz to help establish an Institute of Basic Sciences (see page 117).

The projects, which will help increase the number of specialized personnel needed to meet the nation's economic development goals, include constructing buildings, buying laboratory equipment and library material, granting scholarships, hiring additional professors, and providing technical assistance to strengthen study programs and administrative systems.

The total cost of the four projects is \$3,114,000, of which 64 per cent will be financed by the

Bank and 36 per cent by the universities. The three loans extended from the Fund for Special Operations are described below.

\$500,000 20-year 2¼ % loan of December 21, 1965
(\$372,000 and \$128,000 in Bolivian pesos)

Borrower: UNIVERSIDAD MAYOR DE SAN SIMON

The *Universidad Mayor de San Simón* of Cochabamba is the only Bolivian university which has a College of Agronomy. In 1963, 300 of its 1,800 students were enrolled in the college. In the 1964-65 school year, 846 persons applied for admission to the University, but, due to lack of facilities, only 347 were accepted.

The objective of the project is to expand the number, and improve the training, of agronomy students in the basic disciplines to enable them to specialize in various areas of the agricultural sciences, and thus contribute to the nation's economic diversification efforts.

The Bank's loan will be used to construct buildings, acquire equipment, purchase library and bibliographic material and provide up to \$43,000 in technical assistance. University funds will be used to hire full-time professors, grant scholarships and cover certain construction costs.

Total cost of the project is \$754,000; the Bank loan will finance 66 per cent of this cost and the University 34 per cent. The loan is guaranteed by the Republic of Bolivia.

\$400,000 20-year 2¼ % loan of December 21, 1965
(\$239,000 and \$161,000 in Bolivian pesos)

Borrower: UNIVERSIDAD TECNICA DE ORURO

The National Engineering College of the *Universidad Técnica de Oruro* has offered advanced training in geology and mining engineering since 1904. However, increasing numbers of technicians for the extractive industries are required since the economic structure of Bolivia is heavily dependent on mining.

This loan will enable the *Universidad* to improve and expand instruction, particularly in the basic sciences, mining, metallurgy and electromechanics at its College of Engineering. It will be devoted to the construction of buildings, the purchase of laboratory equipment, the acquisition of library and bibliographic materials and technical assistance costs of up to \$14,000.

University resources will be used to cover the remaining construction costs and to hire full-time professors. Total cost of the project is \$800,000, of which the Bank will finance 50 per cent and the University the remainder. The loan is guaranteed by the Republic of Bolivia.

\$400,000 20-year 2¼ % loan of December 21, 1965
(\$254,000 and \$146,000 in Bolivian pesos)

Borrower: UNIVERSIDAD AUTONOMA GABRIEL RENE MORENO

The *Universidad Autónoma Gabriel Rene Moreno* in Santa Cruz is the only Bolivian university which has a College of Veterinary Medicine. Of the University's 1965 enrollment of 891 students, some 90 were enrolled in that college.

This loan will help to finance a project designed to increase enrollment and improve training there in order to relieve a shortage of veterinarians in the nation, and thus contribute to the development of the livestock sector. At present Bolivia has only one veterinarian for each 174,000 head of stock, a ratio much below those prevailing in other South American countries.

The loan will be used to construct buildings, acquire equipment, purchase library material and cover up to \$49,000 in technical assistance costs. University funds will be used to hire full-time professors, cover remaining construction costs and finance scholarships.

Total cost of the project is \$600,000 of which the Bank will finance 67 per cent and the University the remaining 33 per cent. The loan is guaranteed by the Republic of Bolivia.

CHILE

ADVANCED EDUCATION

\$1.2 million 20-year 2¼ % loan of November 4, 1965
Borrower: UNIVERSIDAD DE CONCEPCION

The *Universidad de Concepción* is the principal center of advanced education in the south of Chile. In addition to its main campus in Concepción it has branches in Chillan and Los Angeles. Since 1960, the University has been carrying out a plan to improve its training and adjust its educational activities more closely to the needs of the zone it serves.

In 1964 its enrollment exceeded 4,100 students and its faculty consisted of 940 teachers, of whom 526 were full, associate or assistant pro-

fessors, and 414 were instructors or teacher's assistants. With the aid of the Ford, Rockefeller and Kellogg Foundations, the UN Special Fund and UNESCO, the University has been carrying out various projects to reorganize its administrative and operational procedures and to reform its academic structure.

This loan will finance 42 per cent of the cost of a project, included in the plan, to raise the academic standards of the Schools of Education and Social Sciences. Specifically, the project calls for building and equipping facilities for a Central Library, an Institute of Social Sciences, a School of Education, and four classroom units; implementing a teacher training program, and establishing a visiting professors' plan.

Up to \$90,000 of the loan may be used for technical assistance costs related to the execution of the project. The loan is guaranteed by the *Corporación de Fomento de la Producción* of Chile.

COLOMBIA

ADVANCED EDUCATION

\$1 million 20-year 2¼% loan of December 16, 1965
(\$530,000 and \$470,000 in Colombian pesos)

Borrower: UNIVERSIDAD DE LOS ANDES

This loan will finance 51 per cent of the cost of a project to improve and expand the School of Engineering of the *Universidad de los Andes*, a private university in Bogotá. The University will finance another 23 per cent and a Ford Foundation grant will cover the remaining 26 per cent.

The project calls for constructing a new building for the school; purchasing laboratory and research equipment; acquiring books and magazines for the library; providing fellowships for foreign study for faculty members and outstanding post-graduate students; hiring additional full-time professors, and providing up to \$80,000 in technical assistance services.

The project is designed to enable the University to offer a full five-year program of studies in the fields of Civil, Electrical, Mechanical and Industrial Engineering. Up to 1963, the curriculum provided for a three-year program of study at the University campus, followed by two years at a United States university. As a result of the current expansion program, the University is expected to graduate an average of 100 engineers annually beginning in 1968. The loan is guaranteed by the Republic of Colombia.

MEXICO

ADVANCED EDUCATION

\$1 million 20-year 3% loan of October 21, 1965

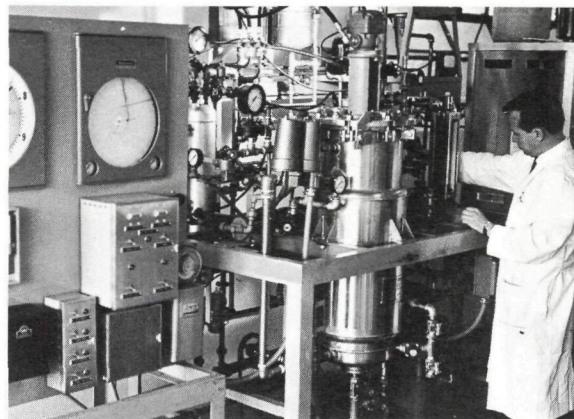
Borrower: ASOCIACION CIVIL "ENSEÑANZA E INVESTIGACION SUPERIOR DE MONTERREY"

The borrower, *Asociación Civil "Enseñanza e Investigación Superior de Monterrey"* (EISAC), is a private foundation established in 1943 to foster educational, scientific and cultural activities. That year EISAC created, and has since supported, a technological institute, the *Instituto Tecnológico y de Estudios Superiores de Monterrey*, which consists of six groups of schools: Preparatory, Professional, Graduate, Intermediate Technical, Cultural Extension and Summer Schools.

The campus of this institute now has 27 buildings, but these facilities are insufficient to cope with enrollment, which grew from 400 students the first year of its operation to more than 8,000 in 1965. In order to enroll a larger number of applicants and improve its training, the institute has undertaken various measures in the past five years to enlarge its plant.

This loan, which will help finance a \$2.9 million expansion and improvement program, will be used to purchase equipment and laboratory materials for a newly created Department of Food Technology and Marine Sciences and the Engineering and Graduate Schools, and to build and equip a new library. The Bank loan will finance 33 per cent of the cost of the program; a Ford Foundation grant, 15 per cent, and the Institute, 52 per cent. The loan is guaranteed by three Monterrey industrial firms: *Cervecería Cuauhtemoc, S.A.*; *Hojalata y Lámina, S.A.*, and *Vidriera Monterrey, S.A.*

LABORATORY TECHNIQUES at a Mexican technological institution have been improved with aid of a Bank loan.





ARGENTINA

ECONOMIC STUDIES

\$400,000 5½-year 3¼% loan of December 16, 1965
Borrower: REPUBLIC OF ARGENTINA

This technical assistance loan will enable the *Consejo Nacional de Desarrollo (CONADE)*, Argentina's national planning council, to make sectoral and economic studies required for the nation's development plans.

The loan, being extended to the Republic of Argentina, will enable *CONADE* to continue a program of economic studies initiated in 1962 with the aid of a loan of \$645,744 from the Bank's Fund for Special Operations. The program is being carried out with the assistance of consultants from Harvard University.

It includes the preparation of sectoral studies, detailed development projects and programs in various sectors, plans for the exploitation of natural resources and for regional development, and personnel training.

BRAZIL

STEEL MILL STUDY

\$200,000 7-year 4% loan of July 1, 1965
Borrower: USINA SIDERURGICA DA BAHIA S.A.

Brazil currently has some 50 steel manufacturing enterprises, whose production supplies about 80 per cent of domestic demand. Imports provide remaining needs. In order to replace imports with domestic production and keep pace with demand, which grows at an average rate of 20 per cent per year, the Brazilian Government is supporting the expansion of the steel industry. Under this policy, the Government has given high priority to the installation of an integrated steel mill in

Brazil's Northeast and a preliminary feasibility study of such a project has already been completed.

The borrower, *Usina Siderurgica da Bahia S.A. (USIBA)*, is a mixed corporation established in 1962 to carry out the project, whose cost is estimated at \$52 million. Its principal stockholders are the *Superintendência do Desenvolvimento do Nordeste (SUDENE)*, the *Companhia Siderúrgica Nacional* and the *Companhia Vale do Rio Doce*.

This loan will finance 52 per cent of the cost of a final feasibility study, which will be carried out by a specialized international firm. The study will deal with the technical, economic and financial aspects of the project. For its part, *USIBA* will prepare studies on markets, raw materials, plant location, water supply, electric power, gas and manpower requirements. The projected plant would be built at the bay of Aratu, about 12 miles from the city of Salvador, in the State of Bahia and would produce 138,000 tons of laminated steel a year for Brazil's north and northeast markets. The loan is guaranteed by the United States of Brazil.

PREINVESTMENT STUDIES

\$5 million 15-year 4% loan of September 27, 1965
(\$3.5 million and \$1.5 million in cruzeiros)
Borrower: UNITED STATES OF BRAZIL

In order to foster the preparation of preinvestment studies and development projects and programs, the Brazilian Government in 1965 created the *Fundo de Financiamento de Estudos de Projetos e Programas (FINEP)*. This loan will finance 66 per cent of the cost of a program which *FINEP* will carry out to facilitate the attainment of the goals established in Brazil's Economic Action Plan.

The program being carried out at a total cost of \$7.5 million, seeks to stimulate a greater volume of investments and facilitate the attainment of the goals of the Plan, which contemplates an annual rate of investment equivalent to 17 per cent of the nation's gross domestic product.

It will facilitate the utilization of external and internal resources and will improve the technical and administrative capacity of public and private enterprises to formulate studies and select, evaluate and promote corresponding investment projects.

The Action Plan calls for an annual investment level of \$2.7 billion. This level will require a great number of preinvestment studies, since the submission of adequately prepared projects to fi-

FUND FOR SPECIAL OPERATIONS

nancing institutions is essential to the achievement of the investment goal. The *Banco Nacional do Desenvolvimento Econômico*, *Banco do Brasil S.A.*, *Banco do Nordeste do Brasil S.A.*, and *Banco de Crédito da Amazonia*, all Brazilian development banks, will be *FINEP's* principal financial agents in channeling these resources.

CHILE

PREINVESTMENT STUDIES

\$3 million 15-year 4% loan of August 12, 1965
(\$1,910,000 and \$1,090,000 in escudos)

Borrower: CORPORACION DE FOMENTO DE LA PRODUCCION

The Ten-Year Economic and Social Development Plan initiated by Chile in 1960 calls for an increase in the gross national product of 5.5 per cent per year, and a rise in average yearly gross investments from the 10 per cent of the GNP recorded in the 1950's to 18 per cent by 1970.

In order to achieve these goals the nation's capacity to prepare specific projects must be expanded.

The borrower, the *Corporación de Fomento de la Producción (CORFO)*, the Chilean agency responsible for the preparation and execution of national and regional development plans, has been carrying out studies and research aimed at the preparation of projects. In order to strengthen this activity, *CORFO* has prepared a preinvestment program designed to prepare a flow of specific projects, which will be carried out with the financial resources of a special fund.

This loan together with a contribution of \$1.5 million from *CORFO* will provide the fund's initial capital. The resources will be used by *CORFO* to hire consultants to prepare studies, to extend credits for the preparation of specific projects, and to purchase equipment needed in the execution of approved studies. Special attention will be given in the program to studies and projects in agriculture, industry and social infrastructure. *CORFO* plans to adopt a system to re-invest repayments to the fund and thus expects to channel a total of \$27 million into project preparation in the next 15 years.

HONDURAS

PREINVESTMENT STUDIES

\$375,000 10-year 3¼% loan of December 21, 1965
Borrower: REPUBLIC OF HONDURAS

This loan will be used by the *Consejo Superior de Planificación Económica* of Honduras, the

agency in charge of the country's development planning, to hire consultants to help coordinate sectoral programs and formulate and execute specific development projects in the 1965-69 National Economic and Social Development Plan.

This plan calls for an average growth rate in the gross domestic product of 6.6 per cent per year through public investments of about \$220 million in economic and social infrastructure programs and in certain agricultural and industrial activities. This action would be supplemented by private investments in agriculture, stock raising and industry.

The consultants, who will be engaged for a three-year period, will include specialists in the agriculture and livestock fields; programming and coordination of public investment; transportation and telecommunications; electric power; water supply; vocational and technical education, and public health, medical care and preventive medicine.

The total cost of the project is \$546,000. The loan, which will cover the foreign exchange costs, will finance 69 per cent of this sum and the Honduran Government will finance the remaining 31 per cent.

NICARAGUA

FEASIBILITY STUDIES

\$200,000 15-year 4% loan of August 5, 1965
(\$100,000 and \$100,000 in cordobas)

Borrower: INSTITUTO DE FOMENTO NACIONAL

This loan will contribute to the preparation of feasibility studies of projects subject to financing under an industrial development program which the *Instituto de Fomento Nacional (INFONAC)* will carry out with the aid of a \$3.3 million loan from the ordinary capital resources (see page 21).

The proceeds of this loan will be used by *INFONAC* or by the private enterprises concerned to engage the services of technicians and consulting firms to carry out the studies. The total cost of the program which the loans will help finance is \$7.8 million. The Bank will cover 45 per cent, *INFONAC* 25 per cent and the ultimate borrowers 30 per cent.

Priority will be given to industries whose production replaces imports, creates new export lines, utilizes domestic raw materials and provides new jobs. These criteria will be applied to both the industrial credit program and the feasibility studies program. Both loans are guaranteed by the Republic of Nicaragua.

Technical Assistance

During 1965 the Bank authorized \$15,280,426 from its own resources in technical assistance in its member countries.¹ Of this amount, \$14,000,426 was authorized from the Fund for Special Operations and \$1,280,000 from the ordinary capital resources.

This volume of authorizations, the largest extended by the Bank since it began operations in 1960 and almost twice as much as the \$8,507,563 approved in 1964, raised cumulative commitments from the Bank's ordinary capital resources and the Fund for Special Operations to \$40,367,468 as of December 31, 1965.

A total of \$14,175,890 of the technical assistance authorized in 1965 was extended on a reimbursable basis, bringing the cumulative total to \$34,152,721; the remainder, \$1,104,536, was made available on a grant basis, bringing the cumulative grant figure to \$6,214,747.

The substantial increase in 1965 technical assistance authorizations over previous years stemmed largely from a decision taken by the Bank to intensify its assistance in the preinvestment field in order to enable member countries to identify and prepare a greater number of projects and thus assure a more rapid and effective utilization of available domestic and foreign resources.

The \$14,175,890 in reimbursable technical assistance included six loans for a total of \$9,175,000 from the Fund for Special Operations (see page 73) devoted entirely to financing preinvestment projects and programs in five countries. These loans accounted for 65 per cent of the year's reimbursable technical assistance. Another 30 per cent represented parts of 16 other loans devoted to advisory services in the execution of projects, improvement of operative and administrative procedures of the borrowers, or preparation of preinvestment studies. The remaining 5 per cent was committed in 12 authorizations, of which eight involved advisory services to development agencies, three were for preinvestment studies, and one financed a study on foot and mouth disease.

Of the \$1,104,536 committed in non-reimbursable technical assistance in 1965, \$334,000 was extended for specific activities in 10 countries and \$770,536 was authorized for other activities. The

operations at the country level included \$130,000 to continue the planning and advisory work of the OAS-IDB-ECLA Tripartite Missions in five countries and \$204,000 was for projects involving advisory, planning and training services for development institutions. The \$770,536 committed for other activities was devoted to training, planning and research projects and to regional integration.

A statement of the technical assistance authorized from the Bank's own resources in 1965 is presented in the following table:

Reimbursable

In Argentina, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela	\$14,175,890
---	--------------

Non-Reimbursable

In Costa Rica, Chile, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Paraguay, Peru and Uruguay	\$334,000
Other Activities	770,536

Total Non-Reimbursable	1,104,536
GRAND TOTAL	<u>\$15,280,426</u>

Country Activities

ARGENTINA

The Bank authorized a \$400,000 loan from the Fund for Special Operations to the Republic of Argentina December 16, to help the *Consejo Nacional de Desarrollo* continue a program to plan and prepare development projects and train personnel (see page 73).

BOLIVIA

The *Corporación Minera de Bolivia*, the nation's mining agency, received \$67,000 in grant technical assistance December 21 for advisory services connected with its mine rehabilitation program. The three loans extended from the Fund for Special Operations December 21 to three Bolivian universities (see page 71), included technical assistance for advisory services for the following amounts: \$49,000 for the *Universidad Autónoma Gabriel René Moreno*, \$14,000 for the *Uni-*

¹ In addition to the technical assistance authorized from its own resources, the Bank in 1965 authorized \$2,814,814 in technical assistance from the Social Progress Trust Fund (see page 118) and \$1,166,667 from Canadian resources (see page 149) which the Bank administers.

FUND FOR SPECIAL OPERATIONS

versidad Técnica de Oruro, and \$43,000 for the *Universidad Mayor de San Simón*.

BRAZIL

The Bank authorized a \$200,000 loan July 1 from the Fund for Special Operations to *Usina Siderúrgica da Bahia S.A.* to help finance the final feasibility study for a steel complex in Northeastern Brazil (see page 73).

Another loan, \$5 million from the Fund for Special Operations, was extended to the United States of Brazil September 27 to finance a broad program to prepare preinvestment studies and specific projects throughout the country (see page 73).

Up to \$750,000 of a \$16.4 million loan extended from the ordinary capital resources to *Centrais Eletricas Brasileiras S.A.* September 9 (see page 25) may be used to prepare electric power projects and train personnel. Also, up to \$300,000 of the \$20.5 million loan authorized December 9 from the Fund for Special Operations to the United States of Brazil for agricultural credit may be used for technical assistance in executing the program (see page 62).

CHILE

On August 12 the Bank extended a \$3 million loan from the Fund for Special Operations to the *Corporación de Fomento de la Producción* to help finance a program to carry out preinvestment studies (see page 74).

Up to \$60,000 of the \$15.5 million loan authorized December 14 from the Fund for Special Operations to the Republic of Chile for an urban water supply program (see page 68) may be used to finance advisory services for the executing agency, *Dirección de Obras Sanitarias*.

Up to \$90,000 of the \$1.2 million loan approved November 4 from the Fund for Special Operations to the *Universidad de Concepción* (see page 71) may be used to provide technical assistance on teaching methods, administration, rural education and community development. Previously, on September 29, the University had received a grant of \$10,000 to help finance lectures on comparative law.

The University of Chile received a grant of \$20,000 October 4 to help finance a study on its overall development.

COLOMBIA

Three of the loans extended to Colombia in 1965 included funds for technical assistance to help

carry out the projects. These were \$100,000 from the \$3.3 million loan authorized October 21 from the Fund for Special Operations to *Establecimiento Público Empresas Municipales de Cali* for an electric power distribution project (see page 67), \$530,000 from the \$8.1 million loan from the ordinary capital resources to *Central Hidroeléctrica de Caldas, S.A.*, approved November 18 for an electric power generating project (see page 25), and \$80,000 from the \$1 million loan approved December 16 from the Fund for Special Operations to the *Universidad de los Andes* for a higher education project (see page 72).

COSTA RICA

Up to \$200,000 of the \$2.2 million loan extended December 21 to the *Banco de Costa Rica* from the Fund for Special Operations (see page 61) may be used for technical assistance to prepare and execute industrial projects to be financed with the loan.

A total of \$100,000 of the \$1.3 million loan authorized from the Fund for Special Operations October 21 to the *Servicio Nacional de Acueductos y Alcantarillado* for a water supply program (see page 69) may be used for technical assistance in executing the project.

The Bank authorized three technical assistance grants in 1965 for the Planning Office of the Presidency of Costa Rica to continue financing advisory services in planning and accounting which had been initiated in 1964. Two of these, \$8,000 authorized March 29 and \$15,000 approved August 17, are non-reimbursable; the third, \$10,000 approved August 17, is reimbursable.

The Bank also authorized \$5,000 in grant technical assistance to the Costa Rican Government June 28 to continue providing advisory services initiated in 1962 to the Ministry of Economy and Finance related to the national banking system.

ECUADOR

The Bank authorized a grant of \$20,000 May 13 as its contribution to the OAS-IDB-ECLA Tripartite Mission which is giving advisory services to Ecuador on national development planning. A grant of \$30,000 was extended May 17 to the *Junta Nacional de Coordinación y Planificación Económica* to hire consultants on project evaluation.

Subsequently, on August 19, the Bank approved a grant of \$25,000 for advisory services in imple-

menting the nation's development plan. The Bank is Ecuador's Financial Agent in connection with the external financing for the plan.

DOMINICAN REPUBLIC

Up to \$250,000 of the \$5 million loan authorized April 15 from the Fund for Special Operations to the *Banco Central de la República Dominicana* for an industrial development program (see page 61) may be utilized to prepare preinvestment studies, draft projects, assist in executing them and train personnel.

The *Banco Agrícola y Pecuario* was extended \$70,000 in reimbursable assistance September 23 for advisory services connected with its reorganization and its agricultural credit programs.

The *Corporación Azucarera Dominicana* received a \$240,000 loan December 2 from the Fund for Special Operations to help implement recommendations on improving its administrative structure and operating procedures (see page 62).

The Bank also authorized \$60,000 in grant assistance May 13 as its contribution to the OAS-IDB-ECLA Tripartite Mission engaged in development planning in the Dominican Republic.

GUATEMALA

The Bank authorized a grant of \$20,000 August 27 to the *Banco Nacional Agrario* to engage advisors to review the nation's agricultural development plan and the *Banco's* credit policies.

HAITI

On July 1 the Bank extended a \$5,000 grant to the *Banque Nationale de la République d'Haiti* to continue advisory services begun in 1961. An additional \$6,000 grant was extended to the same institution December 6 for a training program for officials of Haitian development agencies.

HONDURAS

On February 12 the Bank approved \$95,000 in reimbursable assistance for the *Banco Nacional de Fomento* to help finance advisory services on the industrial development of Honduras. An additional \$20,000 grant was authorized for the *Banco* April 1 to continue advisory services begun in 1962 in connection with its organization. This grant was used in connection with agricultural credit operations and personnel training activities.

The Bank extended a \$375,000 loan December 21 from the Fund for Special Operations to the Republic of Honduras to help the *Consejo Superior*

de Planificación Económica hire consultants to advise it in the preparation of development projects (see page 74).

NICARAGUA

The Bank approved a \$200,000 loan August 5 from the Fund for Special Operations to help finance preinvestment studies for an industrial development program being carried out by the *Instituto de Fomento Nacional* (see page 74).

PANAMA

Up to \$150,000 of the \$9 million loan granted December 2 to the *Instituto de Vivienda y Urbanismo* from the Fund for Special Operations (see page 70) may be used for advisory services connected with the housing program for which the loan was made.

PARAGUAY

On May 13 the Bank authorized \$20,000 in grant technical assistance to help defray the costs of the OAS-IDB-ECLA Tripartite Mission which is advising the country in the preparation of national development programs.

Reimbursable technical assistance for \$15,000 was extended to the Ministry of Agriculture and Animal Husbandry April 19 to help finance studies on foot and mouth disease in Paraguay.

On July 19 the Bank authorized the *Administración Nacional de Electricidad* to use up to \$1.4 million of the \$14,150,000 loan extended in 1963 from the Fund for Special Operations for a hydroelectric project to finance costs of preparing specifications for the engineering works, purchase electromagnetic equipment and supervise construction of the plant.

The Bank also extended \$50,000 in reimbursable technical assistance to the Government of Paraguay December 20 to help finance a feasibility study for the construction of a cement factory.

PERU

During 1965 the Bank authorized four reimbursable technical assistance operations totaling \$260,000 in Peru. They included: \$95,000 to the *Banco Minero del Perú* May 13 for administrative, technical and financial advisory services; \$50,000 to the Government of Peru July 1 for a study of the economic potential of the region crossed by the Cuzco-Ollantaytambo-Machu Pichu highway and feasibility studies of the Ayabiri and Tinajuaní highways; \$40,000 to the Government of Peru, also

August 27, to help finance a study of the feasibility of manufacturing biological products in the country, and \$75,000 to the Ministry of Public Works November 4 for services on the organization of the National Electrical Services.

The Bank also extended two grants in Peru in 1965, one for \$20,000 May 13 to help finance the OAS-IDB-ECLA Tripartite Mission that is advising Peru in development planning and the other for \$40,000 June 22 to help prepare two development projects.

URUGUAY

On September 23 the Bank authorized the *Cooperativa Nacional de Productores de Leche* to use up to \$30,000 of the \$3.6 million loan it received from the Fund for Special Operations in 1964 for technical assistance connected with the expansion of the milk facilities for which the loan was extended.

The Bank extended \$10,000 in grant technical assistance May 13 as its contribution to the OAS-IDB-ECLA Tripartite Mission which is engaged in development planning in Uruguay.

VENEZUELA

On September 8 the Bank authorized \$45,000 in reimbursable technical assistance to assist the Ministry of Mines and Hydrocarbons to finance advisory services connected with the reorganization of a mining company.

Other Activities

Of the \$770,536 in grant technical assistance authorized in 1965 for other activities, 28 per cent was for training; 20 per cent was for studies, planning and research, and 52 per cent was to foster regional integration.

TRAINING

During 1965 the Bank conducted two training courses at its headquarters for a total of 45 high-level officials of development institutions in 17 of its member countries. These courses give participants a working knowledge of the organization, operation and activities of the Bank, and acquaints them with other external credit institutions. On March 29 the Bank authorized a grant of \$41,500 to finance the 1965 costs of the program.

Courses of a similar nature are carried out jointly by the Bank and the Center for Latin Amer-

ican Monetary Studies in Mexico. A total of 28 officials from 26 development institutions in Latin America attended the eighth course held from May to October. On June 14 the Bank approved a supplemental grant of \$12,836 for this program in 1965 and allocated \$140,000 to finance courses in 1966 and 1967.

On July 19 the Bank contributed \$10,000 for the Third Training Course on Development Planning for officials of the five Central American countries. The Bank has been sponsoring this program in Mexico jointly with the Economic Commission for Latin America since 1963.

A grant of \$15,000 approved August 16 is providing two-year fellowships for postgraduate study in business administration at the Institute of Administration of the University of Chile.

On April 30 the Bank authorized a grant of \$2,400 in support of courses offered in Buenos Aires by the Office of Orientation for International Service Functions, an organization whose headquarters are in Paris.

PLANNING AND RESEARCH

The Bank authorized a \$70,000 grant May 13 as its contribution to the Central American planning activities of the OAS-IDB-ECLA Tripartite Mission. Another \$30,000 grant was authorized March 29 to help finance the Meeting on Municipal Financing in Latin America held in Washington in January 1966.

Two other grants for \$12,500 each were approved June 14, one for a study of agricultural credit in Argentina and Brazil and the other for a similar study in Chile, El Salvador and Venezuela. Both are being carried out by the Inter-American Committee on Agricultural Development.

On June 22 the Bank also authorized \$20,000 for a study and evaluation of its own technical assistance activities.

INTEGRATION

On May 17 a grant of \$25,000 was extended to the Republics of Colombia and Venezuela to provide advisory services for the selection, preparation and presentation of investment projects of an integration nature of benefit to both countries.

On July 9 the Bank authorized \$7,500 for studies on Latin America's electric power supply being carried out by the *Revista Latinoamericana de Electricidad*.

On August 16 the Bank approved a grant of \$15,000 to the Latin American Free Trade Associa-

tion (LAFTA) for studies and publications relating to integration among LAFTA member countries.

The Bank also allocated \$100,000 November 12 to continue its cooperation in two LAFTA programs, one dealing with integration of industry and agriculture; the other concerning LAFTA's comparatively less-developed member countries which lack adequate markets. On November 2 the Bank contributed \$10,000 to assist in financing a study being made by the Permanent Secretariat of the General Treaty for Central American Integration concerning the incorporation of Panama into the Central American Common Market.

On August 9 the Bank authorized \$15,000 for the preparation, in conjunction with FAO, of studies to identify, prepare, evaluate and execute agricultural projects in the framework of integration.

The Bank authorized a grant of \$5,000 August 16 for a study of agricultural productivity within the framework of integration which was initiated in 1964 by a joint IDB-FAO-ECLA Group.

On September 20 the Bank granted \$20,000 to expand a joint program begun in 1964 by the Bank, the Organization of American States, and the Latin American Institute for Economic and Social Planning to determine the possibilities for the integrated development of industries in Latin America.

On December 13 the Bank extended \$6,300 to the Department of Cultural Affairs of the Organization of American States for a study of economic, sociological and literary thought in Latin America.

The Bank authorized a grant of \$5,000 December 13 for a program in Latin American integration that will be offered by the University of Chile as part of its summer courses. The Institute for Latin American Integration will be in charge of this program.

Finally, the Bank authorized \$175,000 December 14 to engage the services of a consulting firm to advise the Bank in the preparation of preinvestment programs and projects in the field of regional economic integration.

Financial Operations

The net earnings of the Fund for Special Operations in 1965 totaled \$2,876,625, before deducting charges for technical assistance which amounted to \$899,104. These figures compared with net earnings of \$2,280,824 and technical assistance expenditures of \$1,154,617 in 1964.

Gross income for 1965 was \$4,961,612, compared with \$3,913,226 in 1964. The 1965 gross income from the Fund for Special Operations included \$2,522,437 derived from interest on loans, \$116,523 from commitment charges, \$2,296,944 from short-term investments, and \$25,708 from other sources.

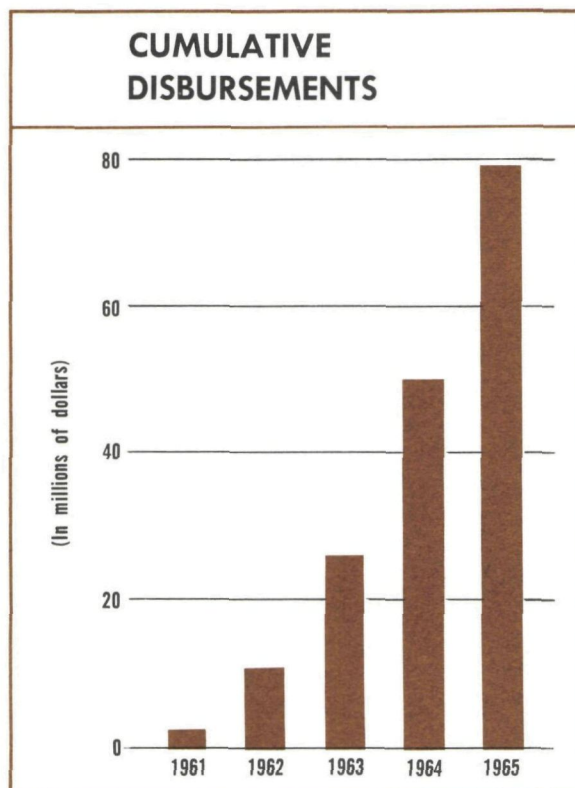
As of December 31, 1965, the general reserve of the Fund for Special Operations had risen to \$3,408,030, compared with \$1,430,509 at the end of 1964.

Total administrative expenses chargeable to the Fund for Special Operations in 1965 were \$2,084,987, compared with \$1,705,624 in 1964.

Disbursements on loans made from the Fund for Special Operations in 1965 amounted to \$28,636,505 compared with \$24,594,435 in 1964. This brought cumulative disbursements on such loans on December 31, 1965, to \$79,880,321.

Repayments on loans amounted to \$3,161,208 including repayments on participations in loans. This brought total repayments at the end of the

year to \$4,055,436. The financial statements of the Fund for Special Operations are contained in the following pages.



FUND FOR SPECIAL OPERATIONS

OPINION OF INDEPENDENT AUDITOR
FUND FOR SPECIAL OPERATIONS

FINANCIAL STATEMENTS
FUND FOR SPECIAL OPERATIONS

1707 L Street, N.W.
Washington, D. C.
February 7, 1966

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

In our opinion, the accompanying financial statements (Appendices II-1 to II-7) present fairly, in terms of United States currency, the financial position of Inter-American Development Bank—Fund for Special Operations at December 31, 1965, 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.



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FUND FOR SPECIAL OPERATIONS

Inter-American Development Bank — Fund for Special Operations

APPENDIX II-1

BALANCE SHEET

December 31, 1965

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

ASSETS

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

Unrestricted			
United States dollars	\$ 486,250		
Member currencies other than United States dollars	52,831,412	\$ 53,317,662	
Restricted (Note C)			
Member currencies other than United States dollars		17,956,796	\$ 71,274,458

Investments

United States Government obligations (at amortized cost— face amount \$11,000,000)		10,979,300	
Time deposits—United States dollars		33,495,542	
Accrued interest		463,075	44,937,917

Loans outstanding held by Bank (Appendix II-4)

Total loans approved by Bank since inception, less cancellations	366,399,554		
Less principal repayments to Bank	3,856,660	362,542,894	
Less loans sold		1,645,058	
Approved loans held by Bank		360,897,836	
Less undisbursed balance of approved loans held by Bank		286,519,233	74,378,603

Accrued charges on loans held by Bank			677,858
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Due from members (Note D)

Contribution quotas receivable (Appendix II-5)			
United States dollars or gold	250,276,500		
Member currencies other than United States dollars	48,806,000	299,082,500	
Non-negotiable, non-interest-bearing demand obligations denominated in members' currencies including US\$500,000,000 restricted (Appendix II-6) (Note E)		632,292,233	931,374,733

Other assets			412,176
Total assets			<u>\$1,123,055,745</u>

BALANCE SHEET**December 31, 1965***Expressed in United States Dollars—See Notes to Financial Statements—Appendix II-7.***LIABILITIES AND FUND BALANCE****Liabilities**

Accrued expenses and accounts payable	\$	105,758
Funds held in trust (<i>Note J</i>)		67,957

Fund balance

Contribution quotas (Appendix II-5) (<i>Notes D and F</i>)		
Total quotas subscribed	\$1,119,474,000	
General reserve (<i>Notes H and I</i>)	3,408,030	1,122,882,030
Total liabilities and Fund balance		<u>\$1,123,055,745</u>

FUND FOR SPECIAL OPERATIONS

Inter-American Development Bank — Fund for Special Operations

APPENDIX II-2

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Years Ended December 31, 1964 and December 31, 1965

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

Income	Year ended December 31	
	1964	1965
From loans		
Interest	\$1,581,914	\$2,522,437
Commitment charges	1,019	116,523
From investments	2,306,915	2,296,944
From other sources	23,378	25,708
Gross income	3,913,226	4,961,612
Expenses		
Administrative expenses (Note G)		
Board of Governors		
Annual meeting	37,267	57,661
Board of Executive Directors		
Salaries	68,892	71,148
Other compensation and benefits	14,193	16,395
Travel	14,521	14,583
Staff		
Salaries	911,912	1,070,487
Other compensation and benefits	316,476	373,001
Travel	124,036	146,297
Other administrative expenses		
Communications	67,288	83,213
Office occupancy	129,152	116,620
Publications and printing	35,604	40,303
Supplies and equipment	71,680	85,765
Miscellaneous	102,489	121,359
Field offices		
Salaries	77,401	101,066
Other	83,323	151,604
Depreciation (Note G)	2,054,234	2,449,502
	21,575	32,763
	2,075,809	2,482,265
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B)	370,185	397,278
Total administrative expenses including depreciation....	1,705,624	2,084,987
Net income before special addition	2,207,602	2,876,625
Addition to income arising from retroactive adjustment of rate used in charging Social Progress Trust Fund for indirect and overhead expenses (See Appendix III-6, Note B)	73,222	—
Net income	\$2,280,824	\$2,876,625

STATEMENT OF DISPOSITION OF NET INCOME AND CHANGES IN GENERAL RESERVE

	Year ended December 31	
	1964	1965
Net income	\$2,280,824	\$2,876,625
Disposition:		
Technical assistance (Appendix II-3) (Note I)	\$1,154,617	\$ 899,104
Addition to general reserve (Note H)	1,126,207	1,977,521
	\$2,280,824	\$2,876,625

STATEMENT OF TECHNICAL ASSISTANCE EXPENSE (Note I)**January 1 to December 31, 1965***Expressed in United States Dollars—See Notes to Financial Statements—Appendix II-7.*

Bolivia	\$144,824
Costa Rica	70,446
Dominican Republic	35,268
Ecuador	10,226
Haiti	11,617
Honduras	31,385
Paraguay	76,995
Peru	58,828
Uruguay	4,285
Central American Bank for Economic Integration	6,666
Central America-Tripartite Mission	46,469
Intern training in the Bank	42,812
Fellowships	25,336
Substantive studies	204,473
Institute for Latin American Integration (Note J)	106,000
Courses and seminars	78,179
Miscellaneous	6,838
	<hr/>
	960,647
Less refunds and reimbursements	61,543
	<hr/>
	\$899,104

FUND FOR SPECIAL OPERATIONS

Inter-American Development Bank — Fund for Special Operations

APPENDIX II-4

SUMMARY STATEMENT OF LOANS

December 31, 1965

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

Member in whose territory loans have been made (1)	Total loans approved by Bank since inception, less cancellations (2)	Principal repayments to Bank	Approved loans held by Bank				Currency in which disbursed portion of approved loans held by Bank is repayable	
			Loans sold	Total	Undisbursed	Disbursed	United States dollars (5)	Members' currencies (6)
Argentina	\$ 27,473,744		\$ 67,740	\$ 27,406,004	\$ 26,468,126	\$ 937,878	\$ 575,521	\$ 362,357
Bolivia	27,860,000	\$1,877,166		25,982,834	8,031,458	17,951,376	11,296,336	6,655,040
Brazil	98,255,000	271,234		97,983,766	79,773,799	18,209,967	10,031,309	8,178,658
Chile	28,332,160	10,371	663,158	27,658,631	23,323,242	4,335,389	1,436,842	2,898,547
Colombia	12,205,103		115,384	12,089,719	11,171,825	917,894	417,454	500,440
Costa Rica	9,700,000			9,700,000	9,408,304	291,696		291,696
Dominican Republic	5,240,000			5,240,000	5,240,000			
Ecuador	7,461,892	166,892		7,295,000	3,240,102	4,054,898	3,839,711	215,187
El Salvador	182,728			182,728		182,728	123,802	58,926
Guatemala	535,000			535,000	510,000	25,000	25,000	
Haiti	5,860,000	69,392		5,790,608	4,170,287	1,620,321		1,620,321
Honduras	19,915,000	262,496	798,776	18,853,728	12,546,106	6,307,622	4,639,078	1,668,544
Mexico	47,600,000			47,600,000	44,308,705	3,291,295	964,183	2,327,112
Nicaragua	16,700,000			16,700,000	15,353,676	1,346,324		1,346,324
Panama	13,200,000	86,023		13,113,977	10,188,891	2,925,086	2,646,836	278,250
Paraguay	23,260,000	1,056,800		22,203,200	17,585,545	4,617,655	1,971,030	2,646,625
Peru	475,000			475,000	270,430	204,570	146,000	58,570
Uruguay	5,240,000	56,286		5,183,714	5,043,000	140,714	140,714	
Venezuela	2,700,000			2,700,000	2,408,452	291,548		291,548
Central American Countries—Central American Bank for Economic Integration	14,203,927			14,203,927	7,477,285	6,726,642	5,947,764	778,878
Total	\$366,399,554	\$3,856,660	\$1,645,058	\$360,897,836 (3)	\$286,519,233 (4)	\$74,378,603	\$44,201,580	\$30,177,023

(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 \$156,202,836 had become effective (i.e. eligible for disbursement) as of December 31, 1965 (see (2) above).

(4) Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse \$1,212,659.

(5) Amounts include loan balances of \$2,175,002 which, subject to the Bank's approval, may be repaid in members' currencies and \$2,572,662 which, at the option of the borrowers, may be repaid in members' currencies.

(6) Amounts include loan balances of \$5,209,231 which, at the option of the borrowers, may be repaid in United States dollars.

STATEMENT OF CONTRIBUTION QUOTAS

December 31, 1965

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

Member	Percent of total	Total subscribed quota	Contributions received			
			United States dollars	Member currency	Non-negotiable, non-interest- bearing demand obligations	Contribution quotas receivable
Argentina	4.36	\$ 48,873,000	\$ 7,735,500	\$ 490,857	\$ 29,512,643	\$ 11,134,000
Bolivia .....	.35	3,924,000	621,000	521,000	1,888,000	894,000
Brazil	4.36	48,873,000	7,735,500	30,003,500		11,134,000
Chile	1.20	13,419,000	2,124,000	8,238,000		3,057,000
Colombia	1.20	13,410,000	2,122,500	8,232,500		3,055,000
Costa Rica .....	.18	1,962,000	310,500	1,204,500		447,000
Dominican Republic .....	.23	2,616,000	414,000	1,606,000		596,000
Ecuador .....	.23	2,616,000	414,000	1,606,000		596,000
El Salvador .....	.18	1,962,000	310,500	1,204,500		447,000
Guatemala .....	.23	2,616,000	414,000	1,606,000		596,000
Haiti .....	.18	1,962,000	310,500	310,500	894,000	447,000
Honduras .....	.18	1,962,000	310,500	1,204,500		447,000
Mexico	2.80	31,419,000	4,972,500	19,288,500		7,158,000
Nicaragua .....	.18	1,962,000	310,500	1,204,500		447,000
Panama .....	.18	1,962,000	310,500	240,500	964,000	447,000
Paraguay .....	.18	1,962,000	310,500	757,500	447,000	447,000
Peru .....	.58	6,546,000	1,036,500	452,410	3,566,090	1,491,000
United States	80.39	900,000,000	75,000,000		575,000,000	250,000,000
Uruguay .....	.47	5,241,000	553,000	53,000	4,358,500	276,500
Venezuela	2.34	26,187,000	4,144,500	414,500	15,662,000	5,966,000
Total	100.00	\$1,119,474,000	\$109,460,500	\$78,638,767	\$632,292,233	\$299,082,500

FUND FOR SPECIAL OPERATIONS

Inter-American Development Bank — Fund for Special Operations

APPENDIX II-6

STATEMENT OF CURRENCIES AND DEMAND OBLIGATIONS HELD BY THE BANK

December 31, 1965

See Notes to Financial Statements—Appendix II-7.

Member	Unit of currency	Exchange rate (1)	Due from banks		Non-negotiable, non-interest-bearing demand obligations		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	177,387	\$ 2,149	2,435,530,889	\$ 29,512,643	2,435,708,276	\$ 29,514,792
Argentina	Peso	188.10	47,025	250			47,025	250
Argentina	Peso	157.20	798,172	5,077			798,172	5,077
Bolivia	Peso Boliviano	11.875	25,003,326	2,105,543	22,420,000	1,888,000	47,423,326	3,993,543
Brazil	Cruzeiro	18.50	467,491,764	25,269,825			467,491,764	25,269,825
Brazil	Cruzeiro	1,774.04	245,329,808	138,288			245,329,808	138,288
Chile	Escudo	3.55	27,791,559	7,828,608			27,791,559	7,828,608
Colombia	Peso	9.00	69,443,843	7,715,983			69,443,843	7,715,983
Colombia	Peso	12.63	12,271	971			12,271	971
Colombia	Peso	13.50	323,448	23,605			323,448	23,605
Costa Rica	Colon	6.62	6,008,788	907,516			6,008,788	907,516
Costa Rica	Colon	6.63	51,512	7,769			51,512	7,769
Dominican Republic	Peso	1.00	1,539,658	1,539,658			1,539,658	1,539,658
Ecuador	Sucre	18.00	25,097,825	1,394,324			25,097,825	1,394,324
El Salvador	Colon	2.50	2,504,632	1,001,853			2,504,632	1,001,853
Guatemala	Quetzal	1.00	109,115	109,115			109,115	109,115
Guatemala (Note C)	Quetzal	1.00	1,192,000	1,192,000			1,192,000	1,192,000
Haiti	Gourde	5.00	1,855,657	371,131	4,470,000	894,000	6,325,657	1,265,131
Honduras	Lempira	2.00	2,100,471	1,050,236			2,100,471	1,050,236
Mexico (Note C)	Peso	12.50	209,559,947	16,764,796			209,559,947	16,764,796
Nicaragua	Cordoba	7.00	8,074,760	1,153,537			8,074,760	1,153,537
Panama	Balboa	1.00	37,704	37,704	964,000	964,000	1,001,704	1,001,704
Paraguay	Guarani	122.00	84,677,570	694,079	54,534,000	447,000	139,211,570	1,141,079
Paraguay	Guarani	126.00	129,883,394	1,030,821			129,883,394	1,030,821
Peru	Sol	26.82	9,299,062	346,713			9,299,062	346,713
Peru	Sol	26.84	10,728	400			10,728	400
Peru	Sol	26.98			96,207,339	3,566,090	96,207,339	3,566,090
United States	Dollar	1.00	486,250	486,250	75,000,000	75,000,000	75,486,250	75,486,250
United States (Note E) ..	Dollar	1.00			500,000,000	500,000,000	500,000,000	500,000,000
Uruguay	Peso	16.50	692,632	41,977			692,632	41,977
Uruguay	Peso	55.05			239,937,500	4,358,500	239,937,500	4,358,500
Venezuela	Bolivar	4.50	244,258	54,280	70,479,000	15,662,000	70,723,258	15,716,280
Total expressed in United States dollars				<u>\$71,274,458</u>		<u>\$632,292,233</u>		<u>\$703,566,691</u>

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

NOTES TO FINANCIAL STATEMENTS**December 31, 1965**

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, 1965. No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates.

Note B

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

Note C

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

Note D

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

In January 1964 the Board of Governors approved an increase of 50% in the authorized contribution quotas of members. As of December 31, 1965 all of the member countries have subscribed and paid the increase in their contribution quotas in full except one member which has paid only the local currency portion of the increase in its quota. The original and increased contribution quotas have been paid or are payable 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 obligations have been accepted, as permitted under the provisions of Article V, Section 4 of the Agreement, in lieu of part of the payment required to be made in the member's currency.

On March 31, 1965 the Board of Governors approved an increase in the equivalent of US\$900 million in the resources of the Fund for Special Operations. The resolution approving the increase provides that the additional contributions shall be paid by the members in their respective currencies in three equal annual installments; the first two installments to be paid by December 31, 1965 and the third installment to be paid by December 31, 1966. As of December 31, 1965 all of the member countries have deposited with the Bank an appropriate instrument setting forth their agreement to make the contribution to the increase in the Fund and have paid two installments equivalent to US\$600,000,000. One member also has paid the third installment equivalent to US\$1,194,000. In accordance with the provisions of Article V, Section 4, non-negotiable, non-interest-bearing demand obligations have been accepted when requested by the member, in lieu of actual payment in the member's currency. The resolution of the Board of Governors relating to the increase in the resources of the Fund for Special Operations specifies that the Bank shall include in the operations of the Fund financing for social development purposes, including those heretofore financed through the Social Progress Trust Fund taking into consideration the financing policies which have guided the operations of the Social Progress Trust Fund.

FUND FOR SPECIAL OPERATIONS

Note E

In accordance with the provisions of Article V, Section 1 of the Agreement the United States has specified that the \$500,000,000 made available as of December 31, 1965 under its increased contribution to the Fund for Special Operations shall be restricted to making payments for the purchase of goods or services from the United States, or for the acquisition of goods or services of local origin in the country in which the project is located. The United States has specified also that the funds may be used for the acquisition of goods or services produced in other countries which are members of the Bank if in the judgment of the Bank such transactions would be advantageous to the recipient.

Note F

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 35, Appendix I-5 to the financial statements of the Ordinary Capital. All such decisions shall be adopted by at least a two-thirds majority of the total voting power.

Note G

Article III, Section 3 (b) of the Agreement provides: "Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses pertaining directly to special operations shall be charged to the resources of the Fund [for Special Operations]. Other expenses shall be charged as the Bank determines". For each of the years ended December 31, through 1965 expenses which have been deemed to be not identifiable as pertaining directly to either the Ordinary Capital or the Fund for Special Operations have been distributed pursuant to the decisions of the Board of Executive Directors. Expenses during 1964 and 1965 which have been deemed to be not identifiable as pertaining directly to either the Ordinary Capital or the Fund for Special Operations have been charged 77% to the income of the Ordinary Capital and 23% to the income of the Fund for Special Operations.

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

Note H

Pursuant to actions of the Board of Governors the excess of expenditures or income of the Fund for Special Operations, after deduction of technical assistance expenditures, has been allocated to a general reserve for possible future losses and the future net income less technical assistance expenditures of the Fund will, until further action by the Board of Governors, be allocated automatically to such reserve each year.

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, 1965 the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,984,295. Pursuant to resolutions passed by the Board of Executive Directors all technical assistance expenditures after January 1, 1963 are to be charged first to the net income of the Fund for Special Operations, including such income accumulated in the general reserve of that Fund, and thereafter to the net income of the Ordinary Capital.

The accumulated technical assistance expenditures made by the Fund as of December 31, 1965 include \$62,508 which may be reimbursed to the Fund if loans are granted as a result of the technical assistance projects.

Note J

In December 1964 the Board of Executive Directors approved a resolution which authorized the creation, as a dependency of the Bank, of the Institute for Latin American Integration to study the various economic, technical, legal and institutional measures required to strengthen the process of Latin American integration and to provide training in this field. The resolution specified that the Institute be located in Buenos Aires, Argentina and authorized the President of the Bank to enter, in the name and on behalf of the Bank, into the necessary agreements to finance the expenses of installation and operation of the Institute. The resolution also authorized contribution of up to \$463,000 to be made through the technical assistance operations of the Bank—Fund for Special Operations as the Bank's share of such expenses. By separate resolution the Board of Executive Directors authorized contribution of up to \$463,000 to be made through the technical assistance operations of the Social Progress Trust Fund, which is administered by the Bank. The resolutions provided that each of the contributions should be paid in four annual installments; the first of up to \$106,000 in 1965 and the remaining three of up to \$119,000 each in 1966 through 1968.

The Institute was established in 1965 and began its operations in Buenos Aires in the offices provided for its headquarters by the Government of Argentina as part of that country's contribution to the Institute. As a further contribution toward the operation of the Institute, the Government of Argentina has agreed to provide the funds necessary to cover the expenses of maintenance of the offices and the annual salaries and related expenses of local administrative personnel of the Institute.

In addition to the contributions agreed to be made by the Bank—Fund for Special Operations, the United States through the Social Progress Trust Fund and Argentina, contributions totalling \$135,000 have been specified for the remaining eighteen members of the Bank for each of the years 1965 through 1968. The contributions by member countries to finance the operations of the Institute are not considered to be contributions to the resources of the Bank.

The Institute maintains financial records and books of account separate from those maintained by the Bank and is subject to a separate accounting. Accordingly the assets, liabilities and results of operations of the Institute are not included in the accompanying financial statements. The Bank—Fund for Special Operations, however, handles certain transactions for the Institute and during 1965 received \$335,000 in behalf of the Institute from the following sources: \$106,000 of its own funds transferred to funds held in trust as the Bank's 1965 contribution, \$106,000 paid by the Social Progress Trust Fund as its 1965 contribution and \$123,000 paid by fourteen members of the Bank, not including Argentina and the United States, as their 1965 contributions. Of the \$335,000 received in behalf of the Institute, the Bank had as of December 31, 1965 disbursed directly to the Institute or in its behalf \$285,565 and the remaining \$49,435 is held for the Institute at that date and is included in the accompanying financial statements as funds held in trust.

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
ARGENTINA										
Republic of Argentina Public entity	Technical assistance	2/28/62 (6/29/62)	Pesos	25,000,000	9,894,083	15,105,917		15,105,917	4	7 semiannual beginning 1/15/67 (Interest and principal payable in currencies loaned)
			U.S. dollars	500,000	43,760	456,240		456,240		
			Total in U.S. dollars	645,744	96,248	549,496		549,496		
			Less: Participations	67,740		67,740		67,740		
			Net total in U.S. dollars	578,004	96,248	481,756		481,756		
Province of Rio Negro Public entity	Colonization and agricultural and industrial development	7/31/62 (5/10/63)	Pesos ¹	2,845,000	2,575,899	269,101		269,101	4	30 semiannual beginning 11/30/68 (Interest and principal payable in currencies loaned)
			U.S. dollars	2,683,000	2,644,223	38,777		38,777		
			Total in U.S. dollars	5,528,000	5,220,122	307,878		307,878		
Minera y Siderúrgica Patagónica Sierra Grande, S.A. (Acíndar, Industria Argentina de Aceros, S.A. Minera Aluminé, S.A. S.E.T., Sociedad de Responsabili- dad Limitada) Private entity	Steel studies	4/8/64 (6/1/64)	U.S. dollars	400,000	251,756	148,244		148,244	5¼ ³	10 semiannual beginning 11/30/66 (Interest and principal payable in currencies loaned)
Administración General de Obras Sanitarias de la Nación (Republic of Argentina) Public entity	Water supply	7/30/64 (10/7/64)	Pesos ¹	2,000,000	2,000,000				4	30 semiannual beginning 4/7/69 (Interest and principal payable in pesos)
Administración General de Obras Sanitarias de la Nación (Republic of Argentina) Public entity	Water supply	12/9/65	Pesos ¹	6,500,000	6,500,000				2¼ ⁴	33 semiannual beginning 48 months after date of contract (Interest and principal payable in pesos or in currencies loaned at election of borrower)
			U.S. dollars	12,000,000	12,000,000					
			Total in U.S. dollars	18,500,000	18,500,000					
Republic of Argentina Public entity	Technical assistance	12/16/65	U.S. dollars	400,000	400,000				3¼ ⁵	4 semiannual beginning 1/15/69 (Interest and principal payable in pesos or in currencies loaned at election of borrower)
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				27,473,744	26,468,126	1,005,618		1,005,618		
Less: Participations				67,740		67,740		67,740		
Net total loans to Argentina expressed in U.S. dollars				27,406,004	26,468,126	937,878		937,878		

BOLIVIA

Corporación Boliviana de Fomento (Banco Central de Bolivia) <i>Public entity</i>	Industrial and agricultural development	2/24/61 (5/11/61)	U.S. dollars	<u>10,000,000</u>	<u>401,060</u>	<u>9,598,940</u>	<u>1,234,309</u>	<u>8,364,631</u>	4½	20 semiannual beginning 11/11/64 (First 16 interest and first 10 principal payments in pesos; balance in dollars)
Corporación Minera de Bolivia (Banco Central de Bolivia) <i>Public entity</i>	Mining	7/14/61 (8/31/61)	U.S. dollars	<u>4,500,000</u>		<u>4,500,000</u>	<u>642,857</u>	<u>3,857,143</u>	4	14 semiannual beginning 3/1/65 (Interest and principal payable in dollars)
Banco Agrícola de Bolivia (Banco Central de Bolivia) <i>Public entity</i>	Farm settlement	12/28/62 (1/24/63)	U.S. dollars	<u>2,600,000</u>	<u>2,515,000</u>	<u>85,000</u>		<u>85,000</u>	4	25 semiannual beginning 5/21/68 (Interest and principal payable in pesos or dollars at election of borrower)
Corporación Minera de Bolivia (Banco Central de Bolivia) <i>Public entity</i>	Mining	2/14/63 (3/15/63)	Pesos ¹ U.S. dollars Total in U.S. dollars	<u>400,000</u> <u>4,460,000</u> <u>4,860,000</u>	<u>56,771</u> <u>76,280</u> <u>133,051</u>	<u>343,229</u> <u>4,383,720</u> <u>4,726,949</u>		<u>343,229</u> <u>4,383,720</u> <u>4,726,949</u>	4	15 semiannual beginning 4/1/66 (Interest and principal payable in pesos, except that one-half the dollar portion of loan is payable in dollars)
Republic of Bolivia <i>Public entity</i>	Agricultural credit	10/31/63 (1/16/64)	U.S. dollars	<u>1,100,000</u>	<u>1,041,500</u>	<u>58,500</u>		<u>58,500</u>	4	25 semiannual beginning 1/16/67 (Interest payable in dollars; principal in pesos or dollars at election of borrower)
Republic of Bolivia <i>Public entity</i>	Electric power	7/23/64 (7/24/64)	Pesos ¹ U.S. dollars Total in U.S. dollars	<u>400,000</u> <u>3,100,000</u> <u>3,500,000</u>	<u>142,479</u> <u>2,498,368</u> <u>2,640,847</u>	<u>257,521</u> <u>601,632</u> <u>859,153</u>		<u>257,521</u> <u>601,632</u> <u>859,153</u>	4	41 semiannual beginning 7/24/69 (Interest payable in currencies loaned; principal in pesos or in currencies loaned at election of borrower)
Universidad Mayor de San Simon (Republic of Bolivia) <i>Public entity</i>	Higher education	12/21/65	Pesos ¹ U.S. dollars Total in U.S. dollars	<u>128,000</u> <u>372,000</u> <u>500,000</u>	<u>128,000</u> <u>372,000</u> <u>500,000</u>				2¼ ⁴	35 semiannual beginning 36 months after date of contract (Interest and principal payable in pesos or in currencies loaned at election of borrower)

FUND FOR SPECIAL OPERATIONS

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
BOLIVIA (Cont'd)										
Universidad Técnica de Oruro (Republic of Bolivia) <i>Public entity</i>	Higher education	12/21/65	Pesos ¹	161,000	161,000				2¼ ⁴	35 semiannual beginning 36 months after date of contract (Interest and principal payable in pesos or in currencies loaned at election of borrower)
			U.S. dollars	239,000	239,000					
			Total in U.S. dollars	<u>400,000</u>	<u>400,000</u>					
Universidad Autónoma Gabriel René Moreno (Republic of Bolivia) <i>Public entity</i>	Higher education	12/21/65	Pesos ¹	146,000	146,000				2¼ ⁴	35 semiannual beginning 36 months after date of contract (Interest and principal payable in pesos or in currencies loaned at election of borrower)
			U.S. dollars	254,000	254,000					
			Total in U.S. dollars	<u>400,000</u>	<u>400,000</u>					
TOTAL LOANS TO BOLIVIA EXPRESSED IN U.S. DOLLARS				<u>27,860,000</u>	<u>8,031,458</u>	<u>19,828,542</u>	<u>1,877,166</u>	<u>17,951,376</u>		
BRAZIL										
Banco do Nordeste do Brasil <i>Public entity</i>	Industrial and agricultural development	4/9/61 (8/3/61)	U.S. dollars	<u>10,000,000</u>	<u>5,919,825</u>	<u>4,080,175</u>	<u>239,934</u>	<u>3,840,241</u>	4½	24 semiannual beginning 12/15/65 (Interest and principal payable in dollars)
Fundação Comissão de Planeja- mento Econômico da Bahia (State of Bahia) <i>Public entity</i>	Technical assistance	2/21/62 (8/9/62)	Cruzeiros ¹	<u>265,000</u>	<u>129,367</u>	<u>135,633</u>	<u>31,300</u>	<u>104,333</u>	4	13 semiannual beginning 8/9/64 (Interest and principal payable in cruzeiros)
Banco do Estado da Guanabara S.A. (State of Guanabara) <i>Public entity</i>	Water supply	3/13/62 (5/5/62)	Cruzeiros ¹	2,500,000		2,500,000		2,500,000	4	50 semiannual beginning 11/5/67 (First 20 principal payments, including corresponding interest, payable in cruzeiros; balance in currencies loaned)
			U.S. dollars	9,000,000	543,228	8,456,772		8,456,772		
			Total in U.S. dollars	<u>11,500,000</u>	<u>543,228</u>	<u>10,956,772</u>		<u>10,956,772</u>		
Departamento Municipal de Agua e Esgotos (Banco do Estado de Rio Grande do Sul) <i>Public entity</i>	Water supply and sewage systems	12/19/63 (9/17/64)	Cruzeiros ¹	1,500,000	1,200,000	300,000		300,000	4	42 semiannual beginning 3/17/69 (Interest and principal payable in currencies loaned)
			U.S. dollars	1,650,000	1,486,303	163,697		163,697		
			Total in U.S. dollars	<u>3,150,000</u>	<u>2,686,303</u>	<u>463,697</u>		<u>463,697</u>		

Banco do Estado da Guanabara S.A. (State of Guanabara) <i>Public entity</i>	Water supply	12/24/64 (12/31/64)	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	3,000,000 4,000,000 <u>7,000,000</u>	1,266,775 2,888,301 <u>4,155,076</u>	1,733,225 1,111,699 <u>2,844,924</u>	1,733,225 <u>1,111,699</u> <u>2,844,924</u>	4	35 semiannual beginning 1/3/68 (Interest payable in currencies loaned; principal in cruzeiros or in currencies loaned at election of borrower)
Usina Siderurgica da Bahia S.A. (United States of Brazil) <i>Public entity</i>	Steel mill studies	7/1/65 (12/1/65)	U.S. dollars	<u>200,000</u>	<u>200,000</u>			4	10 semiannual beginning 5/31/68 (Interest payable in currencies loaned; principal in cruzeiros or in currencies loaned at election of borrower)
United States of Brazil <i>Public entity</i>	Feasibility and other studies	9/27/65 (10/1/65)	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	1,500,000 3,500,000 <u>5,000,000</u>	1,500,000 3,500,000 <u>5,000,000</u>			4 ³	22 semiannual beginning 4/1/70 (Interest payable in currencies loaned; principal in cruzeiros or in currencies loaned at election of borrower)
United States of Brazil <i>Public entity</i>	Agricultural credit	12/9/65	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	3,000,000 17,500,000 <u>20,500,000</u>	3,000,000 17,500,000 <u>20,500,000</u>			2 1/4 ⁴	34 semiannual beginning 42 months after date of contract (Interest and principal payable in cruzeiros or in currencies loaned at election of borrower)
Departamento Nacional de Estradas de Rodagem (United States of Brazil) <i>Public entity</i>	Highways	12/21/65	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	4,000,000 16,000,000 <u>20,000,000</u>	4,000,000 16,000,000 <u>20,000,000</u>			3 1/4 ⁵	34 semiannual beginning 42 months after date of contract (Interest and principal payable in cruzeiros or in currencies loaned at election of borrower)
Departamento Nacional de Portos e Vias Navegáveis (United States of Brazil) <i>Public entity</i>	Port installations	12/21/65	U.S. dollars	<u>5,640,000</u>	<u>5,640,000</u>			3 1/4 ⁵	34 semiannual beginning 42 months after date of contract (Interest and principal payable in cruzeiros or in currencies loaned at election of borrower)

FUND FOR SPECIAL OPERATIONS

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Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
BRAZIL (Cont'd)										
United States of Brazil Public entity	Water supply	12/21/65	Cruzeiros ¹	3,100,000	3,100,000				2¼ ⁴	32 semiannual beginning 54 months after date of contract (Interest and principal payable in cruzeiros or in currencies loaned at election of borrower)
			U.S. dollars	11,900,000	11,900,000					
			Total in U.S. dollars	15,000,000	15,000,000					
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				98,255,000	79,773,799	18,481,201	271,234	18,209,967		
CHILE										
Corporación de Fomento de la Producción Public entity	Farm settlement	12/21/61 (5/2/62)	Escudos	1,470,000	173,315	1,296,685		1,296,685	4	27 annual beginning 5/2/66 (Interest and principal payable in escudos or in currencies loaned, at election of borrower)
			U.S. dollars	5,657,000	3,417,021	2,239,979		2,239,979		
			Total in U.S. dollars	6,267,160	3,465,842	2,801,318		2,801,318		
Corporación de Fomento de la Producción Corporación de la Reforma Agraria Public entities	Technical assistance	12/21/61 (5/2/62)	U.S. dollars	265,000	157,400	107,600	10,371	97,229	4	7 annual beginning 5/2/65 (Interest and principal payable in escudos or in dollars at election of borrower)
Corporación de Fomento de la Producción Public entity	Aerial photogrammetric survey	10/18/62 (12/20/62)	U.S. dollars	2,100,000		2,100,000		2,100,000	4	19 semiannual beginning 1/15/66 (Interest and principal payable in currencies loaned)
			Less: Participations	663,158		663,158		663,158		
			Net total in U.S. dollars	1,436,842		1,436,842		1,436,842		
Corporación de Fomento de la Producción Public entity	Preinvestment studies	8/12/65 (11/26/65)	Escudos ¹	1,090,000	1,090,000				4 ³	25 semiannual beginning 11/26/68 (Interest payable in currencies loaned; principal in escudos or in currencies loaned at election of borrower)
			U.S. dollars	1,910,000	1,910,000					
			Total in U.S. dollars	3,000,000	3,000,000					

Universidad de Concepción (Corporación de Fomento de la Producción) <i>Private entity</i>	Higher education	11/4/65	Escudos ¹ U.S. dollars Total in U.S. dollars	450,000 750,000 <u>1,200,000</u>	450,000 750,000 <u>1,200,000</u>		2¼ ⁴	33 semiannual beginning 48 months after date of contract (Interest and principal payable in escudos or in currencies loaned at election of borrower)
Republic of Chile <i>Public entity</i>	Water supply	12/14/65	U.S. dollars	<u>15,500,000</u>	<u>15,500,000</u>		2¼ ⁴	33 semiannual beginning 48 months after date of contract (Interest and principal payable in escudos or in currencies loaned at election of borrower)
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				28,332,160	23,323,242	5,008,918	10,371	4,998,547
Less: Participations				663,158		663,158		663,158
Net total loans to Chile expressed in U.S. dollars				<u>27,669,002</u>	<u>23,323,242</u>	<u>4,345,760</u>	<u>10,371</u>	<u>4,335,389</u>
COLOMBIA								
Corporación Autónoma Regional de los Valles del Magdalena y del Sinú (Republic of Colombia) <i>Public entity</i>	Technical assistance	5/11/62 (7/17/62)	Pesos U.S. dollars Total in U.S. dollars	3,300,000 380,000 <u>655,103</u>	2,028,139 344,661 <u>494,894</u>	1,271,861 35,339 <u>160,209</u>		1,271,861 35,339 <u>160,209</u>
							4	12 semiannual beginning 1/17/66 (Interest and principal payable in currencies loaned)
Instituto Nacional de Fomento Municipal (Republic of Colombia) <i>Public entity</i>	Water supply and sewage system	7/12/62 (8/21/62)	Pesos ¹ U.S. dollars Total in U.S. dollars Less: Participations Net total in U.S. dollars	1,000,000 1,500,000 2,500,000 115,384 <u>2,384,616</u>	624,430 1,002,501 1,626,931 873,069 <u>1,626,931</u>	375,570 497,499 873,069 115,384 <u>757,685</u>		375,570 497,499 873,069 115,384 <u>757,685</u>
							4	52 semiannual beginning 2/21/67 (Interest and principal payable in currencies loaned)
Empresas Públicas de Medellín (Republic of Colombia) <i>Public entity</i>	Water supply	4/15/65 (9/30/65)	Pesos ¹ U.S. dollars Total in U.S. dollars	800,000 3,950,000 <u>4,750,000</u>	800,000 3,950,000 <u>4,750,000</u>			
							4	40 semiannual beginning 3/30/70 (Interest payable in currencies loaned; principal in pesos or in currencies loaned at election of borrower)
Establecimiento Público Empresas Municipales de Cali (Republic of Colombia) <i>Private entity</i>	Electric power	10/21/65	U.S. dollars	<u>3,300,000</u>	<u>3,300,000</u>		3¼ ⁵	24 semiannual beginning 42 months after date of contract (Interest and principal payable in pesos or in currencies loaned at election of borrower)

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Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
COLOMBIA (Cont'd)										
Universidad de los Andes (Republic of Colombia) <i>Private entity</i>	Higher education	12/16/65	Pesos ¹ U.S. dollars Total in U.S. dollars	470,000 530,000 <u>1,000,000</u>	470,000 530,000 <u>1,000,000</u>				2¼ ⁴	34 semiannual beginning 42 months after date of contract (Interest and principal payable in pesos or in currencies loaned at election of borrower)
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				12,205,103	11,171,825	1,033,278		1,033,278		
Less: Participations				115,384		115,384		115,384		
Net total loans to Colombia expressed in U.S. dollars				<u>12,089,719</u>	<u>11,171,825</u>	<u>917,894</u>		<u>917,894</u>		
COSTA RICA										
Banco Nacional de Costa Rica <i>Public entity</i>	Development of cooperatives	4/4/63 (5/15/64)	U.S. dollars	<u>1,000,000</u>	<u>708,304</u>	<u>291,696</u>		<u>291,696</u>	4	37 semiannual beginning 5/15/67 (Interest payable in dollars; principal in colones)
Banco Nacional de Costa Rica (Republic of Costa Rica) <i>Public entity</i>	Agricultural development	8/26/65 (11/23/65)	Colones ¹ U.S. dollars Total in U.S. dollars	400,000 4,800,000 <u>5,200,000</u>	400,000 4,800,000 <u>5,200,000</u>				4 ³	31 semiannual beginning 11/23/70 (Interest payable in currencies loaned; principal in colones or in currencies loaned at election of borrower)
Servicio Nacional de Acueductos y Alcantarillado (Republic of Costa Rica) <i>Public entity</i>	Water supply and sewage systems	10/21/65 (12/1/65)	Colones ¹ U.S. dollars Total in U.S. dollars	70,000 1,230,000 <u>1,300,000</u>	70,000 1,230,000 <u>1,300,000</u>				2¼ ⁴	54 semiannual beginning 6/1/69 (Interest and principal payable in colones or in currencies loaned at election of borrower)
Banco de Costa Rica (Republic of Costa Rica) <i>Public entity</i>	Industrial development	12/21/65	U.S. dollars	<u>2,200,000</u>	<u>2,200,000</u>				3¼ ⁵	25 semiannual beginning 48 months after date of contract (Interest and principal payable in colones or in currencies loaned at election of borrower)
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				<u>9,700,000</u>	<u>9,408,304</u>	<u>291,696</u>		<u>291,696</u>		

DOMINICAN REPUBLIC

Banco Central de la República Dominicana Public entity	Industrial development	4/15/65	Pesos ¹	150,000	150,000				4 ³	22 semiannual beginning 54 months after date of contract (Interest payable in currencies loaned; principal in pesos or in currencies loaned at election of borrower)
			U.S. dollars	4,850,000	4,850,000					
			Total in U.S. dollars	5,000,000	5,000,000					
Corporación Azucarera Dominicana (Dominican Republic) Public entity	Industrial studies	12/2/65	Pesos ¹	72,000	72,000				3 1/4 ⁵	12 semiannual beginning 30 months after date of contract (Interest and principal payable in pesos or in currencies loaned at election of borrower)
			U.S. dollars	168,000	168,000					
			Total in U.S. dollars	240,000	240,000					
TOTAL LOANS TO DOMINICAN REPUBLIC EXPRESSED IN U.S. DOLLARS				5,240,000	5,240,000					

ECUADOR

Sistema de Crédito de Fomento (Republic of Ecuador) Public entity	Oil palm cultivation	7/13/61 (10/31/61)	Sucres ¹	276,000	30,813	245,187	30,000	215,187	5	22 semiannual beginning 6/15/64 (Interest until 12/15/72 payable in sucres or currencies loaned at election of borrower, thereafter in currencies loaned; principal in currencies loaned)
			U.S. dollars	1,089,000	820,290	268,710	40,000	228,710		
			Total in U.S. dollars	1,365,000	851,103	513,897	70,000	443,897		
Banco Nacional de Fomento Public entity	Technical assistance	7/5/62 (9/20/62)	U.S. dollars	96,892		96,892	96,892		4	Repaid
Sistema de Crédito de Fomento (Republic of Ecuador) Public entity	Agricultural and industrial development	10/25/62 (11/7/62)	U.S. dollars	6,000,000	2,388,999	3,611,001		3,611,001	4	20 semiannual beginning 5/7/66 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				7,461,892	3,240,102	4,221,790	166,892	4,054,898		

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Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
EL SALVADOR										
Banco Central de Reserva (Republic of El Salvador) Public entity	Electric power	8/10/61 (11/17/61)	Colones U.S. dollars	147,317 123,802		147,317 123,802		147,317 123,802	4	34 semiannual beginning 5/17/70 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				182,728		182,728		182,728		
GUATEMALA										
Instituto Nacional de Electrificación (Republic of Guatemala) Public entity	Electric power studies	12/31/63 (6/18/64)	U.S. dollars	300,000	300,000				4	10 semiannual beginning 12/18/66 (Interest and principal payable in currencies loaned)
Republic of Guatemala Public entity	Water supply studies	7/30/64 (8/26/64)	U.S. dollars	235,000	210,000	25,000		25,000	4	6 semiannual beginning 2/25/67 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				535,000	510,000	25,000		25,000		
HAITI										
Banque Nationale de la République d'Haiti (Republic of Haiti) Public entity	Agricultural and industrial development	4/9/61 (8/17/61)	U.S. dollars	3,500,000	1,966,287	1,533,713	69,392	1,464,321	4	24 semiannual beginning 2/17/65 (Interest and principal payable in gourdes)
Banque Nationale de la République d'Haiti (Republic of Haiti) Public entity	Water supply	3/5/64 (9/1/64)	Gourdes ¹	190,000	162,390	27,610		27,610	2	40 semiannual beginning 3/1/72 (Interest and principal payable in gourdes)
			U.S. dollars	2,170,000	2,041,610	128,390		128,390		
			Total in U.S. dollars	2,360,000	2,204,000	156,000		156,000		
TOTAL LOANS TO HAITI EXPRESSED IN U.S. DOLLARS				5,860,000	4,170,287	1,689,713	69,392	1,620,321		

HONDURAS										
Republic of Honduras <i>Public entity</i>	Highways	5/11/61 (8/11/61)	U.S. dollars	<u>2,250,000</u>	<u>528,631</u>	<u>1,721,369</u>	<u>52,825</u>	<u>1,668,544</u>	4	32 semiannual beginning 1/1/66 (Interest payable in dollars; principal in lempiras)
Republic of Honduras <i>Public entity</i>	Highway and air transport studies	11/9/61 (3/30/62)	U.S. dollars Less: Participations Net total in U.S. dollars	<u>960,000</u> <u>198,776</u> <u>761,224</u>	<u>149,553</u> <u>198,776</u> <u>149,553</u>	<u>810,447</u> <u>198,776</u> <u>611,671</u>	<u>408,447</u> <u>198,776</u> <u>209,671</u>	<u>402,000</u> <u>402,000</u> <u>402,000</u>	4	10 semiannual beginning 9/30/64 (Interest and principal payable in dollars)
Banco Nacional de Fomento (Banco Central de Honduras) <i>Public entity</i>	Agricultural development	4/12/62 (6/8/62)	U.S. dollars Less: Participations Net total in U.S. dollars	<u>6,000,000</u> <u>600,000</u> <u>5,400,000</u>	<u>1,162,922</u> <u>600,000</u> <u>1,162,922</u>	<u>4,837,078</u> <u>600,000</u> <u>4,237,078</u>	<u>4,837,078</u> <u>600,000</u> <u>4,237,078</u>	<u>4,837,078</u> <u>600,000</u> <u>4,237,078</u>	4	24 semiannual beginning 12/8/66 (Interest and principal payable in dollars)
Republic of Honduras <i>Public entity</i>	Pulp and paper studies	11/19/64 (1/7/65)	U.S. dollars	<u>200,000</u>	<u>200,000</u>				4	18 semiannual beginning 7/7/66 (Interest payable in currencies loaned; principal in lempiras, dollars or in currencies loaned at election of borrower)
Republic of Honduras <i>Public entity</i>	Highways	3/25/65 (7/22/65)	U.S. dollars	<u>10,130,000</u>	<u>10,130,000</u>				4 ³	39 semiannual beginning 7/22/71 (Interest payable in currencies loaned; principal in lempiras or in currencies loaned at election of borrower)
Republic of Honduras <i>Public entity</i>	Planning	12/21/65	U.S. dollars	<u>375,000</u>	<u>375,000</u>				3¼ ⁵	14 semiannual beginning 42 months after date of contract (Interest and principal payable in lempiras or in currencies loaned at election of borrower)
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				<u>19,915,000</u>	<u>12,546,106</u>	<u>7,368,894</u>	<u>461,272</u>	<u>6,907,622</u>		
Less: Participations				<u>798,776</u>		<u>798,776</u>	<u>198,776</u>	<u>600,000</u>		
Net total loans to Honduras expressed in U. S. dollars				<u>19,116,224</u>	<u>12,546,106</u>	<u>6,570,118</u>	<u>262,496</u>	<u>6,307,622</u>		

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MEXICO										
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Preinvestment studies	4/4/63 (9/19/63)	Pesos ¹ U.S. dollars Total in U.S. dollars	3,200,000 600,000 <u>3,800,000</u>	872,888 335,817 <u>1,208,705</u>	2,327,112 264,183 <u>2,591,295</u>		2,327,112 264,183 <u>2,591,295</u>	4	24 semiannual beginning 3/19/67 (Interest and principal payable in currencies loaned)
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Irrigation	10/22/64 (10/30/64)	Pesos ¹ U.S. dollars Total in U.S. dollars	500,000 9,300,000 <u>9,800,000</u>	500,000 8,600,000 <u>9,100,000</u>	700,000 <u>700,000</u>		700,000 <u>700,000</u>	4 ³	44 semiannual beginning 4/30/68 (Interest and principal payable in currencies loaned)
Asociación Civil "Enseñanza e Investigación Superior de Monterrey" (Cervecería Cuauhtemoc, S.A. Hojalata y Lámina, S.A. Vidriera Monterrey, S.A.) <i>Private entity</i>	Higher education	10/21/65	U.S. dollars	<u>1,000,000</u>	<u>1,000,000</u>				3 ²	33 semiannual beginning 48 months after date of contract (Interest and principal payable in currencies loaned)
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Highways	12/30/65	Pesos ¹ U.S. dollars Total in U.S. dollars	8,500,000 24,500,000 <u>33,000,000</u>	8,500,000 24,500,000 <u>33,000,000</u>				4 ³	41 semiannual beginning 60 months after date of contract (Interest and principal payable in currencies loaned)
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				<u>47,600,000</u>	<u>44,308,705</u>	<u>3,291,295</u>		<u>3,291,295</u>		
NICARAGUA										
Banco Nacional de Nicaragua (Republic of Nicaragua) <i>Public entity</i>	Livestock development	12/21/64 (4/6/65)	U.S. dollars	<u>4,500,000</u>	<u>3,153,676</u>	<u>1,346,324</u>		<u>1,346,324</u>	4 ³	24 semiannual beginning 10/6/68 (Interest payable in currencies loaned, principal in cordobas or in currencies loaned at election of borrower)

Instituto de Fomento Nacional de Nicaragua (Republic of Nicaragua) <i>Public entity</i>	Industrial development	8/5/65 (12/13/65)	Cordobas ¹ U.S. dollars Total in U.S. dollars	<u>100,000</u> <u>100,000</u> <u>200,000</u>	<u>100,000</u> <u>100,000</u> <u>200,000</u>				4 ³	24 semiannual beginning 7/13/69 (Interest payable in currencies loaned; principal in cordobas or in currencies loaned at election of borrower)
Republic of Nicaragua <i>Public entity</i>	Highways	9/27/65 (10/25/65)	Cordobas ¹ U.S. dollars Total in U.S. dollars	<u>350,000</u> <u>11,650,000</u> <u>12,000,000</u>	<u>350,000</u> <u>11,650,000</u> <u>12,000,000</u>				4 ³	44 semiannual beginning 4/25/69 (Interest payable in currencies loaned; principal in cordobas or in currencies loaned at election of borrower)
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS				<u>16,700,000</u>	<u>15,353,676</u>	<u>1,346,324</u>		<u>1,346,324</u>		
PANAMA										
Instituto de Fomento Económico (Republic of Panama) <i>Public entity</i>	Agricultural development	12/7/61 (1/10/62)	Balboas U.S. dollars Total in U.S. dollars	<u>186,000</u> <u>2,714,000</u> <u>2,900,000</u>	<u>109,636</u> <u>109,636</u>	<u>186,000</u> <u>2,604,364</u> <u>2,790,364</u>	<u>7,750</u> <u>78,273</u> <u>86,023</u>	<u>178,250</u> <u>2,526,091</u> <u>2,704,341</u>	4	24 semiannual beginning 7/15/65 (Interest and principal payable in currencies loaned)
Republic of Panama <i>Public entity</i>	Highway studies	12/31/63 (4/17/64)	U.S. dollars	<u>300,000</u>	<u>179,255</u>	<u>120,745</u>		<u>120,745</u>	4	17 semiannual beginning 4/15/66 (Interest and principal payable in dollars)
Banco Nacional de Panamá (Republic of Panama) <i>Public entity</i>	Industrial development	12/10/64 (1/19/65)	U.S. dollars	<u>1,000,000</u>	<u>900,000</u>	<u>100,000</u>		<u>100,000</u>	4	21 semiannual beginning 1/19/69 (Interest payable in currencies loaned; principal in balboas or in currencies loaned at election of borrower)
Instituto de Vivienda y Urbanismo (Republic of Panama) <i>Public entity</i>	Housing	12/2/65	Balboas ¹ U.S. dollars Total in U.S. dollars	<u>500,000</u> <u>8,500,000</u> <u>9,000,000</u>	<u>500,000</u> <u>8,500,000</u> <u>9,000,000</u>				2½ ⁴	51 semiannual beginning 60 months after date of contract (Interest and principal payable in balboas or in currencies loaned at election of borrower)
TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS				<u>13,200,000</u>	<u>10,188,891</u>	<u>3,011,109</u>	<u>86,023</u>	<u>2,925,086</u>		

FUND FOR SPECIAL OPERATIONS

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
PARAGUAY										
Banco Nacional de Fomento del Paraguay (Republic of Paraguay) <i>Public entity</i>	Industrial, agricultural and livestock development	3/24/61 (7/28/61)	U.S. dollars	<u>3,000,000</u>	<u>117,075</u>	<u>2,882,925</u>	<u>573,467</u>	<u>2,309,458</u>	5¾	14 semiannual beginning 5/7/63 (Interest and principal payable in guaranies)
Republic of Paraguay <i>Public entity</i>	Land settlement	5/26/61 (7/28/61)	U.S. dollars	<u>250,000</u>		<u>250,000</u>	<u>83,333</u>	<u>166,667</u>	4	18 semiannual beginning 2/1/63 (Interest and principal payable in guaranies)
Republic of Paraguay <i>Public entity</i>	Land settlement studies	4/5/62 (12/3/62)	U.S. dollars	<u>800,000</u>	<u>629,500</u>	<u>170,500</u>		<u>170,500</u>	4	11 semiannual beginning 11/30/66 (Interest and principal payable in guaranies or dollars at the election of borrower)
Administración Nacional de Electricidad (Banco Central del Paraguay) <i>Public entity</i>	Electric power studies	12/6/62 (12/7/62)	U.S. dollars	<u>400,000</u>		<u>400,000</u>	<u>400,000</u>		4	Repaid
Administración Nacional de Electricidad (Republic of Paraguay) <i>Public entity</i>	Electric power	4/18/63 (8/17/64)	U.S. dollars	<u>14,150,000</u>	<u>12,178,970</u>	<u>1,971,030</u>		<u>1,971,030</u>	4	40 semiannual beginning 2/18/70 (First 20 principal installments, including corresponding interest, payable either in currencies loaned or guaranies at election of borrower; balance in currencies loaned)
Banco Nacional de Fomento (Republic of Paraguay) <i>Public entity</i>	Industrial development	7/30/64 (8/17/64)	Guaraníes ¹ U.S. dollars Total in U.S. dollars	<u>500,000</u> <u>3,500,000</u> <u>4,000,000</u>	<u>500,000</u> <u>3,500,000</u> <u>4,000,000</u>				4	23 semiannual beginning 8/18/68 (Interest and principal payable in currencies loaned)

Republic of Paraguay <i>Public entity</i>	Colonization	5/27/65	Guaraníes ¹ U.S. dollars Total in U.S. dollars	400,000 260,000 <u>660,000</u>	400,000 260,000 <u>660,000</u>		4 ³	23 semiannual beginning 48 months after date of contract (Interest payable in currencies loaned; principal in guaraníes or in currencies loaned at election of borrower)
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				<u>23,260,000</u>	<u>17,585,545</u>	<u>5,674,455</u>	<u>1,056,800</u>	<u>4,617,655</u>
PERU								
Republic of Peru <i>Public entity</i>	Highway studies	8/20/64 (11/6/64)	Soles ¹ U.S. dollars Total in U.S. dollars	115,000 360,000 <u>475,000</u>	56,430 214,000 <u>270,430</u>	58,570 146,000 <u>204,570</u>		4 17 semiannual beginning 11/6/66 (Interest and principal payable in currencies loaned)
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				<u>475,000</u>	<u>270,430</u>	<u>204,570</u>		<u>204,570</u>
URUGUAY								
Establecimientos Frigoríficos del Cerro, S.A. <i>Private entity</i>	Meat processing plant	8/3/61 (11/30/61)	Pesos ¹ U.S. dollars Total in U.S. dollars	190,000 450,000 <u>640,000</u>	190,000 253,000 <u>443,000</u>	197,000 56,286 <u>140,714</u>	56,286 <u>140,714</u>	5 ³ / ₄ 14 semiannual beginning 5/31/64 (Interest and principal payable in currencies loaned)
Cooperativa Nacional de Productos de Leche (Banco de la República Oriental del Uruguay) <i>Mixed entity</i>	Dairy industry	11/5/64 (3/9/65)	U.S. dollars	<u>3,600,000</u>	<u>3,600,000</u>		4 ³	24 semiannual beginning 9/9/69 (Interest payable in dollars or propor- tionately in currencies loaned; principal in pesos or in dollars at election of borrower)
Republic of Uruguay <i>Public entity</i>	Water supply	6/10/65 (8/19/65)	U.S. dollars	<u>1,000,000</u>	<u>1,000,000</u>		4 ³	34 semiannual beginning 2/1/69 (Interest and principal payable in currencies loaned, except that principal repayments may be made in pesos at election of borrower)
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				<u>5,240,000</u>	<u>5,043,000</u>	<u>197,000</u>	<u>56,286</u>	<u>140,714</u>

FUND FOR SPECIAL OPERATIONS

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
VENEZUELA										
Instituto Agrario Nacional (Republic of Venezuela) Public entity	Farm settlement	11/8/62 (12/19/62)	Bolivares ¹	2,700,000	2,408,452	291,548		291,548	4	39 semiannual beginning 12/19/66 (Interest and principal payable in bolivares)
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				2,700,000	2,408,452	291,548		291,548		
CENTRAL AMERICA										
Central American Bank for Economic Integration Public entity	Regional industrial and infrastructure development	4/4/63 (4/26/63)	Colones (Costa Rica)	1,350,000	237,790	1,112,210		1,112,210	4	32 semiannual beginning 10/26/67 (Interest and principal payable in currencies loaned, except that principal payments relating to \$1,000,000 of the dollar portion may be paid in currencies of member countries of the Central American Bank)
			Colones (El Salvador)	350,000		350,000		350,000		
			Quetzales	270,000		270,000		270,000		
			Lempiras	380,000	248,260	131,740		131,740		
			Cordobas	1,400,000	1,050,000	350,000		350,000		
			U.S. dollars	5,000,000	227,238	4,772,762		4,772,762		
			Total in U.S. dollars	6,003,927	537,287	5,466,640		5,466,640		
Central American Bank for Economic Integration Public entity	Regional industrial and infrastructure development	12/24/64 (3/26/65)	Colones (Costa Rica) ¹	80,000		80,000		80,000	4	32 semiannual beginning 9/26/69 (Interest and principal payable in currencies loaned, except that principal payments on \$1,250,000 of the dollar portion may be paid in currencies of member countries of the Central American Bank)
			Colones (El Salvador) ¹	100,000	100,000					
			Quetzales ¹	120,000	115,000	5,000		5,000		
			Cordobas ¹	100,000						
			U.S. dollars	7,800,000	6,624,998	1,175,002		1,175,002		
			Total in U.S. dollars	8,200,000	6,939,998	1,260,002		1,260,002		
TOTAL LOANS TO CENTRAL AMERICA EXPRESSED IN U.S. DOLLARS				14,203,927	7,477,285	6,726,642		6,726,642		

NET TOTAL ACTIVE LOANS EXPRESSED IN U.S. DOLLARS

Add: Participations

Add: Loan Cancellations

Total approved loans expressed in U.S. dollars

364,754,496	286,519,233	78,235,263	3,856,660	74,378,603
1,645,058		1,645,058	198,776	1,446,282
<u>366,399,554</u>	<u>286,519,233</u>	<u>79,880,321</u>	<u>4,055,436</u>	<u>75,824,885</u>
1,192,380				
<u>367,591,934</u>				

Notes:

A. All 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, takes certain action and furnish certain documents to the Bank.

B. On the undisbursed balance of loans, the Bank has entered into irrevocable commitments to disburse \$1,212,659.

¹ Expressed in U.S. dollar equivalent.

² In addition to the interest rate shown, also subject to a commitment fee of $\frac{1}{2}\%$ on the undisbursed balance.

³ In addition to the interest rate shown, also subject to a commitment fee of $\frac{3}{4}\%$ on undisbursed balance.

⁴ In addition to the interest rate shown, also subject to a commitment fee of $\frac{1}{2}\%$ and a service charge of $\frac{3}{4}\%$.

⁵ In addition to the interest rate shown, also subject to a commitment fee of $\frac{3}{4}\%$ and a service charge of $\frac{3}{4}\%$.



HOUSING PROJECT at San Miguelito, now nearly complete, was built with aid of first housing loan extended by the Bank. In 1965 the Bank authorized another loan to support housing in Panama.

Part III

SOCIAL PROGRESS TRUST FUND

Operations / Fiscal Year 1965

(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 June 19, 1961)

Activities

The Inter-American Bank has administered the Social Progress Trust Fund since June 1961 within the framework of the Alliance for Progress program under an agreement entered into with the United States Government.

The Trust Fund was constituted from part of the Special Inter-American Fund for Social Progress, which was proposed by the United States and approved by the representatives of the American Republics in the Act of Bogota in September 1960. The purpose was to contribute capital resources and technical assistance to support the efforts of the Latin American countries that are prepared to initiate or expand effective institutional improvements and to adopt measures to employ efficiently their own resources with a view to achieving greater social progress and more balanced economic growth.

The Trust Fund was set up with initial resources of \$394 million. Subsequently, on February 17, 1964, the United States increased this sum by \$131 million to a total of \$525 million.

These resources are used to finance projects and programs in the fields of land settlement and improved land use, housing for low-income groups,

community water supply and sanitation facilities, higher education and advanced training, and to extend technical assistance in the above four fields as well as in connection with the mobilization of the domestic financial resources of the Bank's Latin American member countries and the strengthening of their financial institutions.

By December 31, 1965, the Bank had authorized loans totaling \$501,233,534 from the Trust Fund. Thus, virtually all the \$525 million contributed to the Fund by the United States has been exhausted.

This reduced volume of lendable resources indicates that beginning in 1966 operations from the Fund will be limited substantially to the funds recovered from loans previously granted. Since this process will be slow due to the long repayment terms on outstanding loans, the annual volume of future Trust Fund operations is expected to be relatively small.

In accordance with the terms of the Trust Fund Agreement, the Bank as Administrator publishes a separate detailed analysis of the operations of the Fund as well as the measures taken by the Latin American borrowing countries to accomplish the social progress objectives spelled out in the Act of Bogota and the Charter of Punta del Este.

Loans

During 1965 the Inter-American Bank authorized 15 loans totaling \$51,199,000 from the Social

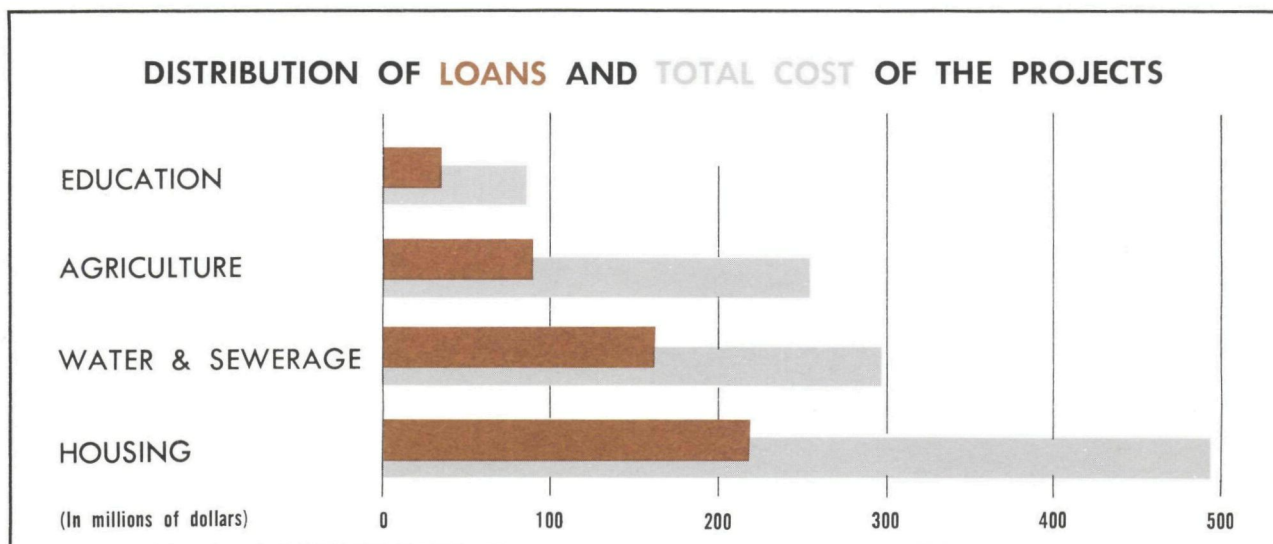
Progress Trust Fund, compared with 21 loans amounting to \$85,903,000 in 1964.

The smaller amount authorized in 1965 from the Fund, due to reduced availabilities, was more than compensated by social development loans authorized from the resources of the Fund for Special Operations as a result of the decision of the Bank's member countries that such projects should be handled in the future with the expanded assets of that Fund. These operations, which numbered 12 for a total of \$84,300,000, are described in Part II of this Report. Thus the Bank's total loans for social development projects in 1965 were 27 amounting to \$135,499,000.

Disbursements on loans from the Trust Fund in 1965 amounted to \$70,607,416, compared with \$66,842,535 in 1964, bringing cumulative disbursements at the end of the year to \$226,097,572.

By sectors, the Bank's lending from the Trust Fund in 1965 was distributed as follows: land settlement and improved land use, three loans for \$7 million; housing for low-income groups, five loans for \$20,935,000; community water supply and sanitation facilities, four loans for \$20,524,000, and higher education and advanced training, three loans for \$2,740,000.

The loans extended for *land settlement and improved land use* included \$1.5 million to support a land colonization project in Chile, \$3 million for colonization in Ecuador and \$2.5 million to finance a credit program for low-income farmers in Panama.



The *housing* loans were \$2 million to finance cooperative housing construction in Chile, \$1,735,000 to finance housing for members of cooperatives also, this time in the Dominican Republic; \$6 million for urban housing in El Salvador; \$1.2 million for homes being built by a private savings and loan association in Peru, and \$10 million for rural housing in Venezuela.

The *water supply and sanitation* loans included \$5 million for rural water supply in Argentina; \$2.6 million for the water system of Oruro, Bolivia, \$4,824,000 for water supply and sewage facilities in Queretaro and Durango, Mexico, and \$8.1 million for water and sewage systems in 100 communities in Peru.

The loans extended for *higher education* projects were \$740,000 to establish an Institute of Basic Sciences in Bolivia's principal university, \$500,000 to help design and establish a new campus for the state university of the Department of the Valle del Cauca, Colombia, and \$1.5 million to provide scientific and other equipment for Paraguay's national university.

The total cost of these projects was estimated at \$101.9 million. The Bank's participation in this financing was about 44 per cent and the remaining 56 per cent came primarily from funds provided by the borrowing entities.

This section contains a description of the loans authorized from the Social Progress Trust Fund during 1965 grouped in the following categories:

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

The rates of interest for all loans, with the exception of those for community water supply and sanitation, was 1¼ per cent per annum. The rate on water supply and sanitation loans was 2¾ per cent annually.

Principal and interest payments on Trust Fund loans are made in local currencies or, at the option of the borrower, in dollars. In addition, a service charge of ¾ of 1 per cent, payable in dollars, is charged on principal amounts outstanding.

The terms of the loans, including grace periods, ranged from 20 to 30 years with the exception of one for studies connected with the design and construction of a new university campus which was extended for seven years.



CHILE

LAND SETTLEMENT

\$1.5 million 20-year 1¼ % loan of November 4, 1965

Borrower: INSTITUTO DE PROMOCION AGRARIA

The *Instituto de Promoción Agraria (INPROA)* is a private foundation created in 1963 under the auspices of the Catholic Church to subdivide and sell lands belonging to Catholic institutions in accordance with efforts being carried out to reform Chile's agrarian structure. *INPROA* has prepared a land subdivision plan for the development and sale of several estates or *fundos*, which belong to the Catholic Church in the central valley. In 1964 the Bank contributed \$40,000 in grant technical assistance for the preparation of the plan.

This loan will help finance a project calling for the subdivision of several such estates with a total area of 15,000 acres among 600 farm families in nearby areas. Sixty per cent of these are settled on the lands and the other 40 per cent live nearby.

The program will be carried out in three stages: In the first, *INPROA* will foster the creation of cooperatives among the resident tenants and will transfer the estates to them or to the cooperatives for farming on a share cropping basis for one year; in the second, the estates will be leased to the cooperatives for a two-year period, during which basic improvements will be carried out; in the third, *INPROA* will sell the subdivided plots to members of the cooperatives, extending to them 20-year mortgages.

The loan proceeds will be used to extend credits to the cooperatives and their members and to finance basic works designed to improve the plots. The loan is guaranteed by the Republic of Chile.

ECUADOR

COLONIZATION

\$3 million 20-year 1¼% loan of August 19, 1965

Borrower: CENTRO DE RECONVERSION ECONOMICA DEL AZUAY, CAÑAR Y MORONA-SANTIAGO

Ecuador's Ten-Year Economic and Social Development Plan includes various colonization projects to resettle farm families now living in the Sierra, where more than 60 per cent of the rural population is now concentrated, in other regions of the country. One of these projects calls for the colonization of part of the watershed of the Paute and Upano Rivers in the province of Morona-Santiago in Ecuador's east-central region. This area contains some 670,000 undeveloped acres, of which 425,000 could profitably be farmed.

This colonization project is included in the list submitted in June 1965 to the consideration of the Consultative Group for External Financing for Ecuador, which the Bank has organized in its capacity as Ecuador's Financial Agent. This loan will finance 56 per cent of the cost of the project, which is being carried out by the borrower, the *Centro de Reconversión Económica del Azuay, Cañar y Morona-Santiago*, to settle 2,550 families on farms to be primarily devoted to stockraising.

In the first few years, the settlers will improve the land, cultivate permanent crops and build up pastures and herds. Their output will be sold in domestic markets and in Peru, which currently imports beef from Ecuador. About 1,430 of the families to be benefited are squatters now occupying an area of about 108,000 acres; another 1,150

families will be settled shortly on another 85,000 acres. The remaining acreage is being set aside for future settlement by 3,000 families.

The program calls for construction of a 91-mile road, which will link the area with the Ecuadorian highway system and 68 miles of farm-to-market roads; establishment of schools, dispensaries and other public services, and provision of farm credit and technical, medical and education assistance to the settlers. The proceeds of the loan will finance the construction of the penetration road and the farm-to-market roads and technical assistance costs of \$60,000 for the final study of one of the road sections. The loan is guaranteed by the Republic of Ecuador.

PANAMA

FARM CREDIT

\$2.5 million 20-year 1¼% loan of April 22, 1965

Borrower: INSTITUTO DE FOMENTO ECONOMICO

At the beginning of the 1960's, Panama's agricultural sector employed about half the nation's economically active population, but accounted for only about one-quarter of the value of the gross domestic product. The low productivity of this sector can be attributed to the rudimentary cultivation methods used by small-scale farmers.

In order to stimulate their productivity, the *Instituto de Fomento Económico*, the nation's development agency, has been carrying out a credit program with the help of a \$2.9 million loan extended from the Fund for Special Operations in 1961.

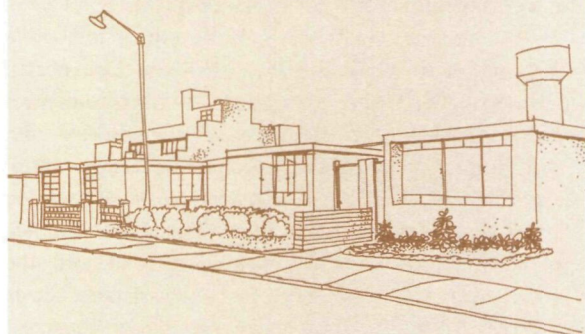
This new loan will finance 62.5 per cent of the cost of a new credit program to provide short-, medium- and long-term credits to about 5,700 low-income farm families throughout the country. The proceeds will be used by the *Instituto* to finance purchase of farm machinery, equipment, fertilizers, seeds and livestock and construction of small irrigation and drainage works on the farms, as well as to promote adequate marketing systems. In addition, up to \$30,000 of the loan may be used for technical assistance services required in the execution of the program.

The *Instituto* will provide agricultural extension services to the farmers benefited, placing particular emphasis on higher yields. The objective of the program is to increase the output of rice, corn, beans, tomatoes, other vegetables and beef. The loan is guaranteed by the Republic of Panama.

FARM EXTENSION services are provided farmers in Ecuador under Bank program designed to help Andean population.



HOUSING FOR LOW-INCOME GROUPS



CHILE

HOUSING

\$2 million 20-year 1¼% loan of March 11, 1965

Borrower: INSTITUTO DE VIVIENDAS POPULARES CARITAS

The *Instituto de Viviendas Populares Caritas (INVICA)* is a private Chilean foundation established in 1959 with local resources and external donations, including one of \$1 million from the National Catholic Welfare Conference of the United States and another of \$700,000 from *Aktion Misereor* of Germany. Its principal aim is to promote the construction of homes for low-income families. The foundation has planned and financed several housing projects and has provided technical assistance to organize or strengthen some 250 housing cooperatives.

This loan will finance 80 per cent of the cost of the first stage of a continuous program of housing construction for low-income members of housing cooperatives affiliated with Chile's savings and loan system. At the outset, *INVICA* will build 840 units, representing the first stage in a 2,950-project to be built at Villa Presidente Kennedy six miles from Santiago. This planned community will have all urban facilities, including primary and secondary schools, handicraft centers, markets and utilities.

The homes will be sold to members of cooperatives with monthly family incomes below \$160. As mortgages are repaid, *INVICA* will relend the proceeds, thus channeling increasing amounts of local funds into housing construction. It is estimated that over the 20-year term of the loan, 12 building cycles, resulting in the construction of 7,450 units, will be carried out. The loan is guaranteed by the *Corporación de la Vivienda* of Chile.

DOMINICAN REPUBLIC

HOUSING

\$1,735,000 27-year 1¼% loan of April 15, 1965

Borrower: INSTITUTO NACIONAL DE LA VIVIENDA

The *Instituto Nacional de la Vivienda (INVI)* is an autonomous agency in charge of housing programs in the Dominican Republic. In 1962 the Bank authorized a \$3.5 million loan from the Trust Fund to help *INVI* finance the construction of about 5,000 homes.

The Institute will use this new loan to finance 47 per cent of the cost of another program, this time to build 960 homes for members of the housing cooperative, *Cooperativa pro Vivienda "Ingenio Porvenir"* at San Pedro de Macoris. This cooperative, which was organized with the technical aid of the American Institute for Free Labor Development, is composed of workers belonging to the *Ingenio Porvenir*, one of the twelve sugar mills that belong to the Dominican Sugar Corporation.

The homes will be built on a 128-acre tract given to the *Cooperativa* by the Corporation. Urban improvements on the tract, already underway, are being financed by the Dominican Republic. The Bank loan, together with another for \$860,000 from the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), will cover the external financing of the program whose total cost is \$3,709,000. The loan is guaranteed by the Dominican Republic.

SELF-HELP HOUSING rises in Cali, Colombia, with help of a Bank loan from the Social Progress Trust Fund.



EL SALVADOR**HOUSING**

\$6 million 30-year 1¼ % loan of April 22, 1965

Borrower: INSTITUTO DE VIVIENDA URBANA

In 1962 El Salvador initiated a National Housing Program whose first phase, financed with the help of a \$6.1 million loan from the Trust Fund, resulted in the construction of more than 5,000 houses in the 1963-64 period.

The program was expanded in 1964 to provide for the construction of 25,000 units in a five-year plan to be carried out in 1965-69, with 6,700 houses being built in 1965-66. About 75 per cent of the \$56.5 million investment required to carry out the plan is expected to come from domestic resources, and the remaining 25 per cent from external sources, including the Inter-American Bank.

This new loan will finance 54 per cent of the cost of building 4,415 units—4,000 in the capital, San Salvador, and 415 units in four other cities—as part of the 1965-66 stage. A total of 941 houses will be built through the self-help system; another 1,267, with the financial participation of companies, trade unions and cooperatives, and 2,207, by contractors. The cost of the houses will range from \$2,360 to \$2,600 and will be awarded to families with monthly incomes ranging from \$48 to \$128. The loan is guaranteed by the Republic of El Salvador.

PERU**HOUSING**

\$1.2 million 20-year 1¼ % loan of July 8, 1965

Borrower: ASOCIACION MUTUAL DE CREDITO PARA LA VIVIENDA "EL PUEBLO"

The *Asociación Mutual de Crédito para la Vivienda "El Pueblo"* is a non-profit savings and loan association created in 1960 to mobilize private resources for home construction. The home loans it made in 1964 accounted for 28 per cent of the value of all mortgages granted by Peruvian savings and loan associations that year. In 1962, the Bank made a \$1 million loan from the Trust Fund to the association, which has helped to finance 371 homes for low-income families.

This loan will finance 75 per cent of the cost of another program to build 500 homes, mainly in the metropolitan Lima-Callao area. Under the program, whose total cost is \$1,680,000, loans for terms of up to 20 years will be extended for as

much as 80 per cent of the value of homes. The houses, whose cost may not exceed \$5,250, will be assigned to members of the association whose monthly incomes range up to \$130, plus 10 per cent for each qualified dependent. Up to \$45,000 of the loan may be used to finance advisory services related to the Association's administration and operations.

The loan is another step in the Bank's efforts to help Peru overcome its housing shortage, which is one of its most serious social problems, particularly in the Lima-Callao area. In addition to the loans extended to *Mutual "El Pueblo,"* the Bank in 1961 made a \$22.8 million loan from the Trust Fund to the Republic of Peru to help finance the construction of 35,000 homes for low-income families. The loan to *Mutual "El Pueblo"* is guaranteed by the Republic of Peru.

VENEZUELA**RURAL HOUSING**

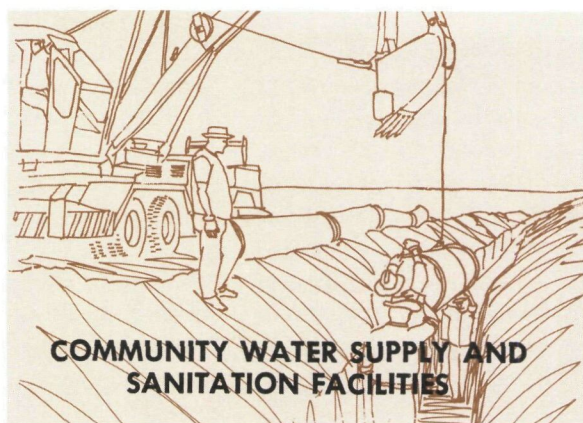
\$10 million 20-year 1¼ % loan of April 22, 1965

Borrower: REPUBLIC OF VENEZUELA

In 1958 Venezuela initiated a National Rural Housing Plan designed to improve living standards in the rural sector as one means of curbing large migration of farm families to urban centers in search of better employment. This exodus of farmers to the cities restrains development of the agricultural sector and creates additional social and economic problems in urban areas.

The Bank has cooperated in programs seeking to improve living standards in Venezuela's countryside through three loans extended in 1961 from the Trust Fund—one for \$12 million is helping to build 23,000 rural homes and two others, totaling \$20 million, are financing water supply and sewage facilities for more than 630 rural communities with a total population of 600,000 persons.

This new loan will finance 32 per cent of the cost of another housing program to build 18,000 rural homes through the aided self-help system, under which the beneficiaries supply labor. The houses, whose average cost will be \$1,742, will be built in communities with less than 5,000 inhabitants. Families with average monthly incomes ranging from \$80 to \$180 will be eligible to participate. The program will be carried out through the Rural Housing Division of the Ministry of Health and Social Welfare.



ARGENTINA

RURAL WATER SUPPLY

\$5 million 26-year 2¾ % loan of August 12, 1965

Borrower: REPUBLIC OF ARGENTINA

Only about 320,000 of the 4.8 million inhabitants which make up Argentina's rural population, according to 1965 estimates, have adequate water supply services, either from home connections or public fountains.

To improve this situation, the Ministry of Social Assistance and Public Health recently prepared a national plan to provide water supply to communities of 100 to 3,900 inhabitants, whose total population is 1.7 million. The plan, which will be undertaken by the National Water Supply Service, will be carried out in three stages over a six-year period at a total cost of \$40 million.

This loan will finance 50 per cent of the cost of the first stage of the plan, which calls for construction, expansion or improvement of water supply systems in a number of rural communities with a total population of 400,000. The first 36 projects included in this stage will benefit towns in the Provinces of Catamarca, La Rioja, Mendoza, Misiones, Salta and San Juan. The projects provide for development of water supply sources, installation of pumping stations and storage tanks, expansion of distribution networks and construction of chlorination treatment plants and sedimentation and filtration facilities.

The Plan will be financed through a National Revolving Fund, which will come partly from contributions of the central and provincial governments and the communities benefited and partly from external resources. The Bank loan will supplement a local contribution of \$5 million in establishing the initial capital of the Fund. Up to \$50,000 of

the loan may be used for technical assistance costs related to the execution of the project.

BOLIVIA

WATER SUPPLY

\$2.6 million 25-year 2¾ % loan of March 4, 1965

Borrower: REPUBLIC OF BOLIVIA

The city of Oruro, which has a population of 85,000 inhabitants, has a water system which supplies an average of 40 liters of water a day per capita to the 45,000 persons who enjoy house connections. The remaining 40,000 inhabitants must depend on public fountains for their water and receive an average supply of only 12 liters daily per capita.

This loan will finance 84 per cent of the cost of a project designed to improve the system and increase the per capita supply to 300 liters per day. The project will be carried out in two phases: In the first, intake facilities at three water sources will be expanded and improved; storage tanks will be repaired; a new chlorination unit will be installed; the distribution system will be extended, and new home connections will be installed. During this phase a search will also be made for new underground water sources in the Paria Valley, 12 miles southeast of Oruro. If the search proves successful, intake facilities will be built in the Valley during the second phase. Otherwise, a new intake facility will be built at the Desaguadero River, 14 miles south of Oruro.

The project, which is the first stage in a 25-year program to build an adequate water supply system for Oruro, will be carried out by the *Servicio Local de Acueductos y Alcantarillado de Oruro*. Up to \$330,000 of this loan may be used for technical assistance services to explore for new water sources, to study rate structures and to prepare designs for the project works.

MEXICO

WATER AND SEWAGE SYSTEMS

\$4,824,000 20-year 2¾ % loan of February 18, 1965

Borrower: NACIONAL FINANCIERA, S.A.

According to studies of Mexico's Secretariat of Hydraulic Resources, in 1960, 66 per cent of Mexico's population lacked adequate water supply and sewage services. To improve this situation, Mexico is carrying out a 20-year plan over the

1960-80 period to provide water and sewage services to all Mexican communities with more than 500 inhabitants.

This loan will finance 60 per cent of the \$8,040,000 total cost of two projects, included in this plan, to improve and expand the water supply and sewage facilities of Querétaro and Durango, capitals of states of the same names, whose combined population is 175,000.

In Querétaro, only about 64 per cent of the population is served by the water supply and sewage system and this service is inadequate. In Durango, the water supply network is in disrepair and the sewage system serves only about 54 per cent of the population.

The improvements to be carried out call for the reconstruction of the systems in both cities to serve present needs and meet future requirements until 1985, when the combined population of the two cities is expected to reach an estimated 340,000 persons. The loan is guaranteed by the United Mexican States.

PERU

WATER AND SEWAGE SYSTEMS

\$8.1 million 25-year 2¾ % loan of September 9, 1965
Borrower: REPUBLIC OF PERU

In 1961 only 46 per cent of Peru's population in towns of more than 2,000 inhabitants had ade-

quate water supply and sewage services. To alleviate this deficiency, which is reflected in high morbidity and mortality rates, the Peruvian Government is undertaking various sanitation programs, the principal one being the National Sanitary Works Plan that seeks to provide such service to 70 per cent of the urban population within the next 10 years. This plan calls for average annual investments of 300 million soles.

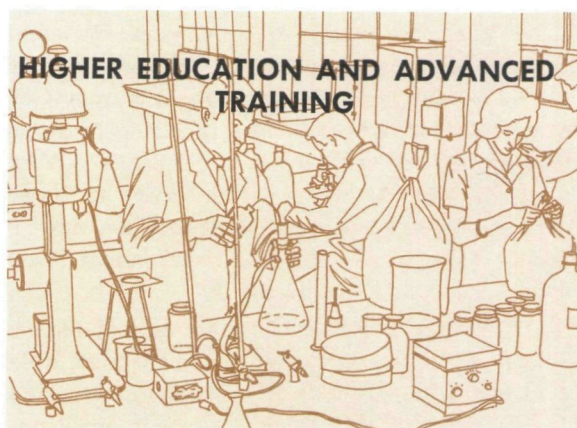
This loan will finance 60 per cent of the cost of one of the programs contained in the plan, which calls for the construction or expansion of water and sewage systems in 100 communities with populations of from 2,000 to 30,000. The program, which will be carried out by the Ministry of Development and Public Works, will benefit about 450,000 persons.

In addition to the work in the above 100 communities, the project calls for installation of water meters and home connections in another 50 communities and purchase of equipment to carry out the projects. Up to \$35,000 of the loan will be provided for technical assistance to train personnel and to establish an efficient rates and collection system.

A similar program for communities of less than 2,000 inhabitants is being carried out with the aid of a Trust Fund loan of \$1,650,000 extended in 1964. This program is benefitting 150 communities with a combined population of 150,000.

PURE WATER has been brought to Merida, Yucatan, with assistance of a \$9,200,000 loan from the Social Progress Trust Fund. Twelve other communities in the Peninsula are benefiting from the project also.





BOLIVIA

ADVANCED EDUCATION

\$740,000 20-year 1¼% loan of May 20, 1965

Borrower: UNIVERSIDAD MAYOR DE SAN ANDRES

The *Universidad Mayor de San Andrés*, of La Paz, is Bolivia's principal university. Its 1963 student body of 4,500 equaled the combined enrollment of all other Bolivian universities. Since its founding in 1832, the University has been organized in schools which offer rigid and mutually exclusive study programs.

As a step in achieving a modern academic and administrative organization, the University in 1964 created an Institute of Basic Sciences, where all courses in mathematics, physics, chemistry and biology will be centered, and where specialized personnel in these fields will be trained.

This loan will finance 73 per cent of the cost of establishing the new Institute, including the purchase of laboratory equipment, bibliographic material and duplicating machines for the library, as well as the construction of schoolrooms, laboratories and a library building. Up to \$60,000 may be used to pay technical assistance costs.

The University will finance part of the construction costs, hire additional full-time professors and finance a scholarship program for the Institute, which, once in operation, will have an enrollment of 600 students.

In addition to training students for technical and scientific professions, the Institute is expected to improve intermediate technical training in Bolivia by providing graduates who will teach in other universities and undergraduate schools, which currently suffer an acute shortage of qualified instructors. The loan is guaranteed by the Republic of Bolivia.

COLOMBIA

ADVANCED EDUCATION

\$500,000 7-year 1¼% loan of June 10, 1965

Borrower: UNIVERSIDAD DEL VALLE

Universidad del Valle, the state university of the Department of Valle del Cauca, located in Cali, has become in its 20-year existence one of the best in Colombia. In the 1963-64 school year it had an enrollment of 2,200 students and a faculty of 304.

The University is currently carrying out academic reforms and expanding its facilities to adapt it to the nation's development needs. Its expansion plans call for a new campus south of Cali.

This loan will finance 76 per cent of the cost of a project to prepare a general design for the new campus and to draw up construction plans and specifications for the initial first group of buildings.

The buildings would include units for the Schools of Engineering, General Studies and Social and Economic Sciences, as well as for administration offices, a central library, an auditorium, a cafeteria and student facilities. The loan is guaranteed by the Republic of Colombia.

PARAGUAY

ADVANCED EDUCATION

\$1.5 million 20-year 1¼% loan of April 8, 1965

Borrower: UNIVERSIDAD NACIONAL DE ASUNCION

This loan will help the *Universidad Nacional de Asunción* to provide scientific equipment for its Departments of Agronomy and Veterinary Medicine; Economics; Chemistry and Pharmacy; Physical and Mathematics Sciences; the School of General Studies, and the Institute of Science, and to purchase bibliographic material for the Central Library. The project also calls for the construction of buildings for the School of General Studies and the Department of Chemistry and Pharmacy and laboratories for the Department of Physical and Mathematical Sciences.

The loan will finance all of the equipment and part of the construction costs. In addition, up to \$200,000 of the loan may be used for technical assistance services connected with planning academic reforms and determining priorities and policies in regard to construction. The University will cover remaining construction costs and hire additional full-time professors. The loan is guaranteed by the Republic of Paraguay.

Technical Assistance

During 1965 the Bank authorized \$2,814,814 from the Social Progress Trust Fund for technical assistance,¹ of which \$861,600 was reimbursable and \$1,953,214 was non-reimbursable, or grant.

The 1965 commitments were slightly higher than the \$2,768,376 approved in 1964 and brought cumulative technical assistance authorizations from the Trust Fund as of December 31, 1965, to \$11,940,535. Of this amount, \$5,070,491 was reimbursable and \$6,870,044 was non-reimbursable.

About 63 per cent of the 1965 technical assistance was extended directly in 11 of the Bank's member states to finance planning and preinvestment projects and to strengthen administrative and accounting systems of various institutions. The remaining 37 per cent financed activities related to training, planning, research and preparing studies, many on economic integration.

The technical assistance authorized by the Bank from the Trust Fund is summarized below:

Reimbursable

In Argentina, Bolivia, the Dominican Republic, Ecuador, Panama, Paraguay, Peru and Venezuela \$ 861,600

Non-Reimbursable

In Brazil, Chile, the Dominican Republic, Ecuador, Panama, Paraguay, Peru and Uruguay \$ 924,450
Other activities 1,028,764

Total Non-Reimbursable 1,953,214

GRAND TOTAL \$2,814,814

Country Activities

ARGENTINA

Up to \$50,000 of the \$5 million loan extended to the Republic of Argentina August 12 for rural water systems (see page 115) may be used to finance technical assistance connected with administrative aspects of the project.

¹ The Bank in 1965 also authorized \$15,280,426 in technical assistance from its own resources (see page 75) and \$1,166,667 from Canadian resources which it administers (see page 149).

BOLIVIA

Up to \$330,000 of the \$2.6 million loan made to the Republic of Bolivia March 4 for a potable water system in Oruro (see page 115) may be used to pay technical services for a feasibility study of water sources, an analysis of water rates, and the preparation of plans and specifications for the project.

A total of \$60,000 of the \$740,000 loan extended to the *Universidad Mayor de San Andrés* May 20 to establish an Institute of Basic Sciences (see page 117) may be used to finance advisory services for the execution of the project.

BRAZIL

On April 5 the Bank extended a grant of \$60,000 to the United States of Brazil to help finance agricultural programming studies being carried out by the Inter-American Committee for Agricultural Development in the Mogiana region of the States of São Paulo and Minas Gerais.

CHILE

In 1965 the Bank authorized grants for three university projects in Chile. One for \$40,000 was authorized June 22 to help the Catholic University

AGRARIAN PLANNING goes forward in Venezuela under Bank financed projects.



of Chile modernize its administrative methods and accounting systems. Another for \$29,000 was approved October 4 to help finance a study for the integral development of the University of Chile. The third for \$20,000 was granted November 12 to the Social Pathology Institute of the University of Chile for a study of internal migrations in Chile and their effects on the nation's social and economic structure.

The Bank also authorized a grant of \$34,000 August 19 to continue, for an additional year, the advisory services it has given since 1963 to the *Cooperativa de Consumidores Unidos* in the operation of its supermarkets.

DOMINICAN REPUBLIC

On February 4 the Bank authorized the use of \$15,000 of a loan of \$1,150,000 made to the Dominican Republic in 1964 for a potable water program for technical assistance related to the execution of the project.

The Bank contributed \$120,000 grant technical assistance May 13 to the OAS-IDB-ECLA Tripartite Mission which is helping to draft economic and social development plans in the Dominican Republic.

ECUADOR

Up to \$60,000 of the \$3 million loan extended August 19 to the *Centro de Reconversion Económica del Azuay, Cañar y Morona-Santiago* for colonization (see page 112) may cover technical assistance costs of a feasibility study for a highway proposed in the project.

The Bank also authorized four other technical assistance grants totaling \$153,450 for projects in Ecuador. One for \$30,000 authorized May 13 is helping to finance the planning work of the OAS-IDB-ECLA Tripartite Mission stationed in that country; another for \$41,350 extended June 22 to the *Junta Nacional de Planificación y Coordinación* is helping to prepare projects and train Ecuadorian officials in those same areas; the third for \$75,000 was approved August 19 for advisory services in the execution of its national development plan, and the fourth for \$7,100 approved April 30 was extended for a training course in agrarian reform of the *Instituto Ecuatoriano de Reforma Agraria y Colonización*.

PANAMA

Up to \$30,000 of a \$2.5 million loan extended April 22 to the *Instituto de Fomento Económico*

for farm credit (see page 112) may be used to finance technical assistance in connection with the execution of the program. This sum was supplemented by a grant of \$30,000 authorized September 8 by the Bank.

The Bank also made a \$22,000 grant to the *Instituto de Vivienda y Urbanismo* April 20 to continue advisory services initiated in 1963 to strengthen the operating, administrative and accounting systems of the institution.

PARAGUAY

Up to \$200,000 of the loan of \$1.5 million granted April 8 to the *Universidad Nacional de Asunción* (see page 117) may be used for technical assistance in its academic reorganization and for the execution of the advanced education project for which the loan was made.

The Bank made a \$200,000 grant February 18 to the *Corporación de Obras Sanitarias de Asunción* to help prepare a feasibility study of a project for rainwater and sewage disposal and to improve potable water distribution in Asunción.

The *Servicio Autárquico de Obras Sanitarias* received a \$65,000 grant April 5 for a review of the studies on the Concepción and Coronel Ovidio potable water systems and for feasibility studies on potable water supplies in five inland communities.

The Bank provided \$45,000 in grant technical assistance May 13 to help finance costs of the OAS-IDB-ECLA Tripartite Mission that is advising the country on development.

The *Banco Nacional de Fomento* was given a grant for \$12,000 August 30 as a continuation of technical advisory services initiated by the Bank in 1962.

The Bank authorized two other grants, one for \$6,000 March 1 and another for \$3,000 June 22, to provide training fellowships for officials of the *Secretaría Técnica de Planificación* of Paraguay.

PERU

Up to \$45,000 of the \$1.2 million loan authorized July 8 to the *Asociación Mutual de Crédito para la Vivienda "El Pueblo"* for housing (see page 114) may be used to finance advisory services connected with its operating and administrative systems.

Also, up to \$35,000 of the \$8.1 million loan extended September 9 to the Republic of Peru for a potable water program (see page 116) may be used for technical assistance to improve the organization and administrative methods of the *Sub-*

SOCIAL PROGRESS TRUST FUND

Dirección de Obras Sanitarias and for the establishment of a National Sanitary Works Institute.

On May 13 the Bank assigned \$60,000 to the OAS-IDB-ECLA Tripartite Mission which is helping Peru prepare development plans.

URUGUAY

On May 13, the Bank allocated a grant of \$25,000 for the work of the *OAS-IDB-ECLA Tripartite Mission* in economic development planning in Uruguay.

VENEZUELA

The Bank extended two grants to the *Banco Obrero*, one for \$15,000 on February 1 and the other for \$18,000 on October 19, to continue advisory services in housing credit initiated in 1961.

Other Activities

During 1965 the Bank authorized \$1,028,764, all on a grant basis, in technical assistance from the Trust Fund for other activities. About 19 per cent of this was devoted to training activities, and 81 per cent to planning, research and studies.

TRAINING

The Bank conducts training courses at its headquarters to familiarize staff officers of Latin American development banks with the organization, methods and operations of the Bank, as well as of other international financing organizations. To finance the 1965 course, in which 45 officials from development institutions in 17 member countries participated, the Bank authorized \$41,500 on March 29.

On June 14 the Bank authorized \$12,836 for a training course for officials carried out in Mexico by the Bank and the Latin American Center for Monetary Studies. On July 19 the Bank contributed \$10,000 for the third training course in planning and economic development for technicians from the five Central American countries. The program, which it has supported since 1963, is carried out by the Regional Office of the Economic Commission for Latin America in Mexico.

On May 17 the Bank assigned \$31,500 for fellowships for the Fourth Course of the Latin American Institute for Economic and Social Planning.

In the field of sanitation, the Bank on June 14 authorized \$22,000 for a training course carried out

in Washington in which 22 sanitary engineers from 12 Latin American countries exchanged experiences in the planning of potable water and sewage programs and analyzed the Bank's policies in those fields.

In the field of agriculture the Bank authorized two grants, \$21,000 on May 17 and \$4,000 on June 14, for the Fifth Course of the Agrarian Reform Research Institute in Santiago, Chile, to defray fellowships for technicians from various Latin American countries. On March 22 the Bank authorized \$20,000 for fellowships for the Fourth Farm Credit Course carried out by the Inter-American Institute of Agricultural Sciences in Mexico in 1965.

On August 16 the Bank approved \$35,000 for two-year fellowships for post-graduate students in business administration offered by the Institute of Administration of the University of Chile.

PLANNING, RESEARCH AND STUDIES

During the course of the year the Bank continued its support for the work of the OAS-IDB-ECLA Tripartite Mission which is advising the five Central American countries on planning. On May 13 it authorized \$140,000 for this work.

The Bank authorized two grants, one for \$10,000 February 15 and the other for \$15,000 August 9, for a study of urban development in those countries.

The Bank authorized two grants, one for \$12,000 July 19 and another for \$38,000 December 21, for studies on agricultural and rural development policy.

It also allocated \$49,500 October 4 to the Center for the Economic and Social Development of Latin America for research on marginal populations and how they might be incorporated into national life. The program includes studies of marginal populations in Chile, the Dominican Republic and Peru.

Two grants of \$37,500 each were authorized June 14 to help finance a farm credit study in Argentina and Brazil and in Chile, El Salvador and Venezuela. Both are being carried out by the Inter-American Committee on Agricultural Development.

The Bank supported the Workshop on Agricultural Financing in Latin America, carried out in cooperation with FAO in Viña del Mar, Chile, in 1965, with two grants, \$50,000 authorized February 1 and \$15,000 approved June 23.

A total of \$30,000 was authorized April 30 for advisory services in agrarian reform to be provided to various member countries by the Inter-American Committee for Agricultural Development.

The Bank also authorized various grants for research into aspects of Latin America's economic and social development, including, \$10,000 May 26 for research, carried out jointly with the Organization of American States since 1961, on Latin American tax systems; \$8,000 June 22 for a study to evaluate the Bank's technical assistance activities; \$13,250 August 9 and \$30,000 December 27 for studies on the development of natural resources in Latin America; \$8,500 November 22 for a study of income distribution in Latin America, and \$50,000 December 20 for research into security markets in various Latin American countries.

The Bank also authorized a grant of \$30,000 December 16 for the organization of the Fourth Latin American Meeting on Savings and Loan Associations held in Caracas early in 1966.

In the education field the Bank authorized grants which included, \$49,700 October 14 for a

Symposium on Advanced Education in Latin America scheduled March 16, 1966, in San Jose, Costa Rica, in cooperation with UNESCO; \$30,000 September 27 for a study by the Union of Latin American Universities to gather statistics on graduates of Latin American universities, and \$40,000 December 27 to strengthen instruction in the political sciences in Latin American universities.

In the integration field grant technical assistance extended from the Trust Fund in 1965 included, \$35,000 August 9 for joint research with FAO to identify, prepare, evaluate and carry out projects in agriculture, particularly those related to Latin America's economic integration; \$5,000 August 16 for research being carried out since 1964 by a mixed IDB-FAO-ECLA group into agricultural productivity in the context of integration; \$30,000 September 20 for the joint IDB-ECLA-ILAPES program to study possibilities of industry integration in Latin America, and \$5,000 December 13 for an integration program being carried out by the Bank's Institute for Latin American Integration during the 1966 summer courses of the University of Chile.

Financial Operations

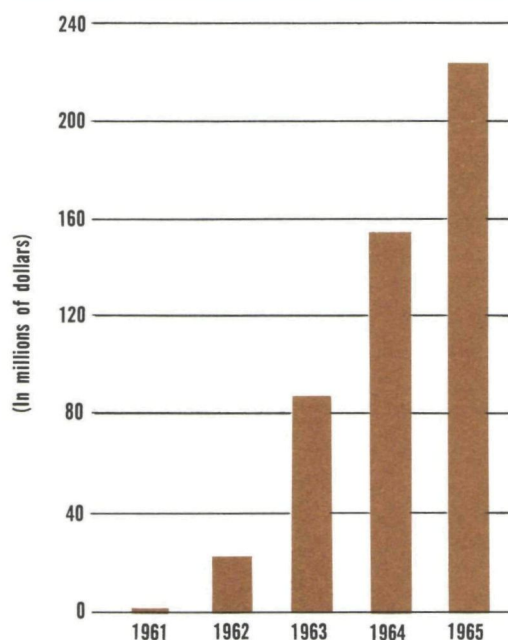
During 1965 the Social Progress Trust Fund had earnings of \$1,837,481 in excess of expenses before deducting technical assistance costs and currency adjustments. Technical assistance expenses were \$1,541,433 and currency adjustments amounted to \$282,320.

Administrative expenses chargeable to the Trust Fund during 1965 were \$2,770,845, compared with \$2,627,522 in 1964. Gross income amounted to \$4,608,326, of which \$3,253,152 was derived from interest on loans and \$1,355,174 was from service charges on loans.

Disbursements on loans made from the Trust Fund in 1965 amounted to \$70,607,416, compared with \$66,842,535 in 1964. This brought disbursements on such loans as of December 31, 1965, to \$226,097,572.

Repayments by borrowers on such loans during 1965 amounted to \$4,301,895, bringing total repayments at the end of the year to \$8,949,942. Financial operations of the Trust Fund are shown in the statements on the following pages.

CUMULATIVE DISBURSEMENTS



SOCIAL PROGRESS TRUST FUND

OPINION OF INDEPENDENT AUDITOR
SOCIAL PROGRESS TRUST FUND

FINANCIAL STATEMENTS
SOCIAL PROGRESS TRUST FUND

1707 L Street, N.W.
Washington, D. C.
February 7, 1966

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

In our opinion, the accompanying financial statements (Appendices III-1 to III-6) present fairly, in terms of United States currency, the financial position at December 31, 1965, of the Social Progress Trust Fund which is administered by the Inter-American Development Bank, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

PRICE WATERHOUSE & CO.



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

SOCIAL PROGRESS TRUST FUND

Social Progress Trust Fund
Administered by Inter-American Development Bank

APPENDIX III-1

BALANCE SHEET

December 31, 1965

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

ASSETS

Due from banks (Appendix III-5) (Note A)

United States dollars	\$	93,870	
Currencies other than United States dollars		9,048,838	\$ 9,142,708

Loans outstanding (Appendix III-4)

Total loans approved since inception, less cancellations	\$501,233,534		
Undisbursed balance	275,135,962	226,097,572	
Less repayments		8,949,942	217,147,630

Accrued charges on loans			1,132,052
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Available from United States Government (Note B)			291,505,000
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Other assets			170,704
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Total assets			\$519,098,094
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LIABILITIES AND FUND BALANCE

Liabilities

Accrued expenses and accounts payable			\$ 728,055
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Fund balance

Fund established by United States Government (Note B)		\$525,000,000	
Excess of expenses over income June 19, 1961 to December 31, 1964	\$6,643,689		
Excess of income over expenses January 1 to December 31, 1965 (Appendix III-2)	(13,728)	6,629,961	518,370,039
Total liabilities and Fund balance			\$519,098,094

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Years Ended December 31, 1964 and December 31, 1965

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

	Year ended December 31	
	1964	1965
Income from loans		
Interest	\$2,110,119	\$3,253,152
Service charges	875,733	1,355,174
Gross income	<u>2,985,852</u>	<u>4,608,326</u>
Administrative expenses		
Salaries (<i>Note B</i>)	\$ 589,956	\$ 596,118
Professional services	46,095	28,082
Travel	113,944	110,786
Printing	75,862	79,061
Field offices (includes salaries 1964 \$155,183— 1965 \$203,556)	190,163	229,114
Miscellaneous	2,001	388
Indirect and overhead expenses (<i>Note B</i>)		
Paid or payable to Bank—Ordinary Capital (See Appendix I-2)	1,239,316	1,330,018
Paid or payable to Bank—Fund for Special Operations (See Appendix II-2)	370,185	397,278
Total administrative expenses	<u>2,627,522</u>	<u>2,770,845</u>
Excess of income over administrative expenses	(358,330)	(1,837,481)
Technical assistance and special charges		
Technical assistance (Appendix III-3) (<i>Note C</i>)	1,277,363	1,541,433
Decrease in United States dollar equivalents of Latin American currencies held by the Trust Fund (<i>Note A</i>)	343,246	282,320
Special charge arising from retroactive adjustment of rate allowed in charging indirect and overhead expenses (<i>Note B</i>)	261,506	—
Excess of expenses (income)	<u>\$1,523,785</u>	<u>(\$ 13,728)</u>

SOCIAL PROGRESS TRUST FUND

Social Progress Trust Fund

Administered by Inter-American Development Bank

APPENDIX III-3

STATEMENT OF TECHNICAL ASSISTANCE EXPENSE (Note C)

January 1 to December 31, 1965

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

Bolivia	\$ 41,853
Brazil	19,509
Chile	24,546
Costa Rica	8,616
Dominican Republic	84,544
Ecuador	28,926
Honduras	15,101
Nicaragua	34,208
Panama	17,014
Paraguay	157,051
Peru	19,381
Uruguay	2,678
Central America-Tripartite Mission	101,416
Bolivarian Marginal Jungle Highway Project	58,233
Intern training in the Bank	39,801
Fellowships	111,336
Substantive studies	175,695
Institute for Latin American Integration	106,000
Courses and seminars	377,455
Miscellaneous	119,430
	<hr/>
	1,542,793
Less refunds and reimbursements	1,360
	<hr/>
	\$1,541,433
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SUMMARY STATEMENT OF LOANS

December 31, 1965

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

Approved loans

Countries in which loans have been made (1)	Total loans approved since inception, less cancellations (2)	Undisbursed	Disbursed (Note D)	Repayments (Note D)	Outstanding (Note D)
Argentina	\$ 43,500,000	\$ 36,425,634	\$ 7,074,366	\$ 375,000	\$ 6,699,366
Bolivia	14,600,000	10,222,517	4,377,483	134,000	4,243,483
Brazil	62,060,000	22,922,002	39,137,998	547,713	38,590,285
Chile	35,438,000	13,542,070	21,895,930	528,500	21,367,430
Colombia	49,937,000	24,819,703	25,117,297	854,797	24,262,500
Costa Rica	12,639,652	8,496,780	4,142,872	134,652	4,008,220
Dominican Republic	10,285,000	6,982,452	3,302,548	250,000	3,052,548
Ecuador	27,783,000	17,145,322	10,637,678	282,625	10,355,053
El Salvador	22,040,000	11,345,333	10,694,667	303,500	10,391,167
Guatemala	14,320,000	9,925,536	4,394,464	68,937	4,325,527
Honduras	7,635,000	3,078,968	4,556,032	116,250	4,439,782
Mexico	35,524,000	26,109,957	9,414,043	281,000	9,133,043
Nicaragua	13,135,000	5,245,000	7,890,000	123,000	7,767,000
Panama	12,862,000	2,760,476	10,101,524	345,430	9,756,094
Paraguay	7,800,000	5,053,164	2,746,836	40,000	2,706,836
Peru	45,250,000	20,901,756	24,348,244	738,848	23,609,396
Uruguay	10,500,000	9,450,000	1,050,000		1,050,000
Venezuela	72,999,882	38,026,979	34,972,903	3,808,682	31,164,221
Central American Coun- tries—Five universities	2,925,000	2,682,313	242,687	17,008	225,679
Total	\$501,233,534(3)	\$275,135,962(4)	\$226,097,572	\$8,949,942	\$217,147,630

(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 \$421,781,393 had become effective (i.e. eligible for disbursement) as of December 31, 1965 (see (2) above).

(4) Of the undisbursed balances, the Bank as Administrator has entered into irrevocable commitments to disburse \$4,777,632.

SOCIAL PROGRESS TRUST FUND

Social Progress Trust Fund

Administered by Inter-American Development Bank

APPENDIX III-5

STATEMENT OF CURRENCIES HELD BY THE BANK

December 31, 1965

See Notes to Financial Statements—Appendix III-6.

Country	Unit of currency	Exchange rate (1)	Due from banks	
			Amount in local currency	Expressed in United States dollars
Argentina	Peso	188.50	57,546,064	\$ 305,284
Bolivia	Peso Boliviano	11.875	1,496,747	126,042
Brazil	Cruzeiro	2,220.00	2,481,727,026	1,117,895
Chile	Escudo	4.21	182,029	43,237
Colombia	Peso	13.50	9,148,161	677,642
Costa Rica	Colon	6.65	714,166	107,393
Dominican Republic	Peso	1.00	319,982	319,982
Ecuador	Sucre	18.55	111,506	6,011
El Salvador	Colon	2.50	1,684,233	673,693
Guatemala	Quetzal	1.00	147,125	147,125
Honduras	Lempira	2.00	267,804	133,902
Mexico	Peso	12.50	2,926,737	234,139
Nicaragua	Cordoba	7.00	943,901	134,843
Panama	Balboa	1.00	583,131	583,131
Paraguay	Guarani	126.00	2,894,971	22,976
Peru	Sol	26.84	23,090,951	860,319
United States	Dollar	1.00	93,870	93,870
Uruguay	Peso	69.20	62,343	901
Venezuela	Bolívar	4.50	15,994,455	3,554,323
Total expressed in United States dollars				<u>\$9,142,708</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 1965

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, 1965 except for loan disbursements made in the national currencies of the borrowers which have been translated into United States dollars at the rates at which the amounts were loaned. No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates.

Note B

The Government of the United States of America and the Inter-American Development Bank entered into an Agreement on June 19, 1961 and a supplemental Agreement on February 17, 1964 which provide that the Bank as Administrator of the Social Progress Trust Fund may make commitments on behalf of the Trust Fund in an amount of \$525,000,000. 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. As of December 31, 1965, \$233,495,000 had been received by the Bank from the United States. The remainder of \$291,505,000 is to be made available to the Bank by the United States as needed to meet commitments of the Trust Fund.

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

- (a) Salary costs of time which is spent on work for the Trust Fund by the professional staff, exclusive of department and division heads and assistant heads, of the Operations, Technical and Legal Departments of the Bank, including the divisions within those departments,
- (b) all other expenses clearly identifiable as having been incurred on behalf of the Trust Fund, and
- (c) indirect and overhead expenses of the Bank at the rate of \$1.80 per \$1.00 of salary costs charged to the Trust Fund per (a) above, subject to adjustment at the end of each accounting period.

By letter dated December 31, 1964 the Government of the United States of America agreed to increase the rate which had been used in charging indirect and overhead expenses from \$1.80 per \$1.00 of salary costs to \$2.16 per \$1.00 of salary costs charged to the Trust Fund per (a) above. Such rate increase was made retroactively to January 1, 1963; accordingly, \$188,284 and \$73,222, respectively, were paid on December 31, 1964 by the Trust Fund to the Bank—Ordinary Capital and the Bank—Fund for Special Operations to give effect to the increased rate for the year 1963. The \$2.16 increased rate has also been applied in charging indirect and overhead expenses of the Bank for the years 1964 and 1965.

Pursuant to the terms of the Agreement, the Bank requested by letter dated November 30, 1965 that the rate (\$2.16) which had been used in charging indirect and overhead expenses for 1964 and 1965 be increased retroactively to January 1, 1964. Negotiations are currently in process with the Government of the United States and the amount of such increase and the period to which it may apply cannot be determined at this time.

Note C

Under the provisions of the Agreement the Bank as Administrator may provide technical advice and assistance to Latin American countries. At December 31, 1965 the amount approved by the Bank as Administrator for technical assistance projects but not yet disbursed was \$2,568,397. The accumulated technical assistance expenditures made by the Bank as Administrator as of December 31, 1965 include \$91,358 which may be reimbursed to the Bank as Administrator if loans are granted as a result of the technical assistance projects.

Note D

Loan disbursements have been made in United States dollars except for certain loans for which disbursements have been made in the national currencies of the borrowers. In accordance with the provisions of all loan agreements, repayments may be made in the national currency of the borrower at the approximate market rate of exchange existing at the date of repayment, and in accordance with the provisions of certain loan agreements, repayments may be made either in national currency or in United States dollars at the election of the borrower.

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
ARGENTINA										
Republic of Argentina Public entity	Higher education	3/22/62 (5/4/62)	U.S. dollars	5,000,000	3,167,163	1,832,837	75,000	1,757,837	1¼	15 annual beginning 4/30/63
Banco Hipotecario Nacional Public entity	Housing	11/29/62 (1/24/63)	U.S. dollars	30,000,000	24,758,471	5,241,529	300,000	4,941,529	1¼	49 semiannual beginning 1/24/64
Administración General de Obras Sanitarias de la Nación (Republic of Argentina) Public entity	Water supply	7/30/64 (10/7/64)	U.S. dollars	3,500,000	3,500,000				2¾	37 semiannual beginning 10/7/65
Republic of Argentina Public entity	Water supply	8/12/65 (8/26/65)	U.S. dollars	5,000,000	5,000,000				2¾	51 semiannual beginning 8/25/66
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				43,500,000	36,425,634	7,074,366	375,000	6,699,366		
BOLIVIA										
Corporación Boliviana de Fomento (Banco Central de Bolivia) Public entity	Farm settlement	12/28/62 (1/24/63)	U.S. dollars	6,500,000	4,035,367	2,464,633	40,000	2,424,633	1¼	49 semiannual beginning 1/15/64
Corporación Boliviana de Fomento (Banco Central de Bolivia) Public entity	Housing	3/21/63 (6/14/63)	U.S. dollars	4,000,000	2,357,398	1,642,602	80,000	1,562,602	1¼	59 semiannual beginning 6/15/64
Republic of Bolivia Public entity	Farm settlement	10/31/63 (1/16/64)	U.S. dollars	435,000	268,252	166,748	10,000	156,748	1¼	49 semiannual beginning 1/16/65
Republic of Bolivia Public entity	Higher education	5/7/64 (5/7/64)	U.S. dollars	325,000	300,000	25,000	4,000	21,000	1¼	39 semiannual beginning 5/7/65
Republic of Bolivia Public entity	Water supply	3/4/65 (6/4/65)	U.S. dollars	2,600,000	2,521,500	78,500		78,500	2¾	49 semiannual beginning 5/31/66
Universidad Mayor de San Andres (Republic of Bolivia) Public entity	Higher elucation	5/20/65	U.S. dollars	740,000	740,000				1¼	39 semiannual beginning 12 months after date of contract
TOTAL LOANS TO BOLIVIA EXPRESSED IN U.S. DOLLARS				14,600,000	10,222,517	4,377,483	134,000	4,243,483		

BRAZIL											
Superintendência de Águas e Esgotos do Recôncavo (State of Bahia) Public entity	Water supply	11/30/61 (3/1/62)	U.S. dollars	4,120,000		4,120,000	75,000	4,045,000	2¾	23 annual beginning 3/15/63	
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Water supply	3/13/62 (5/5/62)	U.S. dollars	12,500,000		12,500,000	125,000	12,375,000	2¾	59 semiannual beginning 5/5/63	
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Sewage system	3/13/62 (5/5/62)	U.S. dollars	11,000,000	2,699,019	8,300,981	115,713	8,185,268	2¾	59 semiannual beginning 5/5/63	
Banco do Nordeste do Brasil S.A. (United States of Brazil) Public entity	Water supply and sewage systems	4/5/62 (5/2/63)	U.S. dollars	12,990,000	6,928,783	6,061,217	96,000	5,965,217	2¾	30 annual beginning 5/6/64	
Caixa Econômica do Estado de Minas Gerais (State of Minas Gerais) Public entity	Agricultural credit	4/12/62 (10/31/62)	U.S. dollars	6,400,000	318,371	6,081,629	96,000	5,985,629	1¼	20 annual beginning 11/1/63	
Banco do Nordeste do Brasil S.A. Public entity	Housing	8/16/62 (12/13/63)	U.S. dollars	3,850,000	3,466,941	383,059		383,059	1¼	26 annual beginning 6/13/66	
Banco de Crédito Agrícola do Espírito Santo S.A. (State of Espírito Santo) Public entity	Agricultural credit	1/24/63 (6/10/63)	U.S. dollars	2,000,000	818,921	1,181,079	30,000	1,151,079	1¼	39 semiannual beginning 3/1/64	
Departamento de Aguas e Esgotos (State of Pará) Public entity	Water supply and sewage systems	11/21/63 (2/20/64)	U.S. dollars	2,500,000	2,089,967	410,033	10,000	400,033	2¾	59 semiannual beginning 2/20/65	
United States of Brazil Public entity	Higher education	7/30/64 (12/22/64)	Cruzeiros ¹ U.S. dollars	4,000,000	3,900,000	(100,000		100,000	1¼	39 semiannual beginning 1/3/66	
Superintendência do Desenvolvimento do Nordeste (United States of Brazil) Public entity	Agricultural credit	7/30/64 (5/3/65)	U.S. dollars	2,700,000	2,700,000				1¼	39 semiannual beginning 5/5/66	
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				<u>62,060,000</u>	<u>22,922,002</u>	<u>39,137,998</u>	<u>547,713</u>	<u>38,590,285</u>			
CHILE											
Republic of Chile Public entity	Water supply	11/22/61 (5/16/62)	U.S. dollars	2,470,000	1,046,735	1,423,265	52,500	1,370,765	2¾	20 annual beginning 5/16/63	

SOCIAL PROGRESS TRUST FUND

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Status of Loan			Interest %	Repayment Terms
						Disbursed	Repaid	Outstanding		
CHILE (Cont'd)										
Corporación de Fomento de la Producción Corporación de la Reforma Agraria Public entities	Rural housing	12/21/61 (5/2/62)	U.S. dollars	1,268,000	907,725	360,275	15,000	345,275	1¼	30 annual beginning 5/2/63
Corporación de Fomento de la Producción Public entity	Agricultural credit	12/21/61 (5/16/62)	U.S. dollars	6,500,000	43,759	6,456,241	172,500	6,283,741	1¼	20 annual beginning 1/30/63
Caja Central de Ahorros y Préstamos (Republic of Chile) Public entity	Housing	5/17/62 (6/13/62)	U.S. dollars	5,000,000		5,000,000	100,000	4,900,000	1¼	27 annual beginning 6/13/63
Promotora de Viviendas Económicas Limitada y Compañía, C.P.A. (Corporación de la Vivienda) Private entity	Housing	7/26/62 (1/22/63)	U.S. dollars	2,000,000	275,502	1,724,498	20,000	1,704,498	1¼	21 annual beginning 1/22/64
Universidad de Chile (Corporación de Fomento de la Producción) Public entity	Higher education	11/15/62 (12/19/62)	U.S. dollars	2,300,000	953,077	1,346,923	34,500	1,312,423	1¼	29 semiannual beginning 12/19/63
Cooperativa de Consumidores Unidos "UNICOOP" Santiago Ltda. (Corporación de Fomento de la Producción) Public entity	Food marketing	1/31/63 (4/26/63)	U.S. dollars	600,000	80,057	519,943	24,000	495,943	1¼	25 semiannual beginning 4/24/64
Corporación de la Vivienda Public entity	Housing	10/24/63 (11/5/63)	U.S. dollars	2,000,000	710,179	1,289,821	30,000	1,259,821	1¼	59 semiannual beginning 11/5/64
Republic of Chile Public entity	Water supply	3/12/64 (3/17/64)	U.S. dollars	2,500,000	2,038,069	461,931	20,000	441,931	2¾	59 semiannual beginning 3/17/65
Caja Central de Ahorros y Préstamos (Republic of Chile) Public entity	Housing	7/30/64 (8/12/64)	Escudos ¹ U.S. dollars	5,000,000	1,880,813	{ 536,575 2,582,612	50,000	3,069,187	1¼	53 semiannual beginning 8/12/65

Universidad de Chile (Corporación de Fomento de la Producción) <i>Public entity</i>	Higher education	10/1/64 (10/31/64)	U.S. dollars	1,250,000	1,250,000				1¼	39 semiannual beginning 10/31/65
Universidad Católica de Chile (Corporación de Fomento de la Producción) <i>Private entity</i>	Higher education	10/22/64 (11/2/64)	U.S. dollars	1,050,000	856,154	193,846	10,000	183,846	1¼	39 semiannual beginning 11/2/65
Instituto de Viviendas Populares Caritas (Corporación de la Vivienda) <i>Private entity</i>	Housing	3/11/65	U.S. dollars	2,000,000	2,000,000				1¼	39 semiannual beginning 12 months after date of contract
Instituto de Promoción Agraria (Republic of Chile) <i>Private entity</i>	Improved land use	11/4/65	U.S. dollars	1,500,000	1,500,000				1¼	39 semiannual beginning 12 months after date of contract
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				<u>35,438,000</u>	<u>13,543,070</u>	<u>21,895,930</u>	<u>528,500</u>	<u>21,367,430</u>		
COLOMBIA										
Establecimiento Público Empresas Municipales de Cali (Republic of Colombia) <i>Public entity</i>	Water supply	10/26/61 (4/16/62)	U.S. dollars	2,454,000	150,305	2,303,695	198,297	2,105,398	2¾	39 semiannual beginning 4/16/63
Instituto de Crédito Territorial (Republic of Colombia) <i>Public entity</i>	Housing	11/16/61 (2/2/62)	U.S. dollars	15,200,000	1,012,985	14,187,015	228,000	13,959,015	1¼	20 annual beginning 2/2/63
Empresas Municipales de Cúcuta (Republic of Colombia) <i>Public entity</i>	Water and sewage system	11/22/61 (2/3/62)	U.S. dollars	5,183,000	1,602,040	3,580,960	186,000	3,394,960	2¾	60 semiannual beginning 2/3/63
Instituto Nacional de Fomento Municipal (Republic of Colombia) <i>Public entity</i>	Water supply and sewage systems	7/12/62 (8/21/62)	U.S. dollars	8,500,000	4,682,563	3,817,437	127,500	3,689,937	2¾	4 annual and 52 semiannual beginning 8/21/63
Universidad Nacional (Republic of Colombia) <i>Public entity</i>	Higher education	4/30/64 (6/12/64)	U.S. dollars	1,100,000	820,791	279,209	10,000	269,209	1¼	39 semiannual beginning 5/31/65
Fondo de Desarrollo y Diversifica- ción de Zonas Cafeteras Federación Nacional de Cafeteros <i>Private entities</i>	Agricultural diversification	5/21/64 (6/10/64)	Pesos ¹ U.S. dollars	7,000,000	6,051,019	{ 300,000 648,981	105,000	843,981	1¼	39 semiannual beginning 5/31/65

SOCIAL PROGRESS TRUST FUND

Statement of Approved Loans as of December 31, 1965

Country and Borrower (Guarantor)	Purpose	Approved (Signed)	Currency	Amount	Undisbursed	Disbursed	Status of Loan Repaid	Outstanding	Interest %	Repayment Terms
COLOMBIA (Cont'd)										
Instituto de Crédito Territorial (Republic of Colombia) <i>Public entity</i>	Housing	10/8/64 (9/30/65)	U.S. dollars	7,500,000	7,500,000				1¼	39 semiannual beginning 9/30/66
Instituto de Crédito Territorial (Republic of Colombia) <i>Public entity</i>	Housing	12/24/64 (9/30/65)	U.S. dollars	2,500,000	2,500,000				1¼	39 semiannual beginning 9/30/66
Universidad del Valle (Republic of Colombia) <i>Public entity</i>	Higher education	6/10/65 (12/13/65)	U.S. dollars	500,000	500,000				1¼	13 semiannual beginning 1/13/67
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				<u>49,937,000</u>	<u>24,819,703</u>	<u>25,117,297</u>	<u>854,797</u>	<u>24,262,500</u>		
COSTA RICA										
Instituto Nacional de Vivienda y Urbanismo de Costa Rica <i>Public entity</i>	Housing	8/10/61 (10/31/61)	U.S. dollars	3,499,652		3,499,652	69,652	3,430,000	1¼	25 annual beginning 10/15/62
Servicio Nacional de Acueductos y Alcantarillado <i>Public entity</i>	Water and sewage system studies	12/12/63 (12/13/63)	U.S. dollars	100,000	17,996	82,004	5,000	77,004	2¾	13 semiannual beginning 12/13/65
Republic of Costa Rica <i>Public entity</i>	Farm access roads	5/21/64 (6/2/64)	Colones ¹ U.S. dollars	4,000,000	3,540,582	{ 153,000 306,418	60,000	399,418	1¼	39 semiannual beginning 5/28/65
Servicio Nacional de Acueductos y Alcantarillado <i>Public entity</i>	Sewage system studies	6/30/64 (7/2/64)	U.S. dollars	140,000	38,202	101,798		101,798	2¾	13 semiannual beginning 7/2/66
Instituto de Tierras y Colonización (Republic of Costa Rica) <i>Public entity</i>	Farm settlement	10/1/64 (2/26/65)	U.S. dollars	1,300,000	1,300,000				1¼	39 semiannual beginning 2/26/66
Instituto Nacional de Vivienda y Urbanismo (Republic of Costa Rica) <i>Public entity</i>	Housing	12/24/64 (2/25/65)	U.S. dollars	3,600,000	3,600,000				1¼	49 semiannual beginning 2/25/66
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				<u>12,639,652</u>	<u>8,496,780</u>	<u>4,142,872</u>	<u>134,652</u>	<u>4,008,220</u>		

DOMINICAN REPUBLIC

Banco Agrícola (Dominican Republic) <i>Public entity</i>	Agricultural credit	8/23/62 (10/12/62)	U.S. dollars	3,000,000	204,944	2,795,056	180,000	2,615,056	1¼	20 annual beginning 10/15/63
Dominican Republic <i>Public entity</i>	Housing	12/28/62 (2/28/63)	U.S. dollars	3,500,000	2,992,508	507,492	70,000	437,492	1¼	53 semiannual beginning 2/28/64
Dominican Republic <i>Public entity</i>	Water supply	7/30/64 (8/7/64)	U.S. dollars	1,150,000	1,150,000				2¾	51 semiannual beginning 8/7/66
Universidad Autónoma de Santo Domingo (Dominican Republic) <i>Public entity</i>	Higher education	12/24/64 (4/8/65)	U.S. dollars	900,000	900,000				1¼	39 semiannual beginning 4/8/66
Instituto Nacional de la Vivienda (Dominican Republic) <i>Public entity</i>	Housing	4/15/65	U.S. dollars	1,735,000	1,735,000				1¼	53 semiannual beginning 12 months after date of contract
TOTAL LOANS TO DOMINICAN REPUBLIC EXPRESSED IN U.S. DOLLARS				<u>10,285,000</u>	<u>6,982,452</u>	<u>3,302,548</u>	<u>250,000</u>	<u>3,052,548</u>		
ECUADOR										
Banco Ecuatoriano de la Vivienda (Republic of Ecuador) <i>Public entity</i>	Housing	2/28/62 (7/23/62)	U.S. dollars	10,600,000	3,450,053	7,149,947	150,000	6,999,947	1¼	59 semiannual beginning 7/23/63
Municipalidad de Quito (Republic of Ecuador) <i>Public entity</i>	Sewage system	2/28/62 (7/10/62)	U.S. dollars	3,000,000	1,002,611	1,997,389	45,000	1,952,389	2¾	2 annual and 36 semiannual beginning 7/10/63
Republic of Ecuador <i>Public entity</i>	Farm settlement	1/31/63 (10/24/63)	U.S. dollars	1,815,000	1,305,619	509,381	27,000	482,381	1¼	59 semiannual beginning 10/24/64
Instituto Ecuatoriano de la Reforma Agraria y Colonización (Republic of Ecuador) <i>Public entity</i>	Farm settlement	1/31/63 (10/1/63)	U.S. dollars	2,600,000	1,762,709	837,291	30,000	807,291	1¼	39 semiannual beginning 10/31/64
Republic of Ecuador <i>Public entity</i>	Water supply and sewage systems	2/19/63 (10/1/63)	U.S. dollars	5,500,000	5,446,330	53,670	20,625	33,045	2¾	59 semiannual beginning 10/1/64

SOCIAL PROGRESS TRUST FUND

Statement of Approved Loans as of December 31, 1965

<i>Country and Borrower (Guarantor)</i>	<i>Purpose</i>	<i>Approved (Signed)</i>	<i>Currency</i>	<i>Amount</i>	<i>Undisbursed</i>	<i>Disbursed</i>	<i>Status of Loan Repaid</i>	<i>Outstanding</i>	<i>Interest %</i>	<i>Repayment Terms</i>
ECUADOR (Cont'd)										
Universidad de Guayaquil (Republic of Ecuador) <i>Public entity</i>	Higher education	12/31/63 (2/6/64)	U.S. dollars	600,000	530,000	70,000	10,000	60,000	1¼	39 semiannual beginning 2/6/65
Universidad Central de Quito (Republic of Ecuador) <i>Public entity</i>	Higher education	12/31/63 (6/1/64)	Sucres ¹ U.S. dollars	400,000	380,000	{ 2,800 17,200		20,000	1¼	39 semiannual beginning 5/28/66
Municipalidad de Guayaquil (Republic of Ecuador) <i>Public entity</i>	Sewage system studies	7/30/64 (8/7/64)	U.S. dollars	268,000	268,000				2¾	15 semiannual beginning 8/7/66
Centro de Reconversión Económica del Azuay, Cañar y Morona- Santiago (Republic of Ecuador) <i>Public entity</i>	Colonization project	8/19/65	U.S. dollars	3,000,000	3,000,000				1¼	39 semiannual beginning 12 months after date of contract
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				<u>27,783,000</u>	<u>17,145,322</u>	<u>10,637,678</u>	<u>282,625</u>	<u>10,355,053</u>		
EL SALVADOR										
Banco Central de Reserva de El Salvador (Republic of El Salvador) <i>Public entity</i>	Agricultural credit	8/3/61 (11/24/61)	U.S. dollars	2,000,000	500,000	1,500,000	35,000	1,465,000	1¼	20 annual beginning 12/1/62
Banco Central de Reserva de El Salvador (Republic of El Salvador) <i>Public entity</i>	Sewage systems	8/10/61 (11/17/61)	U.S. dollars	840,000		840,000	42,000	798,000	2¾	60 semiannual beginning 11/17/62
Banco Central de Reserva de El Salvador (Republic of El Salvador) <i>Public entity</i>	Water and sewage systems	10/12/61 (11/17/61)	U.S. dollars	2,700,000		2,700,000	135,000	2,565,000	2¾	60 semiannual beginning 11/17/62
Instituto de Vivienda Urbana (Republic of El Salvador) <i>Public entity</i>	Housing	3/29/62 (6/7/62)	U.S. dollars	6,100,000	695,333	5,404,667	91,500	5,313,167	1¼	30 annual beginning 6/7/63

Administración Nacional de Acueductos y Alcantarillados (Republic of El Salvador) <i>Public entity</i>	Water and sewage systems	10/1/64 (4/28/65)	U.S. dollars	4,400,000	4,150,000	250,000		250,000	2¾	51 semiannual beginning 4/28/66
Instituto de Vivienda Urbana (Republic of El Salvador) <i>Public entity</i>	Housing	4/22/65 (10/7/65)	U.S. dollars	6,000,000	6,000,000				1¼	59 semiannual beginning 10/7/66
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				<u>22,040,000</u>	<u>11,345,333</u>	<u>10,694,667</u>	<u>303,500</u>	<u>10,391,167</u>		
GUATEMALA										
Banco de Guatemala <i>Public entity</i>	Water and sewage systems	3/8/62 (8/3/62)	U.S. dollars	3,500,000	674,919	2,825,081	30,000	2,795,081	2¾	22 annual beginning 8/3/63
Republic of Guatemala <i>Public entity</i>	Housing	8/2/62 (10/1/62)	U.S. dollars	5,300,000	5,198,563	101,437	1,437	100,000	1¼	27 annual beginning 10/1/66
Republic of Guatemala <i>Public entity</i>	Agricultural credit	2/14/63 (10/4/63)	U.S. dollars	2,500,000	1,032,054	1,467,946	37,500	1,430,446	1¼	49 semiannual beginning 10/4/64
Instituto de Fomento Municipal (Republic of Guatemala) <i>Public entity</i>	Water and sewage systems	12/24/64	U.S. dollars	3,020,000	3,020,000				2¾	49 semiannual beginning 12 months after date of contract
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				<u>14,320,000</u>	<u>9,925,536</u>	<u>4,394,464</u>	<u>68,937</u>	<u>4,325,527</u>		
HONDURAS										
Banco Nacional de Fomento (Banco Central de Honduras) <i>Public entity</i>	Agricultural credit	8/30/62 (12/1/62)	U.S. dollars	2,500,000	168,354	2,331,646	56,250	2,275,396	1¼	40 semiannual beginning 11/30/63
Instituto de la Vivienda (Republic of Honduras) <i>Public entity</i>	Housing	12/6/62 (5/7/63)	U.S. dollars	1,000,000	25,965	974,035	20,000	954,035	1¼	54 semiannual beginning 5/7/64

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HONDURAS (Cont'd)										
Servicio Autónomo Nacional de Acueductos y Alcantarillados (Republic of Honduras) <i>Public entity</i>	Water supply	3/7/63 (4/8/63)	U.S. dollars	2,150,000	1,342,583	807,417	20,000	787,417	2¾	49 semiannual beginning 4/8/64
Republic of Honduras <i>Public entity</i>	Farm access roads	12/31/63 (6/30/64)	Lempiras ¹ U.S. dollars	1,585,000	1,338,159	{ 25,182 221,659	20,000	226,841	1¼	39 semiannual beginning 7/1/65
Servicio Autónomo Nacional de Acueductos y Alcantarillados (Republic of Honduras) <i>Public entity</i>	Water supply	10/8/64 (10/23/64)	U.S. dollars	400,000	203,907	196,093		196,093	2¾	49 semiannual beginning 10/23/65
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				<u>7,635,000</u>	<u>3,078,968</u>	<u>4,556,032</u>	<u>116,250</u>	<u>4,439,782</u>		
MEXICO										
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Water supply	3/15/62 (6/15/62)	U.S. dollars	9,200,000	3,565,445	5,634,555	100,000	5,534,555	2¾	3 annual and 32 semiannual beginning 6/15/64
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Improved land use	4/19/62 (6/15/62)	U.S. dollars	1,000,000	232,467	767,533	25,000	742,533	1¼	3 annual and 32 semiannual beginning 6/15/64
Instituto Mexicano de Investigaciones Tecnológicas, A.G. (Nacional Financiera, S.A.) <i>Public entity</i>	Higher education	4/19/62 (8/30/62)	U.S. dollars	400,000	23,737	376,263	70,000	306,263	1¼	29 semiannual beginning 8/31/63
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Improved land use	12/28/62 (6/6/63)	U.S. dollars	3,000,000	2,074,308	925,692	76,000	849,692	1¼	4 annual and 32 semiannual beginning 6/6/64
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Improved land use	6/20/63 (9/19/63)	U.S. dollars	5,000,000	5,000,000				1¼	49 semiannual beginning 9/19/64

Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Housing	8/27/63 (2/28/64)	U.S. dollars	10,000,000	8,500,000	1,500,000	10,000	1,490,000	1¼	59 semiannual beginning 7/1/65
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Higher education	12/31/63 (4/15/64)	U.S. dollars	2,100,000	1,890,000	210,000		210,000	1¼	39 semiannual beginning 7/1/66
Nacional Financiera, S.A. (United Mexican States) <i>Public entity</i>	Water supply and sewage systems	2/18/65 (3/23/65)	U.S. dollars	4,824,000	4,824,000				2¾	39 semiannual beginning 4/1/66
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				<u>35,524,000</u>	<u>26,109,957</u>	<u>9,414,043</u>	<u>281,000</u>	<u>9,133,043</u>		
NICARAGUA										
Instituto Nicaragüense de la Vivienda (Republic of Nicaragua) <i>Public entity</i>	Housing	3/29/62 (8/2/62)	U.S. dollars	5,200,000	100,000	5,100,000	78,000	5,022,000	1¼	25 annual beginning 8/2/63
Banco Nacional de Nicaragua <i>Public entity</i>	Agricultural credit	6/14/62 (9/20/62)	U.S. dollars	2,500,000		2,500,000	30,000	2,470,000	1¼	20 annual beginning 9/20/63
Republic of Nicaragua <i>Public entity</i>	Sewage system studies	6/28/63 (9/27/63)	U.S. dollars	185,000	15,000	170,000	15,000	155,000	2¾	13 semiannual beginning 9/27/64
Instituto Nicaragüense de la Vivienda (Republic of Nicaragua) <i>Public entity</i>	Housing	12/31/64 (5/27/65)	Cordobas ¹ U.S. dollars	5,250,000	5,130,000	{ 120,000		120,000	1¼	49 semiannual beginning 5/27/66
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS				<u>13,135,000</u>	<u>5,245,000</u>	<u>7,890,000</u>	<u>123,000</u>	<u>7,767,000</u>		
PANAMA										
Instituto de Vivienda y Urbanismo (Republic of Panama) <i>Public entity</i>	Housing	8/3/61 (8/22/61)	U.S. dollars	7,600,000		7,600,000	304,000	7,296,000	1¼	27 annual beginning 9/1/62
Instituto de Acueductos y Alcantarillados Nacionales (Republic of Panama) <i>Public entity</i>	Water supply	5/31/62 (6/14/62)	U.S. dollars	2,762,000	260,476	2,501,524	41,430	2,460,094	2¾	27 annual beginning 6/14/63

SOCIAL PROGRESS TRUST FUND

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PANAMA (Cont'd)										
Instituto de Fomento Económico (Republic of Panama) Public entity	Agricultural credit	4/22/65 (8/12/65)	U.S. dollars	2,500,000	2,500,000				1¼	39 semiannual beginning 8/12/66
TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS				12,862,000	2,760,476	10,101,524	345,430	9,756,094		
PARAGUAY										
Banco Nacional de Fomento (Republic of Paraguay) Public entity	Agricultural credit	12/20/62 (2/1/63)	U.S. dollars	2,900,000	153,164	2,746,836	40,000	2,706,836	1¼	40 semiannual beginning 2/1/64
Republic of Paraguay Public entity	Housing	9/10/64 (12/1/64)	U.S. dollars	3,400,000	3,400,000				1¼	59 semiannual beginning 12/1/66
Universidad Nacional de Asunción (Republic of Paraguay) Public entity	Higher education	4/8/65 (4/29/65)	U.S. dollars	1,500,000	1,500,000				1¼	39 semiannual beginning 4/30/66
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				7,800,000	5,053,164	2,746,836	40,000	2,706,836		
PERU										
Republic of Peru Public entity	Housing	10/19/61 (11/24/61)	U.S. dollars	22,800,000	1,775,125	21,024,875	456,000	20,568,875	1¼	20 annual beginning 11/23/62
Cooperativa de Crédito Central del Perú (Republic of Peru) Private entity	Rural development	10/19/61 (10/27/61)	U.S. dollars	1,000,000		1,000,000	150,000	850,000	1¼	21 annual beginning 10/27/62
Asociación Mutua de Crédito para la Vivienda "El Pueblo" (Republic of Peru) Private entity	Housing	3/15/62 (5/1/62)	U.S. dollars	1,000,000		1,000,000	75,000	925,000	1¼	21 annual beginning 5/1/63

Universidad Nacional Mayor de San Marcos (Republic of Peru) <i>Public entity</i>	Higher education	11/15/62 (12/17/62)	U.S. dollars	1,500,000	1,367,480	132,520	22,848	109,672	1¼	29 semiannual beginning 12/17/63
Republic of Peru <i>Public entity</i>	Rural water systems	3/19/64 (3/24/64)	U.S. dollars	1,650,000	935,125	714,875	20,000	694,875	2¾	59 semiannual beginning 3/24/65
Universidad Agraria (Republic of Peru) <i>Public entity</i>	Higher education	4/30/64 (5/1/64)	Soles ¹ U.S. dollars	2,000,000	1,900,000	{ 85,750 14,250	10,000	90,000	1¼	39 semiannual beginning 5/1/65
Republic of Peru <i>Public entity</i>	Rural development	10/8/64 (11/6/64)	Soles ¹ U.S. dollars	3,500,000	3,134,026	{ 182,563 183,411	5,000	360,974	1¼	49 semiannual beginning 11/6/65
Universidad Nacional de Ingeniería (Republic of Peru) <i>Public entity</i>	Higher education	10/8/64 (11/5/64)	Soles ¹ U.S. dollars	2,500,000	2,490,000	{ 10,000		10,000	1¼	39 semiannual beginning 11/5/66
Asociación Mutua de Crédito para la Vivienda “El Pueblo” <i>Private entity</i>	Housing	7/8/65 (8/19/65)	U.S. dollars	1,200,000	1,200,000				1¼	39 semiannual beginning 8/19/66
Republic of Peru <i>Public entity</i>	Water supply and sewage systems	9/9/65	U.S. dollars	8,100,000	8,100,000				2¾	49 semiannual beginning 12 months after date of contract
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				<u>45,250,000</u>	<u>20,901,756</u>	<u>24,348,244</u>	<u>738,848</u>	<u>23,609,396</u>		
URUGUAY										
Gobierno del Departamento de Montevideo <i>Public entity</i>	Sewage system	12/7/61 (5/21/63)	U.S. dollars	2,500,000	2,250,000	250,000		250,000	2¾	41 semiannual beginning 5/21/66
Republic of Uruguay <i>Public entity</i>	Housing	9/20/62 (5/21/63)	U.S. dollars	8,000,000	7,200,000	800,000		800,000	1¼	51 semiannual beginning 5/18/66
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				<u>10,500,000</u>	<u>9,450,000</u>	<u>1,050,000</u>		<u>1,050,000</u>		

SOCIAL PROGRESS TRUST FUND

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VENEZUELA										
Banco Obrero de Venezuela (Republic of Venezuela) <i>Public entity</i>	Rural housing	8/3/61 (11/15/61)	U.S. dollars	12,000,000		12,000,000	1,688,000	10,312,000	1¼	40 semiannual beginning 5/15/62
Republic of Venezuela <i>Public entity</i>	Water supply	12/7/61 (5/3/62)	U.S. dollars	9,999,882		9,999,882	941,882	9,058,000	2¾	39 semiannual beginning 4/30/63
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) <i>Public entity</i>	Water supply	12/14/61 (5/3/62)	U.S. dollars	10,000,000	675,094	9,324,906	706,667	8,618,239	2¾	20 annual beginning 4/30/63
Banco Obrero de Venezuela (Republic of Venezuela) <i>Public entity</i>	Housing	3/29/62 (6/8/62)	U.S. dollars	10,000,000	7,169,228	2,830,772	236,539	2,594,233	1¼	22 annual beginning 6/8/63
Instituto Agrario Nacional (Republic of Venezuela) <i>Public entity</i>	Farm settlement	11/8/62 (12/19/62)	U.S. dollars	10,000,000	9,599,903	400,097	205,594	194,503	1¼	39 semiannual beginning 12/19/63
Universidad de Oriente (Corporación Venezolana de Fomento) <i>Public entity</i>	Higher education	4/18/63 (10/17/63)	U.S. dollars	1,000,000	815,108	184,892	30,000	154,892	1¼	29 semiannual beginning 10/17/64
Republic of Venezuela <i>Public entity</i>	Water supply	12/24/64 (4/29/65)	U.S. dollars	10,000,000	10,000,000				2¾	39 semiannual beginning 4/28/66
Republic of Venezuela <i>Public entity</i>	Rural housing	4/22/65 (7/30/65)	U.S. dollars	10,000,000	9,767,646	232,354		232,354	1¼	39 semiannual beginning 8/30/66
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				<u>72,999,882</u>	<u>38,026,979</u>	<u>34,972,903</u>	<u>3,808,682</u>	<u>31,164,221</u>		

CENTRAL AMERICA

Universities of:	Higher education	12/20/62								35 semiannual
Costa Rica		(6/17/63)	U.S. dollars	765,000	652,936	112,064	9,083	102,981	1¼	beginning 6/18/64
(Republic of Costa Rica)										
El Salvador		(12/16/64)	U.S. dollars	675,000	675,000					1/3/66
(Republic of El Salvador)										
Guatemala		(6/17/63)	U.S. dollars	785,000	738,160	46,840	5,353	41,487		6/18/65
(Republic of Guatemala)										
Honduras		(6/17/63)	U.S. dollars	350,000	296,217	53,783		53,783		6/18/64
(Republic of Honduras)										
Nicaragua		(6/17/63)	U.S. dollars	350,000	320,000	30,000	2,572	27,428		6/18/64
(Republic of Nicaragua)										

TOTAL LOANS TO CENTRAL AMERICA EXPRESSED IN U.S. DOLLARS

<u>2,925,000</u>	<u>2,682,313</u>	<u>242,687</u>	<u>17,008</u>	<u>225,679</u>
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NET TOTAL ACTIVE LOANS EXPRESSED IN U.S. DOLLARS

501,233,534	<u>275,135,962</u>	<u>226,097,572</u>	<u>8,949,942</u>	<u>217,147,630</u>
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Add: Loan cancellations

3,500,466

Total approved loans expressed in U.S. dollars

504,734,000**Notes:**

A. In addition to the interest rate shown, all loans have a service charge of ¾ of 1% on principal amounts outstanding.

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

C. Of the undisbursed balance of loans held by the Bank, the Bank has entered into irrevocable commitments to disburse \$3,009,986.

¹ Expressed in U.S. dollar equivalent.



PORT OF ACAJUTLA in El Salvador will be improved with aid of first loan extended by the Bank from Canadian resources which it administers for economic, technical and educational projects in Latin America.

Part IV

OTHER RESOURCES

Background

One of the basic objectives of the policy of the Inter-American Bank since it began operations has been to increase the flow of financial resources for Latin America's economic and social development by supplementing the contributions of its own member states with funds obtained from non-member countries.

Carrying out this policy, the Bank in 1961 initiated exploratory contacts in Western Europe to examine the possibilities of attracting additional funds for Latin America's development. These contacts have been carried out bilaterally with 15 non-member countries and multilaterally with the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) and the European Economic Community (EEC).

In line with this policy, the Bank in 1961 agreed to administer funds provided by the Federal Republic of Germany for the rehabilitation of Bolivia's tin mines and the same year, the first in its lending operations, it began selling participations

in its ordinary capital loans to banks in Western Europe. The Bank also agreed in 1961 to serve as financial agent for the Inter-Governmental Committee for European Migration in connection with a loan made by that agency to the *Cooperativa de Imigração e Colonização Holambra* in the State of São Paulo, Brazil.

The initial contact between the Bank and DAC took place in February 1962. At this meeting five mechanisms for possible cooperative arrangements between the Bank and non-member countries were analyzed. They were:

- The sale of bonds whose proceeds would be incorporated in the Bank's ordinary capital resources.
- The sale of participations in the Bank's loans to banks and other institutional investors.
- The administration by the Bank of funds under trust arrangements.
- Parallel financing operations by the Bank and by public and private institutions in non-member countries.
- The purchase of participations in Bank loans by institutions in non-member countries in proportion to the volume of exports generated by such loans in those countries.

On various occasions the Inter-American Bank has also suggested the creation of a European Investment Fund for loans to Latin America. Such a fund would be multilateral in nature from the standpoint of the European contributors as well as of the agency which would administer it.

Indicative of the importance attached by the Bank to mobilizing resources from non-member countries also was the fact that the Bank's first bond issue, one for 15 billion Italian lire (equivalent to \$24,193,548) was sold in Italy in April 1962.

Two years later, in 1964, the Bank sold two more issues in Europe. These amounted to 60 million Deutsche marks (equivalent to \$15 million) in Germany and £3 million (equivalent to \$8.4 million) in the United Kingdom.¹ In April 1965 the Bank obtained a direct loan of \$12.5 million from the Government of Spain and an agreement from Spain to purchase up to \$7.5 million worth of participations in the Bank's ordinary capital loans. All of the borrowings have been incorporated into the Bank's ordinary capital resources.

In addition to these operations the Bank has entered into other cooperative arrangements, which

in many cases constitute new techniques in channeling funds for development, with non-member countries.

In exploring these techniques the Bank has been guided by the directive in its Agreement to promote the investment of public and private capital for development purposes as well as by the belief that the close and constant contact which it maintains with its Latin American member countries and the knowledge which this daily contact gives it of the region's problems place it in an ideal position to act as an intermediary between non-member countries and its Latin American members.

It has also been guided by a 1964 resolution of its Board of Governors which requested the Bank's Board of Directors to "study the adoption of the measures necessary to make possible and facilitate the participation of countries which presently are not members in the provision of additional resources to the Bank." In their study the Directors were told to take into account such alternatives as the administration by the Bank of resources provided by non-member countries and the creation of any other type of operative mechanism which would permit non-member countries to participate in the analysis and financing of projects and in the selection of priority sectors and geographical areas.

Carrying out this resolution, the Directors submitted a detailed report to the Board of Governors in April 1965 setting forth general guidelines on the mobilization of resources from capital-exporting countries. The Sixth Annual Meeting of the Board of Governors endorsed the report and asked the management of the Bank to continue its efforts with diligence. It also reaffirmed the support of the member countries for such future negotiations as the Bank might conduct in this regard, "as the multilateral institution representing Latin America in the financial field."

Within this framework, up to the end of 1965, the Bank had entered into arrangements of various sorts, including the above-mentioned bond sales, to channel funds for Latin America's development from the following non-member countries: Canada, Italy, Germany, Netherlands, Spain and the United Kingdom. In addition it was engaged in discussions concerning the provision of capital funds in various types of operations with Israel, Italy, Japan, Sweden, Switzerland and the United Kingdom. The arrangements agreed to through December 31, 1965, are shown in the following table.

¹ In January 1966, the Bank sold another bond issue for 15 billion lire (equivalent to \$24 million) in Italy.

**FINANCIAL ARRANGEMENTS
WITH
NON-MEMBER COUNTRIES**

(Through December 31, 1965)

Country	Arrangement	Amount and Currency	Dollar Equivalent
Italy	Bond Issue	15 billion lire	\$ 24,193,548
Germany	Bond Issue	60 million marks	15,000,000
United Kingdom	Bond Issue	£3 million	8,400,000
Spain	Direct Loan	\$12.5 million	12,500,000
Spain	Loan participations	\$7.5 million	7,500,000
Canada	Administration	C\$20,000,000	18,600,000
Canada	Parallel or Independent financing	C\$15,000,000	13,950,000
The Netherlands	Parallel or Independent financing	36,000,000 guilders	10,000,000
Germany	Financial agency	26,520,000 marks	6,652,476
Total Expressed in Dollars			\$116,796,024

Following is a detailed account of the special arrangements entered into with Canada, the Netherlands and Germany.

CANADIAN RESOURCES

The Inter-American Bank has entered into two agreements under which Canada has agreed to channel a total of 35 million Canadian dollars for Latin America's development in cooperation with the Bank. The first of these involves 20 million Canadian dollars which the Bank is administering for the External Aid Office, the department of the Ministry of External Affairs responsible for the nation's official foreign aid programs. The second was entered into between the Bank and the Export Credits Insurance Corporation, the Canadian Government corporation established to foster the expansion of Canada's exports. It provides for parallel type financing operations or independent loans by the Corporation for a total of 15 million Canadian dollars.

Under the terms of the agreement between the External Aid Office and the Bank, subscribed on December 4, 1964, the Canadian Government pledged to place an initial 10 million Canadian dollars under Bank administration to finance economic, technical and educational assistance projects in Latin America. This initial allocation was increased to 20 million dollars on September 24, 1965.

According to the agreement, the Bank may use these resources to make loans for periods ranging up to 50 years, depending upon the type of operation under financing. Loans with 50-year

maturities will have 10-year grace periods.

The loans may be free of interest or may be extended on such other concessional terms as are agreed to by both parties. The Bank charges a commission of $\frac{1}{2}$ of 1 per cent annually, payable in currencies it stipulates, on amounts committed or outstanding to compensate it for services rendered. In addition to this commission, the loans bear a service charge of up to $\frac{3}{4}$ of 1 per cent on amounts committed or outstanding.

The proceeds are to be used to purchase goods and services in Canada under competitive bidding arrangements among Canadian suppliers, unless otherwise agreed to by the External Aid Office and the Bank. The Bank has the primary responsibility for selecting, processing and approving loan projects, keeping the Canadian Government informed at the various stages of project consideration.

In 1965 two loans were authorized by the Bank with the resources of this fund. These are described on pages 149 and 150.

Under the arrangement entered into between the Export Credits Insurance Corporation and the Bank, which became effective June 28, 1965, the former agreed to make available an initial 15 million Canadian dollars for long-term financing of exports of Canadian capital goods and related technical assistance services, for use in economic development projects in Latin America in cooperation with the Bank.

Projects for which such funds may be utilized will be selected principally under the following procedures:

OTHER RESOURCES

—Parallel financing by the Bank and ECIC under separate loan contracts, usually with similar credit terms, in projects proposed by the Bank or by ECIC.

—Independent financing by ECIC of projects proposed by the Bank under ECIC's normal criteria.

These funds will be employed by ECIC in extending credits for terms ranging up to 20 years at commercial rates of interest. The Canadian agency will be responsible for processing and approving loan projects or portions of projects involving the commitment of its funds. Disbursements and payments of principal and interest will be made directly to ECIC.

The arrangement is a supplement to ECIC's normal credit operations and thus constitutes an additional source of external financing for Latin America.

NETHERLANDS RESOURCES

Following discussions between officials of the Netherlands and the Bank, that nation's government announced in mid-1964 that it was prepared to make available 36 million guilders, equivalent to \$10 million, for financing economic development projects in Latin America in cooperation with the Bank. Subsequent negotiations culminated in an exchange of letters on September 30, 1965, setting forth the guidelines for the utilization of such resources.

Projects subject to financing with the funds principally involve:

—Parallel financing by the Bank and the Netherlands under separate loan contracts, usually with similar credit terms, of projects proposed by the Bank or the Netherlands.

—Independent financing by the Netherlands of projects proposed by the Bank.

The funds will be made available as loans with maturities of up to 25 years, with grace periods of up to seven years, at interest rates not exceeding those applicable to loans made by the Bank from its ordinary resources. These loans will be made through the Netherlands Investment Bank for Developing Countries (*De Nederlandse Investeringsbank voor Ontwikkelingslanden N.V.*). They will be extended in guilders and principal and interest payments will be made directly to the Investment Bank in that currency.

Up to 80 per cent of the resources will be used in financing goods and services supplied by Netherlands firms. The remaining 20 per cent is

available for payment of local costs in the country where the project is undertaken.

GERMAN RESOURCES

Under arrangements initially worked out by the Federal Republic of Germany and the Bank in 1961 and supplemented by three subsequent protocols, that nation is participating jointly with the United States and the Bank in a program to rehabilitate Bolivia's publicly-owned tin mines. Known as the Triangular Operation, because three parties, the United States, Germany and the Bank joined in it (Argentina also contributed funds to the first phase), the arrangement was negotiated on the basis of the financial requirements of a plan prepared by the Bank at the request of the *Corporación Minera de Bolivia (COMIBOL)*, the governmental agency which operates the mines, to raise the levels of productivity and production of its mining operations. External commitments for the first two phases are summarized in the following table:

(In millions of dollars)			
	First Phase	Second Phase	Total
United States	\$ 5.0	\$ 9.0	\$14.0
Germany	3.75	2.9	6.65
Inter-American Bank	4.5	4.9	9.4
Argentina	1.5	—	1.5
TOTAL	\$14.75	\$16.8	\$31.55

BOLIVIAN TIN mines are improved in triangular operation by United States, Germany and the Bank.



In 1965, representatives of the Governments of the United States and Germany and of the Inter-American Bank signed a protocol laying the basis for the financing of the third and final phase of the rehabilitation program. This phase, whose total cost is estimated at \$10.1 million, was to be initiated in 1966. Under the terms of the protocol, the United States was to contribute \$6.1 million. Germany was to lend \$1.5 million in marks and the Inter-American Bank was to make available \$2.5 million.

The funds made available for the first and second phases were applied primarily to machinery and equipment, spare parts, and technical assistance services. The third and final phase will emphasize activities related to exploration for new deposits, to metallurgical research, and to technical assistance to strengthen *COMIBOL's* administrative structure.

The German funds have been channeled to the Bank through the *Kreditanstalt für Wiederaufbau*, the German agency in charge of the nation's foreign aid programs. The terms of reference for the management of these resources were set forth in an agreement subscribed October 10, 1961, by *Kreditanstalt* and the Bank, under which the Bank was designated the financial agent of the German agency for its participation in the Triangular Operation. The German resources have been loaned by the Bank without its guarantee for terms of up to 10 years and at interest rates of 4 per cent per annum.

Loans

During 1965 the Bank authorized two loans totaling \$4,166,667 from non-member funds which it administers. Both of these were extended from Canadian resources administered by the Bank. The two loans were extended free of interest, one for a term of 35 years and the other for 50 years.

In each case the loans, which were made in Canadian dollars, carried a service charge, payable to Canada through the Bank, of $\frac{3}{4}$ of 1 per cent per annum on principal amounts committed or outstanding. In addition, a commission of $\frac{1}{2}$ of 1 per cent, payable to the Inter-American Bank, was charged.

One of the two loans was extended directly to a government; the other went to a governmental agency and carried a governmental guarantee.



ECUADOR

PREINVESTMENT STUDIES

\$1,166,667 50-year loan of November 24, 1965
(1,260,000 Canadian dollars)

Borrower: REPUBLIC OF ECUADOR

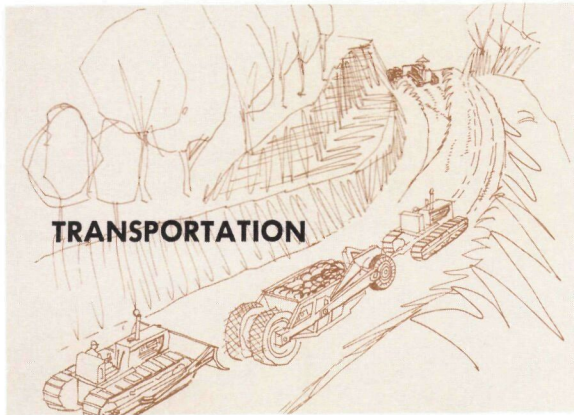
In 1962 and 1963 the Organization of American States sent technical missions to Ecuador to study the natural resources of the country, particularly those of the Guayas River Basin. On the basis of the reports of these missions, the Ecuadorian Government decided to undertake a broad program of preinvestment studies of the economic opportunities of the Guayas Basin, with a view to preparing and carrying out specific projects in the region.

This loan will finance 67 per cent of the cost of that preinvestment program. The proceeds will be used to contract consultants to:

- Obtain the necessary information, including aerophotogrammetric studies, to plan and finance projects in areas of high economic potentiality.
- Provide the information to prepare and carry out a development program for the entire basin, including prefeasibility studies.
- Train Ecuadorian personnel in technical and administrative matters and thus enable them to carry out similar studies in other parts of the country.

The project is included in Ecuador's Ten-Year Economic and Social Development Plan and is one of those contained in the list considered for financing by the Consultative Group on External Financing for Ecuador, organized by the Bank in its capacity as Ecuador's financial agent.

The studies program will be carried out by the *Junta Nacional de Planificación y Coordinación Económica* in cooperation with other national agencies. The loan will be applied to the purchase of goods and services in Canada.



EL SALVADOR

PORT IMPROVEMENT

\$3 million 35-year loan of June 10, 1965
(3,240,000 Canadian dollars)

Borrower: COMISION EJECUTIVA DEL PUERTO
DE ACAJUTLA

In 1964, the Port of Acajutla in El Salvador, handled 291,800 tons of cargo, and projections indicated this figure would reach 350,000 tons in

1965. Because of the growing importance of maritime traffic to El Salvador, the Salvadoran Government has given high priority to the port's expansion and modernization.

This loan will finance 49 per cent of the cost of a project to expand and improve the port's facilities, thus increasing its cargo handling capacity to 1.2 million tons yearly. This capacity is expected to meet port traffic needs up to 1975. Once the expansion is completed, the port will be able to berth six ocean-going ships at one time, instead of the present limit of two.

The project includes the construction of a new pier and a bulk storage warehouse, the installation of a bulk loading and unloading unit and the dredging of 50,000 cubic meters of soil from the bay. All of the proceeds of the interest-free loan will be used to procure goods and services in Canada.

The expanded installations will benefit not only El Salvador but also the other Central American countries by improving the Central American Common Market's maritime transportation network. The loan is guaranteed by the Republic of El Salvador.

NINETEEN NATIONS and 11 organizations meet at the Bank's headquarters to consider external financing needs of Ecuador's national development plan. The Bank is Ecuador's financial agent for such external financing.



Statement of Approved Loans as of December 31, 1965
Canadian Resources

<i>Country and Borrower (Guarantor)</i>	<i>Purpose</i>	<i>Approved (Signed)</i>	<i>Currency</i>	<i>Amount</i>	<i>Interest %</i>	<i>Repayment Terms</i>
ECUADOR						
Republic of Ecuador <i>Public entity</i>	Developmental studies	11/24/65	Canadian dollars	1,260,000	None	81 semiannual beginning 10 years after date of contract (Amortization, service charge of ¾% and commission of ½% all payable in Canadian dollars)
			Expressed in U.S. dollars	<u>1,166,667</u>		
EL SALVADOR						
Comisión Ejecutiva del Puerto de Acajutla (Republic of El Salvador) <i>Public entity</i>	Port expansion	6/10/65	Canadian dollars	3,240,000	None	61 semiannual beginning 5 years after date of contract (Amortization, service charge of ¾% and commission of ½% all payable in Canadian dollars)
			Expressed in U.S. dollars	<u>3,000,000</u>		
TOTAL APPROVED LOANS IN CANADIAN DOLLARS				<u>4,500,000</u>		
TOTAL APPROVED LOANS EXPRESSED IN U.S. DOLLARS				<u>4,166,667</u>		

Note: All loans have been approved by the Bank, but they 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.

GOVERNORS AND ALTERNATE GOVERNORS*

COUNTRY	GOVERNOR	ALTERNATE
ARGENTINA	Félix Gilberto Elizalde	Enrique García Vázquez
BOLIVIA	Jaime Berdecio Zilveti	Julio Sanjinés Goitia
BRAZIL	Octávio Gouvêa de Bulhões	Denio Chagas Nogueira
CHILE	Sergio Molina	José Zabala
COLOMBIA	Joaquín Vallejo Arbeláez	Eduardo Arias Robledo
COSTA RICA	Rodolfo Lara	Raúl Hess
DOMINICAN REPUBLIC	Diógenes H. Fernández	Luis María Guerrero Gómez
ECUADOR	Jaime Salvador Campuzano	Gustavo Larrea
EL SALVADOR	Abelardo Torres	Guillermo Hidalgo Qüehl
GUATEMALA	Carlos Peralta Méndez	Gabriel Orellana Estrada
HAITI	Marcel Daumec	
HONDURAS	Manuel Acosta Bonilla	Roberto Ramírez
MEXICO	Antonio Ortíz Mena	Rodrigo Gómez
NICARAGUA	Silvio Argüello Cardenal	Francisco J. Laínez
PANAMA	David Samudio A.	Berardo Q. Gallol
PARAGUAY	César Barrientos	César Romeo Acosta
PERU	Hipólito Larrabure Price	Ramón Remolina Serrano
UNITED STATES	Henry H. Fowler	David E. Bell
URUGUAY	Dardo Ortíz	Gervasio Posadas Belgrano
VENEZUELA	Andrés Germán Otero	Héctor Hurtado

* As of March 15, 1966.

EXECUTIVE DIRECTORS AND ALTERNATES*

		NUMBER OF VOTES	PER- CENTAGE
Manuel Barros Sierra	Elected by: DOMINICAN REPUBLIC --	1,337	0.74
MEXICO	EL SALVADOR -----	1,036	0.58
Arturo Calventi (Alternate)	GUATEMALA -----	1,337	0.74
DOMINICAN REPUBLIC	HONDURAS -----	1,036	0.58
	MEXICO -----	14,565	8.10
	PANAMA -----	1,036	0.58
	URUGUAY -----	2,542	1.41
		<u>22,889</u>	<u>12.73</u>
Francisco Norberto Castro	Elected by: ARGENTINA -----	22,583	12.57
ARGENTINA	PERU -----	3,143	1.75
Juan Ramírez V. (Alternate)		<u>25,726</u>	<u>14.32</u>
PERU			
Julio C. Gutiérrez	Elected by: BOLIVIA -----	1,937	1.08
PARAGUAY	PARAGUAY -----	1,036	0.58
Alberto Ibañez González (Alternate)		<u>2,973</u>	<u>1.66</u>
BOLIVIA			
Tom Killefer	Appointed by: UNITED STATES -----	76,311	42.47
UNITED STATES		<u>76,311</u>	<u>42.47</u>
Alexander M. Rosenson (Alternate)			
UNITED STATES			
Oscar Niemtschik	Elected by: CHILE -----	6,299	3.50
VENEZUELA	COLOMBIA -----	6,294	3.50
Luis F. Echavarría (Alternate)	VENEZUELA -----	12,162	6.77
COLOMBIA		<u>24,755</u>	<u>13.77</u>
Victor da Silva	Elected by: BRAZIL -----	22,583	12.57
BRAZIL	ECUADOR -----	1,337	0.74
Federico Intriago (Alternate)	HAITI -----	1,036	0.58
ECUADOR		<u>24,956</u>	<u>13.89</u>
Elías Soley	Elected by: COSTA RICA -----	1,036	0.58
COSTA RICA	NICARAGUA -----	1,036	0.58
José María Castillo (Alternate)		<u>2,072</u>	<u>1.16</u>
NICARAGUA			
	TOTAL -----	<u>179,682</u>	<u>100.00</u>

* As of March 15, 1966.

PRINCIPAL OFFICERS OF THE BANK*

President
Executive Vice President

Felipe Herrera
T. Graydon Upton

FINANCIAL-ADMINISTRATIVE DEPARTMENT

Financial Manager
Treasurer
Secretary
Director, Division of Administration
Acting Director, Personnel Division
Director, Division of Information

Ignacio Copete-Lizarralde
Santiago Martinucci
Jorge Hazera
Fausto Ruggiero
Weston Williams
Joaquín E. Meyer

OPERATIONS DEPARTMENT

Operations Manager
Deputy Manager
Director, Loan Division, Northern Zone
Director, Loan Division, Southern Zone
Director, Project Analysis Division
Director, Division of Loan Administration

Ewaldo Correia Lima
Guillermo Moore
Enrique Pérez Cisneros
James A. Lynn
Alfredo E. Hernández
Hawthorne Arey

TECHNICAL DEPARTMENT

Technical Manager
Director, Economic and Social
Development Division
Director, Training Division
Technical Assistance Coordinator

Alfonso Rochac

Pedro Irañeta
Leonel Torres
Milton Messina

LEGAL DEPARTMENT

General Counsel
•
Financial Advisor
Program Advisor
Integration Advisor
Controller of Operations
•
Representative in Europe

Elting Arnold

Robert B. Menapace
Alfred C. Wolf
José C. Cárdenas
G. Lincoln Sandelin
Rodrigo Llorente

INSTITUTE FOR LATIN AMERICAN INTEGRATION

President
Director

Julio C. Rodríguez Arias
Gustavo Lagos

* As of March 15, 1966.

CHANNELS OF COMMUNICATIONS AND DEPOSITORIES*

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	Banco Central da República do Brasil	Banco Central da República do Brasil
CHILE	Ministerio de Hacienda	Banco Central de Chile
COLOMBIA	Banco de la República	Banco de la República
COSTA RICA	Banco Central de Costa Rica	Banco Central de Costa Rica
DOMINICAN REPUBLIC	Banco Central de la República Dominicana	Banco Central de la República Dominicana
ECUADOR	Banco Central del Ecuador	Banco Central del Ecuador
EL SALVADOR	Banco Central de Reserva de El Salvador	Banco Central de Reserva de El Salvador
GUATEMALA	Banco de Guatemala	Banco de Guatemala
HAITI	Banque Nationale de la République d'Haiti	Banque Nationale de la République d'Haiti
HONDURAS	Ministerio de Economía y Hacienda	Banco Central de Honduras
MEXICO	Banco de México, S.A.	Banco de México, S.A.
NICARAGUA	Banco Central de Nicaragua	Banco Central de Nicaragua
PANAMA	Ministerio de Hacienda y Tesoro	Banco Nacional de Panamá
PARAGUAY	Banco Central del Paraguay	Banco Central del Paraguay
PERU	Banco Central de Reserva del Perú	Banco Central de Reserva del Perú
UNITED STATES	Treasury Department	Federal Reserve Bank of New York
URUGUAY	Ministerio de Hacienda	Banco de la República Oriental del Uruguay
VENEZUELA	Ministerio de Hacienda	Banco Central de Venezuela

* As of March 15, 1966.

INSTITUTE FOR LATIN AMERICAN INTEGRATION

The establishment of the Institute for Latin American Integration in 1965 represents one of the most important measures taken by the Bank so far to support Latin America's integration movement. The Institute is engaged in studying the region's integration process in all its aspects—economic, technical, legal and institutional—and is seeking the best means to expedite that process.

An administrative unit of the Bank with headquarters in Buenos Aires, the Institute functions under an Advisory Council, a President and a Director. The Advisory Council consists of seven persons appointed from among the member countries by the Bank's Board of Executive Directors for three-year terms. The President and Director are appointed by the President of the Bank. The Director is responsible for the administrative and technical direction of the Institute.

The Institute is financed by the Bank and by special contributions from the Bank's member countries. According to a plan of operations approved in December 1964, two-thirds of the Institute's costs are provided by the Bank from its own resources and those of the Social Progress Trust Fund and one-third is contributed by the member countries in proportion to their subscriptions to the Bank, excepting the United States and Argentina. As host country, Argentina contributes the headquarters site for the Institute and much of its local costs. The United States contribution is represented by the allocations from the Social Progress Trust Fund, which it has provided entirely.

The Institute initiated its activities August 24, 1965, in an inaugural ceremony, in which the President of Argentina, other high government officials, the President of the Bank and the principal officers of the Institute took part.

In carrying out its objectives, the Institute engages in training, advisory, information and research activities. Following is a summary of its 1965 activities, as well as highlights of its 1966 program.

TRAINING

The Institute initiated its first training course on Latin American integration on August 24. The course lasted eight weeks—seven in Buenos Aires and one at the Latin American Free Trade Association's (LAFTA) headquarters in Montevideo—and was attended by 32 senior officials from 17 Latin American member countries of the Bank. The participants included executives and economic and legal advisors in governmental

agencies with responsibilities in the integration field. The course was devoted to a study of the following three aspects of integration:

- The framework for the region's integration, that is, Latin America viewed as a whole.
- The present status of integration.
- Integration prospects.

A total of 28 persons lectured at the course—15 in Buenos Aires and 13 in LAFTA's headquarters in Montevideo.

The Institute's training activities in 1966 will include courses for senior officers in the public and private sectors; a program for university postgraduates to do research on integration problems, and a training program for Latin American political and labor leaders.

ADVISORY SERVICES

The Institute is advising universities in Latin America in connection with the establishment of study courses on integration. It is also advising the Latin American Parliament, and at the latter's request, is carrying out a study on the possibility of codifying Latin American legislation on bank drafts, checks, promissory notes and commercial paper.

The Institute administers a joint Bank-LAFTA program for the publication of studies and works related to integration in the LAFTA member countries and participates in a joint program of the Bank and the Center for Latin American Studies (CEMLA) in gathering and distributing, among governmental organizations and educational institutions 200 libraries on integration, each consisting of 90 basic volumes.

For its own use, the Institute has a library on integration in Latin America as well as in other regions which has more than 4,000 books and 200 periodical publications. In addition it publishes a variety of informational literature on integration and textbooks for its training courses.

RESEARCH

The objectives of the Institute's research are to investigate all aspects of Latin America's integration—institutional, legal, social, political and economic—and to compile information on integration movements in other regions of the world pertinent to the Latin American experience.

In engaging in research into new areas in the integration process and in creating mechanisms to

organize and spread knowledge on Latin America, the Institute plans to investigate unexplored juridical, institutional, sociological, political and economic areas of integration and to prepare textbooks for university use on current conditions in Latin America. The first will deal with Latin America's economy as a whole.

The Institute is establishing close relations with other international agencies, universities and scientific foundations dealing with integration. In August 1965 representatives of the Bank, the Latin American Free Trade Association, the UN Economic Commission for Latin America, the Food and Agricultural Organization and the Latin American Institute for Economic and Social Planning met at the Institute's

headquarters to review integration programs of the various organizations. In October, at the Institute's headquarters, more than 30 jurists met under the sponsorship of the Inter-American Institute of International Juridical Studies to consider legal aspects of the integration process. The purpose of this meeting was to draft a plan of research and instruction on the juridical and institutional problems involved in the process of Latin American economic integration as a basis for university instruction.

In December 1965, an Inter-American Seminar on Administration for Development was held at the Institute's headquarters. This was the last in a series organized by the Public Administration Unit of the OAS Department of Economic Affairs.

