

INTER-AMERICAN DEVELOPMENT BANK • SEVENTH ANNUAL REPORT

1966

Signed

MEMBER NATIONS

ARGENTINA

BOLIVIA

BRAZIL

CHILE

COLOMBIA

COSTA RICA

DOMINICAN REPUBLIC

ECUADOR

EL SALVADOR

GUATEMALA

HAITI

HONDURAS

MEXICO

NICARAGUA

PANAMA

PARAGUAY

PERU

UNITED STATES

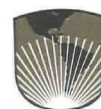
URUGUAY

VENEZUELA



INTER-AMERICAN DEVELOPMENT BANK • SEVENTH ANNUAL REPORT

1966



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PRESIDENT

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

CABLE ADDRESS
INTAMBANC

March 27, 1967

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 1966 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, as well as information on the progress on the projects for which disbursements were made.

I should like to point out that the Bank has separately published "Socio-Economic Progress in Latin America," the Sixth Annual Report of the Social Progress Trust Fund, 1966. That publication contains a presentation of the institutional reforms and social progress achieved by the borrowing countries.

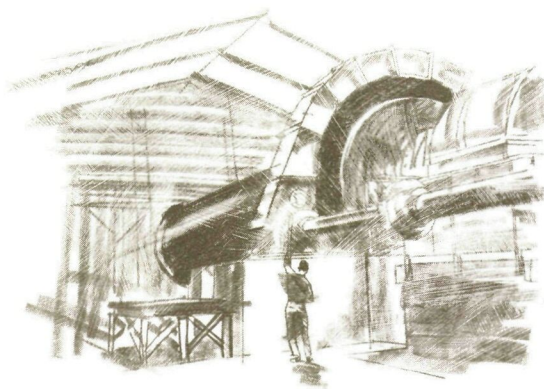
The fourth part summarizes the activities carried out by the Bank with other funds which it has mobilized for Latin America's economic and social development from non-member countries.

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



GENERAL ASPECTS

THE CONTRIBUTIONS of the Inter-American Development Bank to the economic and social development of Latin America again reached new records in 1966. The Bank's lending volume was higher than that of any of its five previous years of operations and disbursements on approved loans and earnings also set new high marks.

The Bank authorized 68 loans totaling \$396,121,895 in 1966, compared with 66 loans totaling \$373,472,865 in 1965, up to then the Bank's highest lending year. The 1966 commitments brought the net cumulative total as of Dec. 31, 1966, to 393 loans aggregating \$1,913,409,735.¹

A summary of the loans authorized during 1966, as well as cumulative totals, from the Bank's various sources of funds follows:

- *Ordinary Capital Resources*: 15 loans totaling \$100,876,154, bringing the aggregate net total to 139 loans for \$747,186,938.

- *Fund for Special Operations*: 48 loans totaling \$291,305,000, bringing the cumulative total to 130 loans amounting to \$656,881,856.

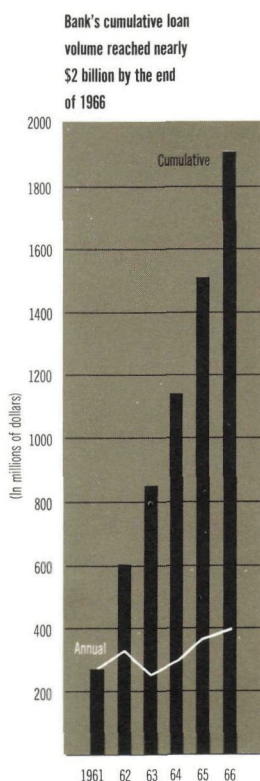
- *Other Resources*: 5 loans totaling \$3,940,741, raising the cumulative total to 7 loans aggregating \$8,107,407. All 7 of these loans were extended from the resources which the Bank has administered for the Canadian Government since 1964.

The resources of the *Social Progress Trust Fund*, the \$525 million Fund which the Bank administers for the United States

Government under the Alliance for Progress program, were virtually all committed in loans and technical assistance at the end of 1965. The cumulative total of loans extended from the Trust Fund remained at 117 amounting to \$501,233,534, as of Dec. 31, 1966. However, the Bank's rate of lending for social projects continued unabated during the year through loans authorized from the expanded Fund for Special Operations.

DISBURSEMENTS on loans during 1966 were also the highest in the Bank's history reaching \$211,828,585, compared with \$182,161,061 in 1965. These brought cumulative disbursements as to Dec. 31, 1966, to \$798,342,338. Thus disbursements amounted to 42 per cent of the Bank's total authorizations, a ratio which reflects the effective use being made by borrowers of the Bank's loans.

THE BANK'S TECHNICAL ASSISTANCE authorizations in 1966 again reached higher levels than those of any previous year. Such authorizations, made on both a reimbursable and a non-reimbursable basis from the Bank's own resources, the Social Progress Trust Fund and the Canadian resources which the Bank administers, amounted to \$29,633,021 compared with \$19,271,929 in 1965. Of the 1966 amount, \$26,571,740 was reimbursable and \$3,061,281 was non-reimbursable. As of Dec. 31, 1966, net cumulative technical assistance authorizations had reached \$82,112,953, of which \$66,567,924 was reimbursable and \$15,545,029, non-reimbursable.



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

The high level of technical assistance authorizations during the year was due in large measure to the heavy emphasis placed by the Bank in 1966 on the field of pre-investment, under a policy adopted in 1965 to speed up the flow of technically well-prepared development projects for financing by internal and external sources of capital. Under this policy, the Bank extends loans to help establish funds devoted to the continuing preparation of pre-investment studies. In 1965 the Bank extended such loans in Brazil and Chile and in 1966 in Argentina, Bolivia, Mexico, Paraguay, Peru and Uruguay, and to the Central American Bank for Economic Integration, in the latter case for projects of a regional scope in its member countries.

THE LATIN AMERICAN countries are contributing substantially greater domestic resources for the development projects which the Bank is helping to finance than the resources provided by the Bank's loans, as graphically demonstrated on page 5. Thus, the \$396 million in loans extended by the Bank during 1966 is being matched by about \$454 million mobilized by the borrowers in carrying out projects whose estimated total cost is about \$850 million. On a cumulative basis, the Bank's \$1.9 billion in loans have helped to finance projects whose estimated cost exceeds \$5 billion, of which sum the Bank has provided 38 per cent and the borrowers 62 per cent.

THE BANK'S steadily rising lending and technical assistance contributions to Latin America's progress have been made

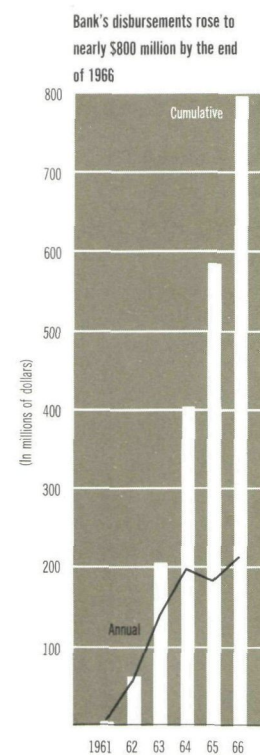
possible largely by the continuing volume of resources which the Bank has received from its own member countries as well as other countries.

During 1966 the Bank obtained additional resources amounting to nearly \$440 million. This amount included the third and final payment of \$300 million made by member countries to the \$900 million increase in the resources of the Fund for Special Operations adopted in 1965. The first two *tranches* were totally paid in by the Bank's members in 1965. This increase made possible the sizable volume of lending from the Fund in 1965 and 1966.

In 1966 the Bank enlarged the lending capacity of its ordinary capital resources by borrowing or arranging to borrow a total of \$110,433,798 in the world's capital markets. All of the 1966 borrowings were made outside the United States. The 1966 borrowings included:

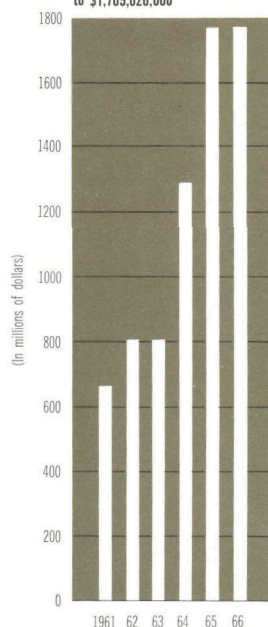
- A 15 billion lire (equivalent to \$24 million) 20-year bond issue sold in Italy (page 13).
- A 3.6 billion yen (\$10 million) 15-year loan which the Export-Import Bank of Japan agreed to make available to the Bank (page 14).
- A 50 million Swiss franc (\$11,433,798) 15-year bond issue sold in Switzerland (page 13).
- A \$65 million short-term bond issue, with maturities of one, two and five years, sold to central banks and governmental institutions in 15 of the Bank's Latin American member countries and in Spain and Israel (page 14).

Subsequent to the period covered by

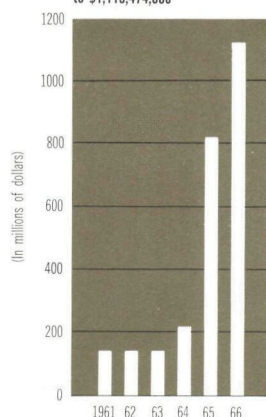


GENERAL ASPECTS

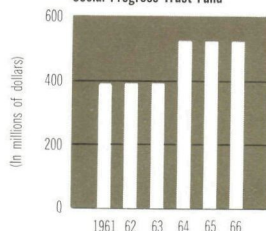
The subscribed ordinary capital resources of the Bank have risen to \$1,769,820,000



Contributions to the Fund for Special Operations rose rapidly in 1965 and 1966 to \$1,119,474,000



A total of \$525 million has been contributed to the Social Progress Trust Fund



this report, on Jan. 17, 1967, the Bank sold a 5.20 per cent 25-year \$50 million bond issue in the United States. This brought the Bank's cumulative borrowings in the world's capital markets to \$445,333,798 of which \$275 million had been arranged in the United States and \$170,333,798 in other markets.

In 1966 the Bank also obtained additional resources in administration amounting to \$25,859,099. These included:

- A 10 million Canadian dollar increase (equivalent to \$9,259,259) in the resources the Bank is administering for Canada. Such resources now total 30 million Canadian dollars (page 137).

- 4,142,800 pounds sterling (equivalent to \$11,599,840) which the Bank agreed to administer for the United Kingdom for economic assistance projects in Latin America (page 138).

- A \$5 million fund the Bank agreed to administer for the Government of Sweden for economic development projects in Latin America (page 139).

During 1966 the Bank also sold participations for a total of \$4,608,500 in its ordinary capital resources loans. These brought cumulative participations in the loans extended from the ordinary capital resources and the Fund for Special Operations to \$30,312,532 by Dec. 31, 1966.

WHILE THE resources which the Bank received in 1966 are providing for the Bank's current needs, the Bank will require substantial additional resources in the near future to maintain or expand its volume of operations. To meet this need the Board of Governors initiated action at its Seventh Annual Meeting in Mexico City in 1966 to replenish the Bank's resources.

The Governors adopted a resolution calling on the Board of Executive Directors "to study the possibility of enlarging the resources of the Bank by means of an increase in the authorized capital and an increase in the resources of the Fund for Special Operations."

The same resolution asked the Board of Executive Directors to study new means to increase multilateral economic assistance to Latin America and to submit a report to the Board of Governors as soon as practicable. The Board of Directors was also asked to examine "the desirability of modifying the provisions for the election of Ex-

ecutive Directors set forth in the Agreement Establishing the Bank." At year end these studies had been carried out by the Board of Executive Directors and were to be presented opportunely to the members.

AGRICULTURE was given special emphasis in the Bank's 1966 lending as a means of strengthening that sector's contributions to Latin America's general development. A total of \$107,590,000 of the Bank's 1966 lending volume was devoted to that sector.

At the same time the Bank continued its support for other development sectors. Industry and mining received \$54,300,000 of the Bank lending; electric power, \$29,500,000; transportation, \$27,500,000; water supply and sewage systems, \$63,950,000; housing, \$46,975,000; education, \$29,100,000; preinvestment, \$22,441,000, and export financing, \$14,766,000.

Within these sectors, the support given by the Bank in 1966 to education, export financing and preinvestment was particularly notable, being in each case more than double the amount committed in any previous single year.

On a cumulative basis, agriculture is the Bank's leading loan sector. Some \$427.6 million of the Bank's lending has been channeled directly into agriculture through projects for farm credit, colonization and settlement, irrigation, livestock development, crop diversification and related activities. In addition, a great many other Bank-financed projects in such fields as transportation, power, water supply, housing education and preinvestment also indirectly benefit the agricultural sector. If all of these are taken into account the total financing of the Bank which helps the Latin American agriculture sector would rise to about \$730 million.

Next to agriculture in the distribution of the Bank's loans is the industrial and mining sector, which has received \$401.8 million. Electric power received \$155.7 million; transportation, \$164.4 million; water supply and sewage systems, \$349.5 million; housing, \$274.1 million; education, \$65.7 million; preinvestment, \$47.7 million, and export financing, \$26.9 million.

RAPID PROGRESS was made during the year in translating the Bank's lending into concrete development achievements.

Highlights of the physical accomplishments expected from the Bank's lending as well as the results achieved as of Dec. 31, 1966, are shown below:

- The bringing into production or improvement of some 4,813,508 acres of farm land. As of Dec. 31, 1966, some 1,569,850 had already been brought into production. In addition agricultural production and productivity in Latin America benefitted from 278,251 credits relented from Bank loans extended to development institutions.

- The construction, expansion or improvement of 48 industrial plants, of which 29 have already been finished. In addition, some 2,415 credits have been extended to small- and medium-scale industrial enterprises from loans made by the Bank to development institutions.

- The expansion of electric generating capacity by 2,710,000 kilowatts; the installation of 7,886 miles of transmission lines, and the construction or improvement of distribution systems in 120 communities with a population of 3 million. As of Dec. 31, 1966, units generating 81,500 kilowatts were in operation; 2,248 miles of transmission lines had been installed and distribution networks in 10 communities with a population of 1 million had been completed.

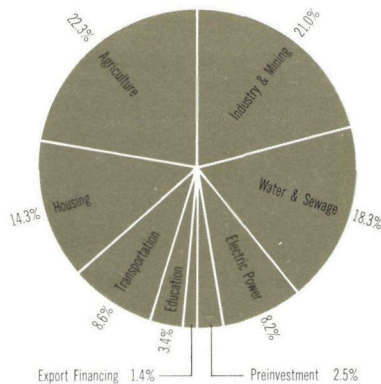
- The construction or improvement of about 1,545 miles of 10 main highways and 7,870 miles of 124 access and farm-to-market roads. As of Dec. 31, 1966, 1,096 miles had been completed. In addition Bank loans were helping to improve six major Latin American ports: Paranaguá in Brazil, Cartagena, Barranquilla, Santa Marta and Buenaventura in Colombia, and Acajutla in El Salvador.

- The construction, expansion or improvement of 2,340 water supply systems and 253 sewage systems which will benefit a population of 36,700,000 persons. As of Dec. 31, 1966, some 897 water systems and 72 sewage systems had been finished and substantial work had been done on another 367 water and 84 sewage systems.

- The construction of about 297,200 housing units for low-income families which will benefit some 1.8 million persons. As of Dec. 31, 1966, some 149,688 had been finished and 29,450 were under construction. Some 56,474 were built in 1966.

- The modernization or expansion of 73 centers of higher education and advanced training. The projects include the construc-

Distribution of Bank Loans
1961 - 1966
Total: \$1,913.4 million

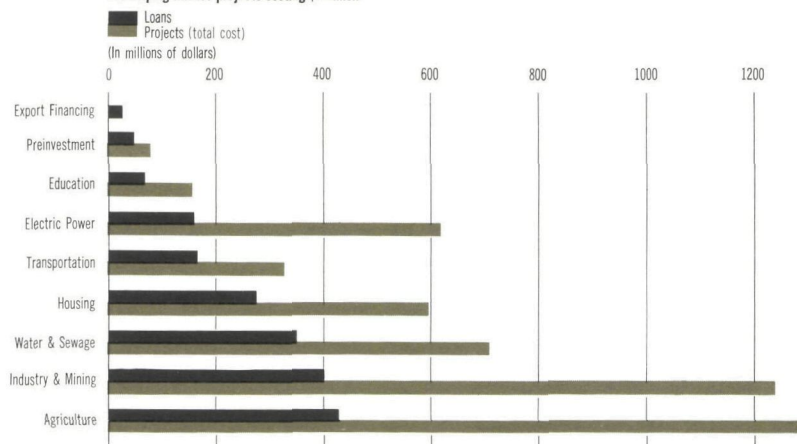


tion of buildings at 29 centers, the acquisition of equipment for 70, library improvements at 25, and technical assistance for 23 centers. The total enrollment of the centers which are benefitting from the Bank's loans is expected to be 244,000 by 1970.

As of Dec. 31, 1966, construction at 6 projects had been completed; 26 per cent of the construction funds had been invested at another 16 centers; about 15 per cent of the equipment had been made available to 30 centers; 12 per cent of the technical assistance had been extended at 8 centers and about 12 per cent of the funds for library material had been invested.

- In the preinvestment field, the Bank's loans are contributing to the establishment of 8 national and 1 regional preinvestment funds designed to provide a continuing flow of prepared development projects suitable for financing. In addition some 27 other loans are being devoted to specific preinvestment projects.

Bank loans, totaling \$1.9 billion, are helping finance projects costing \$5 billion



TECHNICAL ASSISTANCE AUTHORIZATIONS

By Sectors
(1961-1966)

Sectors	Bank Resources			Social Progress Trust Fund			TOTAL	
	No.	Non-Reimbursable	Reimbursable	No.	Non-Reimbursable	Reimbursable	No.	Amount
Industry and Mining	28	\$ 152,287	\$ 5,940,484				28	\$ 6,092,771
Agriculture	45	629,151	10,915,678	65	\$1,589,381	\$1,692,000	110	14,826,210
Electric Power	17	114,191	4,583,600				17	4,697,791
Transportation	9	350,000	2,032,000				9	2,382,000
Water and Sewage	7	10,000	720,000	22	383,195	1,505,900	29	2,619,095
Housing	5	601	150,000	37	667,561	1,102,061	42	1,920,223
Education	11	20,000	1,184,000	21	388,221	787,000	32	2,379,221
Others:								
Planning ¹	112	3,264,395	35,955,201	28	2,295,362		140	41,514,958 ²
Training	65	2,048,001		52	3,000,583		117	5,048,584
Miscellaneous	14	326,800		13	305,300		27	632,100
Total	313	\$ 6,915,426	\$61,480,963	238	\$8,629,603	\$5,086,961	551	\$82,112,953 ²

¹ Includes authorizations for the execution of general and specific preinvestment studies in various fields, and for advisory services connected with the establishment and strengthening of development institutions, the preparation of development plans and programs, and the determination of investment priorities.

² Includes five loans totaling \$3,607,407 for preinvestment studies made from the Canadian resources which the Bank administers.

THE BANK substantially increased its support for Latin America's economic integration in 1966 as one of the most effective means of stimulating the area's progress. One of the most important measures taken by the Bank in this connection was the establishment of the Preinvestment Fund for Latin American Integration. The Board of Governors had given the Bank a mandate to establish the Fund in a resolution adopted at the Seventh Annual Meeting in Mexico City in April 1966.

The Fund is being devoted to the preparation of feasibility studies of multinational projects designed to spur Latin America's economic integration. It was established July 21, 1966, with initial resources of \$15 million from the Bank's Fund for Special Operations. Subsequently, the United States Government on Sept. 7, 1966, agreed to the assignment of an additional \$1.5 million to the new Fund from the Social Progress Trust Fund.

The Bank will use the resources of the Fund to finance preinvestment studies of multinational infrastructure projects and of the integrated development of geo-economic zones embracing two or more countries, including multinational river basins and frontier areas. The Fund will also be used to finance studies for the establishment of basic industries of a regional scale and the exploitation of natural resources, as well as to carry out research, training, scientific and technological activities.

At year end the Bank had under consideration the Fund's first work program. The program will be presented for consul-

tation and evaluation to CIAP in participation with representatives of LAFTA and the Secretariat for Central American Economic Integration (SIECA).

In the preparation of this program the Bank benefitted from recommendations contained in a study of "Multinational Investment Programs and Latin American Integration," which had been carried out for the Bank by the consulting firm of Development and Resources Corporation of New York. The study, which was submitted to the Bank in September 1966, recommended that preinvestment studies be carried out on a variety of specific projects in the integration field.

Other highlights of the Bank's activity in the field of economic integration in 1966 included:

- The highest yearly volume of credits extended to date by the Bank under its program to finance exports of capital goods from one Latin American member country to another. The authorizations, which amounted to \$13,780,000, were made under a program initiated by the Bank in 1964 to stimulate the development of the capital goods industry in Latin America and foster the area's economic integration through an increase in intra-regional trade. The year's authorizations included \$10,780,000 to finance the export of three Brazilian-built ships to Mexico, a \$2 million increase in a line of credit extended in Mexico in 1964 and a \$1 million new line for Nicaragua. As of Dec. 31, 1966, such credits had risen to \$26,903,354 and disbursements to \$8,681,513.

- The approval of two new loans contributing directly to Latin America's integration. One for \$15 million from the Fund for Special Operations will help build the Chilean section of the Trans-Andean highway which extends from Valparaiso, Chile, to Mendoza, Argentina. The other, a loan for \$3 million, also from the Fund for Special Operations, will enable the Central American Bank for Economic Integration to finance preinvestment studies of specific projects of regional Central American interest in the fields of industry, agriculture and infrastructure in both private and public sectors. On a cumulative basis, as of Dec. 31, 1966, the Bank had authorized loans totaling some \$100 million which fostered the Latin American integration process.

- The Institute for Latin American Integration, a unit of the Bank established in Buenos Aires in August 1965, made notable progress in its programs of training personnel, carrying out research and spreading knowledge about the integration process. A summary of its 1966 activities is contained on page 146.

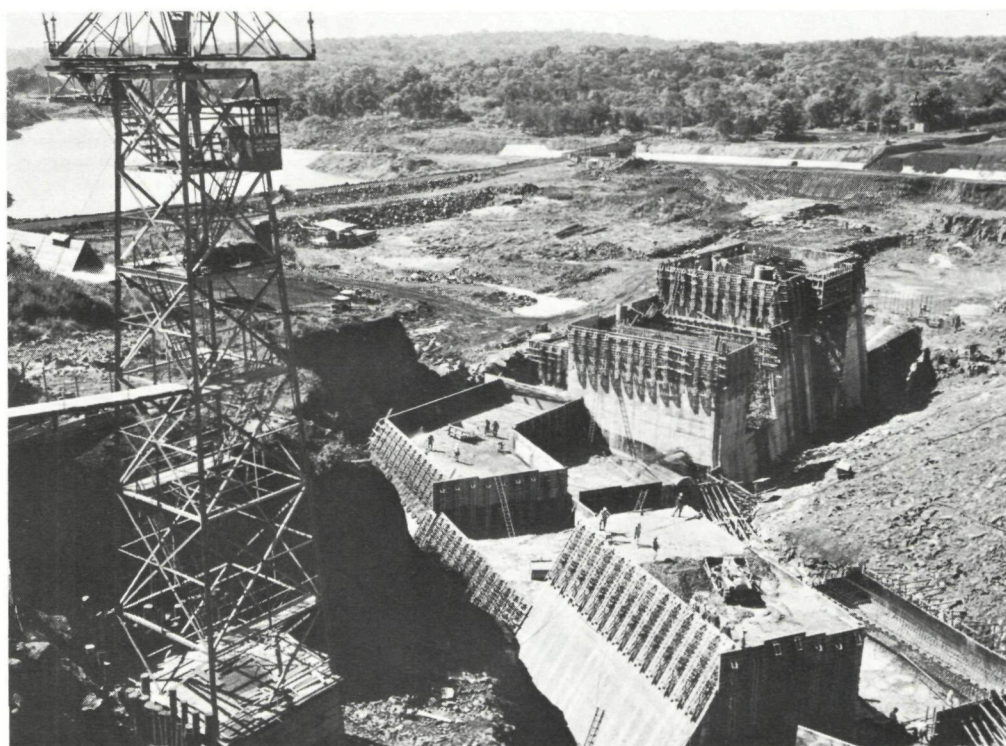
THE EARNINGS of the Bank in 1966 increased substantially over previous years. The net income of the ordinary capital resources amounted to \$6,748,543, compared to \$5,008,711 in 1965 (page 23) and that of the Fund for Special Operations was

\$3,633,680, prior to deducting technical assistance expenses, compared with \$2,876,625 in 1965 (page 77). In addition, the Social Progress Trust Fund registered substantial net income above administrative and technical assistance costs. The net income of the Social Progress Trust Fund amounted to \$3,714,523 in 1966 before deducting charges for technical assistance and currency and other adjustments, compared to \$1,837,481 in 1965 (page 111).

The Bank's substantial net income also greatly increased the Bank's reserves. As of Dec. 31, 1966, the reserves of the ordinary capital resources had risen to \$30,487,521, compared with \$20,962,935 at the end of 1965, and those of the Fund for Special Operations to \$5,783,110, compared with \$3,408,030 in 1965.

Repayments on loans, were also far greater in 1966 than in any previous year, amounting to more than in all the previous five years combined. Repayments in 1966 on loans made from the ordinary capital resources, the Fund for Special Operations and the Social Progress Trust Fund amounted to \$30,111,611, bringing total repayments as of the end of the year to \$57,263,582.

THE SEVENTH Annual Meeting of the Board of Governors was held in Mexico City April 25-29, under the chairmanship



THIS 45,000 KILOWATT HYDROELECTRIC PLANT is under construction on Paraguay's Acaray River with Bank aid. The project has regional importance since it may provide power to neighboring areas in Argentina and Brazil.

GENERAL ASPECTS

of Antonio Ortiz Mena, Secretary of Finance and Public Credit of Mexico. At the meeting, the Board adopted resolutions:

- Requesting the Board of Executive Directors to study the possibility of enlarging the resources of the Bank, as previously mentioned.
- Requesting the Board of Executive Directors to take steps to establish a Preinvestment Fund for Latin American Integration, also as indicated.
- Approving 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 Dec. 31, 1965.
- Selecting Washington, D.C., as the site of the Eighth Annual Meeting of the Board of Governors to be held in April 1967.

The Board of Governors also carried out the third general election of Executive Directors for the three-year period, July 1, 1966, to June 30, 1969. The Board is composed of seven members, six elected by the Latin American member countries and one appointed by the United States. Those elected at the meeting were:

Diego Calle Restrepo, of Colombia, elected by Chile, Colombia and Venezuela.

José Juan de Olloqui, of Mexico, elected by Costa Rica, the Dominican Republic, Haiti, Honduras, Mexico, Nicaragua, Panama and Uruguay.

Carlos Enrique Peralta Méndez, of Guatemala, elected by El Salvador and

Guatemala.

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

Julio César Gutiérrez, of Paraguay, re-elected by Bolivia and Paraguay.

Victor da Silva, of Brazil, re-elected by Brazil and Ecuador.

Subsequently, on Sept. 23, 1966, W. True Davis was appointed the United States member of the Board for a three-year term.

Under the terms of a resolution adopted by the Board of Governors at their Sixth Annual Meeting, Mr. Peralta Méndez represents all the countries of the Central American Common Market for all purposes of the Agreement establishing the Bank, except for voting. Under the same terms, Mr. Gutiérrez also represents Uruguay and Mr. da Silva also represents Haiti.

As in prior years one of the highlights was the roundtable discussion on Community Development which took place at the meeting at two afternoon sessions. A total of 99 representatives from the Bank's member nations, 48 observers from various organizations and 378 special guests from 41 countries attended the meeting.

During 1966 the Bank improved its administrative structure, particularly in connection with the administration and execution of its loan projects. Of particular importance in this regard were the measures which the Bank took to strengthen the technical representation which the Bank maintains at its regional offices in Latin America.

PORT IMPROVEMENTS in Latin America are made possible by Bank financing. Such assistance is improving harbor facilities here at Paranaguá, Brazil; in Cartagena, Barranquilla, Santa Marta, and Buenaventura in Colombia; and in Acajutla, El Salvador.



The Governors and Alternate Governors of the Bank are listed on page 142; the Directors and Alternate Directors on page 143, and the principal officers of the Bank on page 144.

DURING 1966 the Bank strengthened its cooperation with other regional and international agencies in order to accelerate Latin America's economic and social development and foster the area's integration.

Particularly significant in this regard was the Bank's role as technical advisor of the Inter-American Committee on the Alliance for Progress (CIAP) in connection with financing the development of its member countries. In this role, the Bank participated in the evaluations of country development efforts and external financial needs which CIAP carried out in 1966.

The Bank also took part in the Fourth Annual Meeting of the Inter-American Economic and Social Council at the Ministerial Level held in Buenos Aires, March 15 to April 1, 1966. That meeting examined progress achieved under the Alliance for Progress and carried out a detailed appraisal of the needs and availability of external and internal financing for development for the Latin American members.

From January 24 to 26 the Bank sponsored a meeting on Municipal Financing in Latin America. The meeting sought means of expanding financial and technical assistance to Latin American municipalities and possible ways of improving municipal development institutions. The meeting, which was held in Washington, was attended by 100 representatives of municipal financing agencies, municipal associations and governmental and private agencies.

The Bank's programs in fostering agricultural development in Latin America were reinforced during the year through cooperative efforts with other regional and international institutions with responsibilities in this field. Thus a cooperative arrangement between the Bank and FAO, in effect since 1965, resulted in the identification, preparation and execution of agricultural development projects in various member countries.

The Bank and the Inter-American Institute of Agricultural Sciences (IICA), a specialized agency of the Organization of American States (OAS), located in Turrialba, Costa Rica, also entered into a co-

operative arrangement Aug. 6 to coordinate their activities in the field of training on agricultural credit and agrarian reform.

On Dec. 9 the Bank, the OAS, CIAP, FAO, ECLA and IICA signed an agreement providing for a continuation and expansion of the activities of the Inter-American Committee for Agricultural Development. Under the agreement, the Committee became an advisory group to CIAP. Representatives of the signatory agencies have been appointed to the Committee to aid its future activities.

The Bank also entered into an agreement with the Government of Israel and the OAS to accelerate the preparation of rural development projects in Latin America through the creation of joint technical bodies which will provide advisory services in this field.

The Bank's cooperation in the OAS-IDB-ECLA Tripartite Committee which provided advisory services on development planning to various member countries concluded on Dec. 31, 1966. In the future, such services will be provided through other consultative procedures. In the Tripartite Committee the three agencies have cooperated in providing advisory services in connection with the national development plans formulated by governmental agencies in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru, and Uruguay, as well as in the regional plan for Central America and a 1967-68 public investment program for the Dominican Republic. The accomplishments of the various tripartite missions were reviewed at the Eighth Meeting of the Inter-American Committee on the Alliance for Progress which took place in Washington in May 1966.











































































































































The Bank in 1966 jointly sponsored, along with the U.S. Agency for International Development and the U.S. National League of Insured Savings Associations, the Fourth Inter-American Savings and Loan Conference held in Caracas, Jan. 21-Feb. 4.

The Bank also participated in 1966 in various regional and international conferences, among them the Ninth Regional Conference of FAO for Latin America held in Punta del Este, Uruguay, Dec. 5; the Annual Meeting of the Board of Governors of the World Bank and the International Monetary Fund held in Washington, D.C., in September, and the First Annual Meeting of the Board of Governors of the Asian Bank held in Tokyo in November.

GENERAL ASPECTS

Approved loans

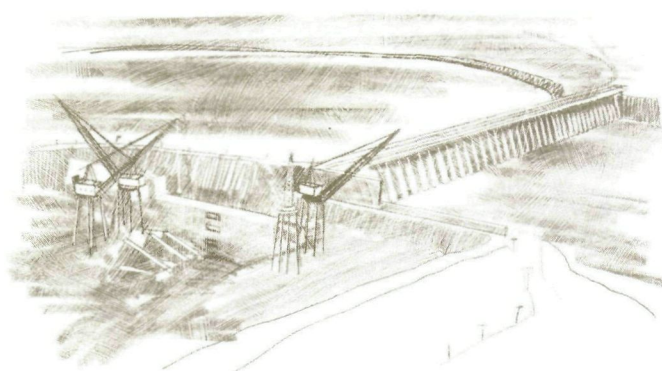
(Expressed in thousands of dollars)

	ANNUAL 1966		CUMULATIVE (1961-66)										
	Number	Amount	Number	Amount	INDUSTRY AND MINING	AGRICULTURE	ELECTRIC POWER	TRANSPORTATION	WATER AND SEWAGE	HOUSING	EDUCATION	PREINVESTMENT	EXPORT FINANCING
Argentina	6	29,394	35	211,184	 12	 4	 2		 5	 2	 3	 6	 1
Bolivia	6	18,400	21	60,860	 8	 4	 1		 1	 1	 5	 1	
Brazil	8	99,085	51	416,830	 14	 5	 9	 2	 12	 2	 1	 4	 2
Chile	5	45,550	38	177,773	 8	 7		 1	 5	 7	 6	 3	 1
Colombia	3	22,700	32	154,314	 5	 3	 4	 2	 8	 3	 5	 2	
Costa Rica	1	400	16	35,842	 4	 6	 1		 1	 2		 2	
Dominican Republic			8	21,525	 1	 2			 1	 2	 1	 1	
Ecuador	1	12,000	16	55,247	 1	 5		 1	 3	 1	 2	 3	
El Salvador			12	32,181	 3	 1	 1	 1	 4	 2			
Guatemala	5	16,300	15	39,593	 4	 2	 1	 1	 4	 1		 2	
Haiti	1	1,300	3	7,160		 1			 1		 1		
Honduras	2	9,725	15	37,735	 2	 4		 2	 2	 2		 3	
Mexico	6	39,838	30	224,444	 6	 11		 2	 2	 1	 3	 3	 2
Nicaragua	4	8,300	15	50,365	 2	 6		 1		 2		 3	 1
Panama	4	7,700	11	33,762	 1	 4		 1	 1	 2	 1	 1	
Paraguay	3	7,441	15	41,198	 3	 5	 1			 1	 1	 4	
Peru	7	43,289	28	117,786	 5	 8		 1	 3	 3	 4	 3	 1
Uruguay	1	1,500	11	38,840	 4			 1	 4	 1		 1	
Venezuela	3	20,200	16	126,642	 3	 3			 6	 3	 1		
Regional	2	13,000	5	30,129	 3						 1	 1	
TOTAL	68	396,122	393	1,913,410	 89	 81	 20	 16	 63	 38	 35	 43	 8



Loans by sources of funds
(In thousands of dollars)

	Number	Amount
ORDINARY CAPITAL RESOURCES	139	747,187
FUND FOR SPECIAL RESOURCES	130	656,882
SOCIAL PROGRESS TRUST FUND	117	501,234
OTHER RESOURCES	7	8,107
TOTAL	393	1,913,410



Part I ORDINARY CAPITAL RESOURCES Operations/Fiscal Year 1966

Resources

As of Dec. 31, 1966, the Bank had authorized a net total of \$747,186,938 in loans from its ordinary capital resources. In these loans, the Bank committed resources equal to the \$381,580,000 in paid-in capital which the Bank's member countries have contributed to the Bank as well as a substantial part of the funds which the Bank had borrowed or arranged to borrow in the world's capital markets which, as of Dec. 31, 1966, amounted to \$395,333,798.

The lending capacity of the Bank's ordinary capital resources now rests on its callable capital which constitutes, in effect, a guarantee for the securities placed by the Bank in the world's capital markets. In this regard the Bank obtained additional borrowing authority in 1965 when the member countries completed action to increase the authorized capital of the Bank from the \$850 million with which the Bank began operations to \$2.15 billion.

Thus, at the end of 1966, the total authorized "paid-in" capital of the Bank amounted to \$475 million, of which \$381,580,000 had been paid in and \$93,420,000 was available for subscription by countries which might join the Bank in the future and its current members and the total authorized *callable* capital amounted to \$1,675 million of which \$1,388,240,000 had been subscribed by the Bank's member countries and \$286,760,000 was available for subscription by future as well as present members. The subscriptions by the Bank's member countries to the ordinary capital resources as of Dec. 31, 1966, are shown in the accompanying table.

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
Unassigned	93,420,000	286,760,000	380,180,000
Grand Total	\$ 475,000,000	\$1,675,000,000	\$2,150,000,000

The increase in the callable capital completed in 1965 has enabled the Bank to obtain additional resources through borrowings in the world's capital markets for its present lending activities. It might be noted, however, that in the future the Bank will require additional borrowing authority in the form of an increase in its authorized capital to assure itself of resources to maintain or enlarge its operations.

In view of this need, the Board of Governors of the Bank approved a resolution at its Seventh Annual Meeting in Mexico City in April 1966 asking the Board of Executive Directors "to study the possibility of enlarging the resources of the Bank

by means of an increase in the authorized capital and an increase in the resources of the Fund for Special Operations." The study, which has been carried out by the Board of Directors, will be submitted to the Bank's member countries opportunely.

The Bank has raised the largest share of its borrowed funds in the United States capital market, but since it began operations it has also sought to borrow substantial amounts in other markets. Thus the Bank's very first bond issue—one for 15 billion Italian lire (equivalent to \$24 million)—was sold in Italy. Subsequently in 1964 the Bank sold two other issues in Europe, one for 60 million Deutsche marks (equivalent to \$15 million) in Germany and one for 3 million pounds (equivalent to \$8.4 million) in the United Kingdom and in 1965 obtained a loan for \$12.5 million in Spain. These borrowings totaled \$59.9 million.

In 1966 all of the Bank's borrowing arrangements, which amounted to the equivalent of \$110,433,798, were made outside the United States, so that by Dec. 31, 1966, a total of \$170,333,798 or 43 per cent of the Bank's total borrowings of \$395,333,798 had been made outside the United States; the other \$225 million was borrowed in the United States. It might be noted that the \$395,333,798 borrowed in the capital markets up to the end of 1966 represents a larger sum than the \$381,580,000 in capital paid in by the Bank's member countries.

Subsequent to the period covered by this report, on Jan. 17, 1967, the Bank sold a 5.20 per cent, 25-year \$50 million bond issue in the United States market, bringing

total borrowings in the United States to \$275 million and total borrowings in all markets as of that date to \$445,333,798.

The 1966 borrowings included two long-term bond issues: a further \$24 million in Italy and \$11,433,798 in Switzerland, a long-term loan for \$10 million which the Bank arranged to obtain in Japan, and a short-term issue for \$65 million sold principally in 15 of the Bank's Latin American member countries and in Israel and Spain.

The Italian issue, the second placed in that market, was sold on Jan. 28, 1966. It was for 15 billion freely convertible lire (equivalent to \$24 million) and it was acquired by Mediobanca for private placement in the Italian market. The 6 per cent, 20-year issue was dated Jan. 1, 1966, and will mature Jan. 1, 1986. Through a sinking fund beginning in 1972, the issue will be retired at par by maturity. The Bank may redeem all or part of the bonds at par on Jan. 1, 1970, or on any subsequent interest payment date.

On Aug. 19, 1966, the Bank sold a bond issue for 50 million freely convertible Swiss francs (equivalent to \$11,433,798) in Switzerland. The issue was sold to the public by a group of Swiss banks headed by the Swiss Bank Corporation, the Swiss Credit Bank and the Union Bank of Switzerland. The $5\frac{3}{4}$ per cent 15-year issue, which was dated Sept. 15, 1966, was offered at par and will mature Sept. 15, 1981. It will be redeemed at par in 10 annual installments of 5 million Swiss francs each on Sept. 15 of each of the years 1972 through 1981 so that the entire issue will be re-

ORDINARY CAPITAL RESOURCES

tired by Sept. 15, 1981. The Bank may redeem all or part of the bonds at par on Sept. 15, 1976, or on any subsequent interest payment date.

On June 27, 1966, the Bank arranged to borrow 3.6 billion freely convertible yen (equivalent to \$10 million) from the Export-Import Bank of Japan for a term of 15 years, including a five-year grace period, at an interest rate of 5 per cent annually on amounts actually drawn. The loan is to be repaid in 20 equal, semiannual installments beginning Aug. 20, 1971. The Bank may effect drawings chargeable to the loan within a period of five years.

On April 15, 1966, the Bank sold a first issue of \$65 million of its short-term bonds. Of these \$25 million were 5 per cent, one-year bonds due April 15, 1967; \$29 million were 5-1/8 per cent, two-year bonds due April 15, 1968, and \$11 million were 5-1/4 per cent, five-year bonds due April 15, 1971. A total of \$57 million of the issue was sold to central banks or other governmental financial agencies in 15 of the Bank's Latin American member countries. These included Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela. The remaining \$8 million was sold to governmental entities in Spain and Israel. This issue was the Bank's first bond sale in Latin American Markets.

In addition to its borrowings, the Bank during 1966 sold participations amounting to \$4,608,500 in its ordinary capital loans. This sum included participations of \$2,187,000 in four of the loans approved in 1966, sales to private commercial banks of \$2,021,500 from the portfolio, and a sale of \$400,000 from the portfolio to the *Instituto Español de Moneda Ex-*

tranjera, under the 1965 agreement in which that Spanish Government agency agreed to purchase up to \$7.5 million in participations in the Bank's ordinary capital loans. The 1966 participations brought the cumulative participations in ordinary capital loans to \$28,667,474. A total of 310 participations in 67 loans were acquired by 62 commercial banks and other financial institutions in the U.S., Canada, Europe and Asia and by the UN Special Fund.

During 1966 the Bank carried out discussions regarding the possibility of selling the Bank's bonds in other capital markets, especially those of Belgium and France, and also channeled additional financial resources towards Latin America's development provided by Canada, Sweden, the United Kingdom and West Germany. The latter are detailed in Part IV of this Report.

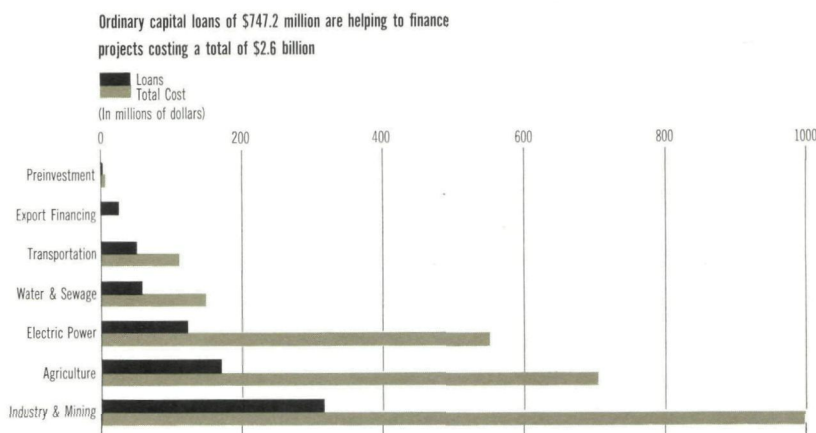
Loans

During 1966, the Inter-American Bank authorized 15 loans totaling \$100,876,155 from its ordinary capital resources. The year's lending brought cumulative authorizations at the end of 1966 to \$747,186,938, a figure net of cancellations and exchange adjustments.

Disbursements on ordinary capital loans during the year totaled \$97,227,007, bringing total disbursements as of Dec. 31, 1966, to \$377,762,867.

A continuing feature of the Bank's lending policy has been the emphasis the Bank has placed on mobilizing as high a domestic participation in the projects being financed as possible. During 1966, the Bank's ordinary capital loans financed some 38 per cent of projects being carried out at a total cost of \$261 million. The remaining 62 per cent came primarily from the borrowers themselves.

Five loans totaling \$30,200,000, nearly a third of the amount committed from the ordinary capital resources in 1966, were devoted to Latin America's private *industrial* development; four totaling \$18,510,000 to *agriculture*; two totaling \$17,000,000 to *water supply and sewage systems*; one for \$20,400,000 to *electric power*; and three amounting to \$13,780,000 to *export financing* under the Bank's program of contributing to Latin America's integration by providing medium-term financing to export capital goods from one Latin American member country to another.



The five *industrial* loans were extended to intermediate credit institutions which will relend the proceeds to small and medium enterprises in Latin America. Through this technique the Bank's lending benefits a much broader number of enterprises and thus contributes to a much more diversified private industrial sector. Three of the five were extended to development institutions which had received loans from the Bank in previous years and had largely committed them by the end of 1966.

These included one for \$6 million (along with \$6 million from the Fund for Special Operations) to the *Banco do Nordeste do Brasil*, to finance development projects in Brazil's underdeveloped Northeast; another for \$3.2 million (accompanied by \$2.8 million from the Fund for Special Operations) to the *Banco de Guatemala* to provide credits for industry, farming and ranching in Guatemala, and a third for \$8 million to *Nacional Financiera, S.A.*, to expand the supply of credit for small and medium industry in Mexico. The fourth loan, one for \$3 million, went to the *Compañía Anónima Venezolana de Desarrollo*, a private development bank in Venezuela, which received such assistance from the Bank for the first time.

Finally, a loan of \$10 million is strengthening the credit operations in Latin America of *ADELA Compañía de Inversiones (Panama), S.A.*, a subsidiary of the multinational investment corporation created by leading firms in Europe, the United States, Canada and Japan to channel private investment funds towards Latin America. The \$10 million will support an *ADELA* program to finance a total of \$43 million in industrial projects throughout the Latin American member countries of the Bank in the four-year period ending in 1969.

The four loans extended for *agriculture* included \$13,060,000 (along with \$11,080,000 from the Fund for Special Operations) to *Nacional Financiera* for an irrigation project in Mexico's Northwest; \$1.9 million to the *Banco Nacional de Nicaragua* for agricultural credits; \$1.4 million (along with \$2 million from the Fund for Special Operations) to the *Banco Nacional de Panama* to foster beef, pork and poultry production in Panama, and \$2,050,000 (along with \$800,000 from the Fund for Special Operations) to the Republic of Peru to help build a dam to expand irrigated areas in Southern Peru.

The electric power loan, one for \$20.4 million, (along with one for \$9.1 million from the Fund for Special Operations), is helping the *Companhia Hidro Eletrica do São Francisco (CHESF)* to finance a project to increase power in Brazil's underdeveloped Northeast by a further 300,000 kilowatts. In 1962 the Bank had extended a \$15 million loan to *CHESF* for a 375,000-kilowatt expansion program which now is virtually complete.

The two water supply and sewage system loans included \$7 million to provide sanitation and other infrastructure facilities for a broad urban renewal program being carried out by the Municipality of Buenos Aires, whose first stage is also being financed with another loan for \$12.2 million for housing from the Fund for Special Operations, and \$10 million to help the *Instituto Nacional de Obras Sanitarias* expand water systems in the Venezuelan cities of Cumana, Puerto Cabello and Puerto Ordaz, and the sewage system of Maracaibo.

The three export financing credits included \$10,780,000 to enable the *Banco do Brasil S.A.* to finance the export of three merchant ships to Mexico; \$2 million to increase a line of credit which *Nacional Financiera* had received in 1965, and \$1 million to the *Banco Nacional de Nicaragua* to help that country initiate a program to export capital goods to its neighboring Central American countries. During 1966 revolving credits extended in prior years were also increased by \$986,155 through repayments on such credits.

The rising interest rates which prevailed in the world capital markets in 1966 and the increased costs to the Bank of borrowing funds in such markets led the Bank to raise the interest rate applicable to ordinary capital loans as of Nov. 29, 1966, to 6-1/2 per cent. Loans extended prior to that date in 1966 carried an interest rate of 6 per cent per annum. In all instances the interest rate includes the 1 per cent commission which is allocated to the Bank's special reserve. A commitment fee of 1 per cent on undisbursed balances is also charged on all loans, with the exception of those to finance exports of capital goods.

As in previous years the Bank charged a service commission and a higher commitment fee on portions of loans extended from funds borrowed in Europe due to the higher cost of borrowing funds there.

ORDINARY CAPITAL RESOURCES

The loans extended from the ordinary capital resources during 1966 were authorized for terms ranging from 12 to 20 years, with the exception of the revolving lines of credit to finance exports of capital goods, which were extended for periods of up to four years.

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

Loans authorized by the Bank from the ordinary capital resources in 1966 are described in the following section, under these categories:

- Industry
- Agriculture
- Electric Power
- Water Supply and Sewage Systems
- Export Financing

INDUSTRY AND MINING

BRAZIL

INDUSTRIAL CREDIT

\$6 million 16-year 6½% loan of Dec. 28, 1966 (\$4 million and \$2 million in Swiss francs)¹

Borrower: **BANCO DO NORDESTE DO BRASIL**

The *Banco do Nordeste do Brasil*, a development bank established in 1954, initiated a program in 1961 with the aid of a \$10 million loan from the Fund for Special Operations to provide credit to foster private industrial growth in Brazil's Northeast. The *Banco* used the proceeds of that loan to help finance industrial projects involving a total investment of \$45 million, of which the textile industry accounted for about 31 per cent, the chemical industry 27 per cent, metal products 21 per cent, the construction industry 8 per cent, and other sectors 13 per cent.

This loan, together with one for \$6 million from the Fund for Special Operations (page 61), will finance 25 per cent of the cost of a new phase of the credit program, which the *Banco* will carry out under the supervision of the *Superintendência do Desenvolvimento do Nordeste* (SUDENE), the governmental agency in charge of fostering the development of Brazil's Northeast. Some 27 per cent of the proceeds will be allocated to the construc-

¹ See conditions applicable to loans containing Swiss francs on page 51.

tion industry, 19 per cent to textiles, 14 per cent to food processing, 13 per cent to metals, 12 per cent to electrical equipment, 3 per cent to chemical products and 12 per cent to other industries.

The program is designed to accelerate the industrial development of the Northeast region, the nation's least developed area, within the terms of the third plan of SUDENE which is designed to raise per capita incomes in the region. Various incentives are offered by the Federal and State Governments to attract industry to the region. More than half the 30 projects which are scheduled for financing under the new credit program involve the establishment of new enterprises. The loan is guaranteed by the United States of Brazil.

GUATEMALA

INDUSTRIAL AND FARM CREDIT

\$3.2 million 18-year 6% loan of Aug. 9, 1966

Borrower: **BANCO DE GUATEMALA**

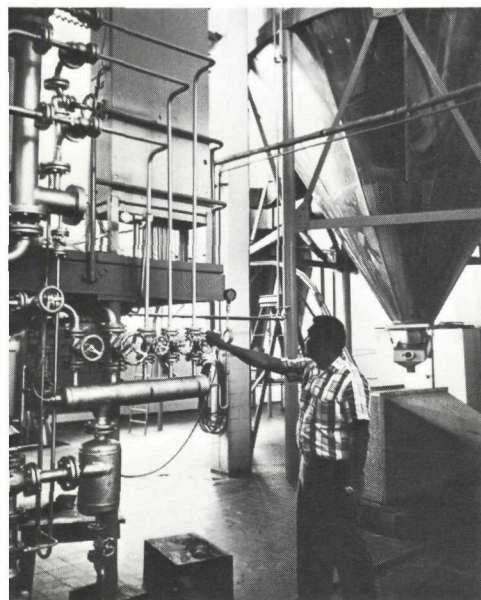
Through its Five-Year Economic Development Plan for 1965-69 Guatemala hopes to increase its gross domestic product at an average annual rate of 6.8 per cent. To achieve this target, the agricultural sector must expand at a yearly rate of 5.2 per cent and the industrial sector at 12.8 per cent. This in turn will require higher levels of domestic investment and a larger flow of external capital to finance imports of capital goods.

In order to increase the supply of credit available to farmers and industries, the Bank as early as 1961 extended a loan of \$5 million from its ordinary capital resources to the *Banco de Guatemala* for re-lending to the private sector. As of Dec. 31, 1966, 75 per cent of this loan had been used in financing 63 industrial, livestock and agricultural projects.

This new loan, along with two others totaling \$2.8 million (\$2 million and \$800,000) from the Fund for Special Operations (page 61), will enable the *Banco* to expand its credits to private enterprises and thus help to achieve the nation's growth targets. The Bank's loans will cover all of the foreign exchange costs and about 34 per cent of the local costs of a program which the *Banco* will carry out at a total cost of \$10 million.

This loan, along with the one for \$800,000, will be used specifically to extend credits to medium- and large-scale industrial

IN CENTRAL AMERICA, Bank financing is helping to carry out industrial projects both of national and regional scope, among which is this powdered milk plant at Honduras' major industrial center, San Pedro Sula.



and agricultural producers. The \$2 million loan will be used in similar credits for small-scale industries and farms.

MEXICO

INDUSTRIAL CREDIT

\$8 million 15-year 6% loan of April 24, 1966
(\$6,750,000 and \$1,250,000 in Mexican pesos)
Borrower: **NACIONAL FINANCIERA, S.A.**

Medium and small industry, which accounts for 57 per cent of the number of manufacturing enterprises in Mexico, occupies an important position in the Mexican economy. In order to stimulate the development of this segment even further, the Mexican Government in 1954 established the *Fondo de Garantía y Fomento a la Industria Mediana y Pequeña*, a fund designed to expand the flow of credit to small and medium industry, whose growth has been stymied by a shortage of investment funds.

According to a 1965 study of *Nacional Financiera, S.A.*, big industry frequently has carried out functions which might more efficiently be carried out by small industry. Thus, the Government of Mexico has given high priority to the promotion of small- and medium-size industries in its development plans.

The Bank has supported Mexico's efforts to improve the situation with three loans totaling \$16 million—\$3 million in 1961, \$5 million in 1963, and this \$8 million loan in 1966. The first two loans enabled the *Fondo* to make more than 700 credits to such industries, nearly 50 per cent in the Federal District and the rest elsewhere in the country.

By sectors, the loans were allocated as follows:

Sector	\$3 Million Loan Per Cent	\$5 Million Loan Per Cent
Foods	13.2	11.9
Textiles	11.4	11.3
Footwear and clothing	5.7	3.2
Printing	5.2	10.3
Chemicals	8.4	7.9
Non-metallic ores	10.5	12.0
Metal products	10.8	11.8
Machines	9.0	9.6
Transportation equipment	4.9	—
Furniture and accessories	4.4	0.9
Rubber products	3.4	—
Others	13.1	21.1
Total	100.00	100.00

This \$8 million loan will help finance a similar credit program which will be carried out over the next three years at a total

cost of \$19.2 million. It is expected that at least 60 per cent of the loan will be used outside the Federal District thus contributing to a greater geographic diversification of Mexico's industrial sector. The loan is guaranteed by the United Mexican States.

PARTICIPATIONS — Girard Trust Bank, Philadelphia; Crocker-Citizens National Bank, San Francisco; First Wisconsin National Bank of Milwaukee, and Marine Midland Grace Trust Company of New York are participating in the loan for a total of \$450,000.

VENEZUELA

INDUSTRIAL CREDIT

\$3 million 12-year 6% loan of April 7, 1966
(\$1.5 million and \$1.5 million in bolívares)
Borrower: **COMPAÑIA ANONIMA VENEZOLANA DE DESARROLLO**

One of the major goals of Venezuela's 1965-68 National Development Plan is accelerated industrial growth. The plan calls for a growth in the gross product of the industrial sector by an average 10.3 per cent a year during that period, instead of the average 5.9 per cent a year in 1960-64. To achieve this target, it is estimated that investments of \$1.7 billion will be required in that sector during the four-year period. Of this amount, some 62 per cent is expected to be provided by the private sector.

The *Compañía Anónima Venezolana de Desarrollo (CAVENDES)*, a private development bank established in Caracas in 1963, hopes during the four years of the plan to make loans totaling \$90 million or 8.5 per cent of the total investments expected from the private sector during the period.

This loan will enable *CAVENDES* to carry out a \$6 million credit program for the establishment of new or the expansion of existing industrial enterprises manufacturing such products as textiles, foodstuffs, chemicals, metallurgy, paper, rubber products and others.

The principal stockholders of *CAVENDES* are the *Corporación Venezolana de Fomento* with 16 per cent of the stock; the International Finance Corporation, an affiliate of the World Bank, 16 per cent, and the *Compañía Anónima de Inversiones Shell de Venezuela*, 27 per cent. The remaining shares are owned by private investors.

The *Corporación Venezolana de Fomento* is Venezuela's principal development credit agency and has also received loans from the Bank which it is relending—one

SMALL AND MEDIUM INDUSTRIES in Costa Rica are being improved and expanded with Bank loans being channeled through the Banco de Costa Rica. This plant overhauls automotive motors.



in 1961 for \$9,214,047 and the other in 1964 for \$10 million.

REGIONAL

INDUSTRIAL DEVELOPMENT

\$10 million 15-year 6% loan of April 24, 1966
(\$5 million and 3,125 million lire)¹

Borrower: **ADELA, COMPAÑIA DE INVERSIONES (PANAMA), S.A.**

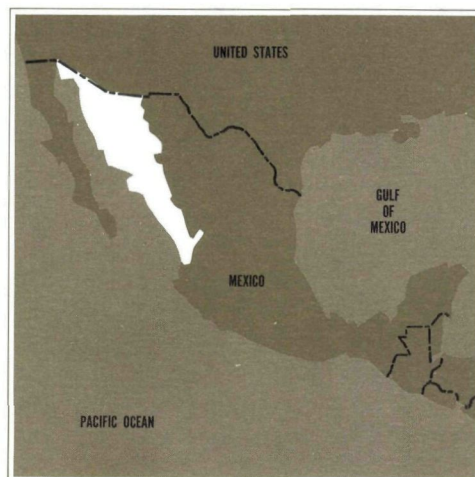
ADELA Investment Company, S.A., Luxembourg, was organized in 1964, with authorized capital of \$40 million, by about 120 of the leading banks and industrial firms of Europe, the United States, Canada and Japan to channel private multinational investment funds towards Latin America's private enterprise sector.

ADELA fosters the development of private enterprises through equity investments and loans. At the end of its first year on June 30, 1966, the company had made equity investments of \$20 million and had financed another \$21.2 million through short- and medium-term notes. The Inter-American Bank has maintained a close association with *ADELA* since its establishment.

This loan, which is being made to a wholly-owned subsidiary, *ADELA Compañía de Inversiones (Panama), S.A.*, represents a new step by the Bank to cooperate with *ADELA* in stimulating private investment and enterprise in Latin America. The loan will enable *ADELA Panama* to finance private industrial projects, amounting to some \$43 million, which will be carried out throughout the Latin American member countries of the Bank during the four-year period ending in 1969. In addition to making loans from the proceeds, *ADELA Panama* will make equity investments from

¹ See conditions applicable to loans containing Italian lire on page 51.

Bank financing
helps irrigate
Mexico's
Northwest
Mexico's
Northwest
region



its own capital in the private projects financed with the loan. *ADELA* has announced its intention of selling off its shares in such enterprises when conditions permit and preferably to Latin American private investors. The loan is guaranteed by the parent company, *ADELA Investment Company, S.A., Luxembourg*.

AGRICULTURE

MEXICO

IRRIGATION

\$13,060,000 20-year 6½% loan of Dec. 15, 1966
Borrower: **NACIONAL FINANCIERA, S.A.**

Northwest Mexico covers some 17 per cent, 133,050 square miles, of the nation's total territory. Properly utilized, its water resources, which amount to 8 per cent of Mexico's total, could irrigate about 6.2 million acres of land. However, due to poor water distribution, only about 4 million acres are currently under irrigation and a sizable volume of water is lost.

To improve the situation, the Government of Mexico in 1954 initiated the Northwest Hydraulic Plan, which provides for the systematic harnessing of the waters of 13 rivers that run in an almost parallel pattern across the coastal plain of the States of Sonora and Sinaloa. The hydraulic projects executed and underway in the region form part of the plan, each representing a link in a vast interconnected system of water resources that will gradually help to bring agricultural development to large areas of currently untilled land.

A substantial volume of internal and external resources have already been devoted to the development of the Northwest region. The Bank has provided a \$20 million loan for a \$112 million program to control and harness the Humaya River in Sinaloa, and the World Bank has lent \$15 million to rehabilitate the irrigation districts of the Yaqui and Mayo Rivers in Sonora and the Fuerte and Culiacán Rivers in Sinaloa.

This new loan will enable Mexico to forge a further link in the system—the Sabino project which is being executed by Mexico's Secretariat of Hydraulic Resources with the cooperation of the *Comisión del Río Fuerte*, a governmental agency in charge of developing the Fuerte River basin. In general, the project provides for the irrigation of some 99,000 acres of land in El Carrizo Valley. Three years after

the project is completed the area's agricultural production, currently valued at only \$105,000 yearly, is expected to rise to about \$13.5 million a year.

Specifically, this loan, along with another for \$11,080,000 from the Fund for Special Operations (page 57), will help finance a 3.2-mile main canal linking the Josefa Ortíz de Domínguez Dam on the Alamo River, which is being built with Mexican funds, with the Miguel Hidalgo Dam on the Fuerte River; a primary canal 36 miles long and a secondary canal 32 miles long; 183 miles of distributing canals; 238 miles of secondary drainage canals, and 145 miles of access roads. The Bank's loans will also help build 3,300 housing units in nine communities, together with their essential urban and social services.

The Bank's financing will provide 50 per cent of the total cost of the project which is estimated at \$48,270,000. The remaining 50 per cent will be provided by the Government of Mexico. This loan will be used to acquire goods and services abroad. It is guaranteed by the United Mexican States.

PARTICIPATIONS — Bankers Trust Company and The Meadow Brook National Bank, both of New York; Fidelity-Philadelphia Trust Company, Philadelphia; Marine Midland Trust Company of Western New York, Buffalo; The Citizens and Southern National Bank, Atlanta, and Crocker-Citizens National Bank, San Francisco, are participating in the loan for a total of \$968,000.

NICARAGUA

FARM PRODUCTION

\$1.9 million 15-year 6% loan of Nov. 10, 1966
Borrower: **BANCO NACIONAL DE NICARAGUA**

As a part of its 1965-69 National Economic and Social Development Plan, the Government of Nicaragua is carrying out a program to expand agricultural production. This loan, along with another for \$5.1 million from the Fund for Special Operations (page 58), will contribute to the execution of the program which is being carried out at a total cost of \$11.9 million.

This loan will enable the *Banco Nacional de Nicaragua* to extend credits for farm machines and on-farm improvements to help medium-scale producers increase output of rice so that the nation might be able to provide all its own domestic needs again. At one time Nicaragua had slight

exportable surpluses. Up to \$90,000 of this loan may be devoted to technical assistance aspects of the project.

Under the project some 10,000 acres of additional land will be dedicated to rice production to increase output by a total of 10,000 tons yearly by the time the project is completed in three years. Under the program such producers will be able to expand their plantations to an area of approximately 315 acres, the size deemed most economically suitable. The loan is guaranteed by the Republic of Nicaragua.

PARTICIPATION—J. Henry Schroder Banking Corporation, New York, is participating in the loan for \$219,000.

PANAMA

LIVESTOCK DEVELOPMENT

\$1.5 million 20-year 6% loan of Sept. 22, 1966
(\$1 million and \$500,000 in balboas)
Borrower: **BANCO NACIONAL DE PANAMA**

In 1965 the Government of Panama initiated a rural development program, known as the Robles Plan, under which a concerted effort is being made to develop six rural areas totaling 1.5 million acres. Drafted by the General Planning Office, the program is designed to promote investments to supply the six areas with such economic and social infrastructure facilities as transportation, education, farm credit, housing, health and water supply in order to increase productivity and production, and raise rural incomes and living standards in Panama's countryside. The overall program calls for an expenditure of \$25 million in the six areas over a period of five years.

During 1966 the Bank extended three loans totaling \$7 million to help finance the program. This loan and another for \$2 million from the Fund for Special Operations (page 58) will enable the *Banco Nacional de Panamá* to extend credits to medium- and large-scale producers in the areas to increase beef, pork and poultry production. The third loan, \$3.5 million also from the Fund for Special Operations (page 66), will be devoted to the construction of 16 farm-to-market roads with a total length of 126 miles.

The total cost of the credit program is estimated at \$6,078,000. Of this sum 58 per cent will be financed by the Bank and 42 per cent will be provided by the *Banco Nacional*. Some 85 per cent of the Bank's financing will be devoted to beef production, 8 per cent to pork and 3 per cent to

AGRICULTURAL MECHANIZATION is being brought to Argentina's countryside with help of Bank loans totaling nearly \$40 million, which are being channelled to farmers through the Banco de la Nación Argentina.



ORDINARY CAPITAL RESOURCES

poultry. The remaining 4 per cent will be used to defray costs incurred in the execution of the program. The loan is guaranteed by the Republic of Panama.

PERU

DAM CONSTRUCTION

\$2,050,000 20-year 6½% loan of Dec. 28, 1966
(\$950,000, \$1 million in Swiss francs and \$100,000 in soles)¹

Borrower: **REPUBLIC OF PERU**

Agriculture, the principal economic activity of Peru, has grown more slowly than the economy as a whole over the past decade. This is due, in part, to a lack of suitable land areas for cultivation and to an uneconomic pattern of land distribution. Under its Agrarian Reform Plan, the Peruvian Government is seeking to overcome these shortcomings through the development of lands and their subdivision into economic-size farms.

This loan, together with another for \$800,000 from the Fund for Special Operations (page 59), will help to finance a project to irrigate an area of 17,000 acres of publicly owned lands, on which some 700 farm families are to be settled, and to build other facilities. Specifically, this loan will finance 70 per cent of the cost of an

¹ See conditions applicable to loans containing Swiss francs on page 51.

irrigation dam in Southern Peru near Arequipa, the nation's second largest city.

The dam, to be known as Aguada Blanca, will supplement a system of reservoirs and canals built in the last ten years in the Arequipa area to promote intensive use of the waters of the Colca and Chili River basins. Completion of the Aguada Blanca dam will make possible the utilization of virtually the last available water resources in the Arequipa area.

The project will also contribute to increasing Peru's food production, thus helping to replace imports of foods, and will make possible a better utilization of approximately 25,000 acres of lands presently cultivated in the vicinity.

ELECTRIC POWER

BRAZIL

HYDROELECTRIC PLANT

\$20.4 million 18-year 6% loan of Aug. 25, 1966
(\$11.4 million, 4,562,500,000 Italian lire and \$1.7 million in cruzeiros)¹

Borrower: **COMPANHIA HIDRO ELETRICA DO SÃO FRANCISCO**

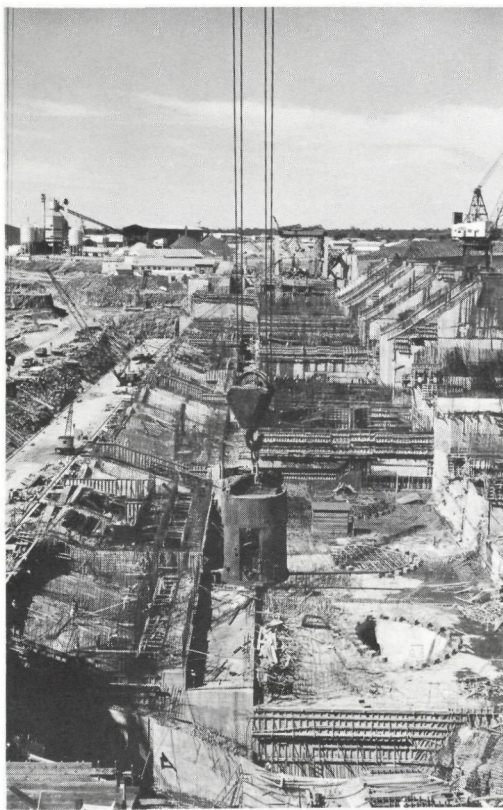
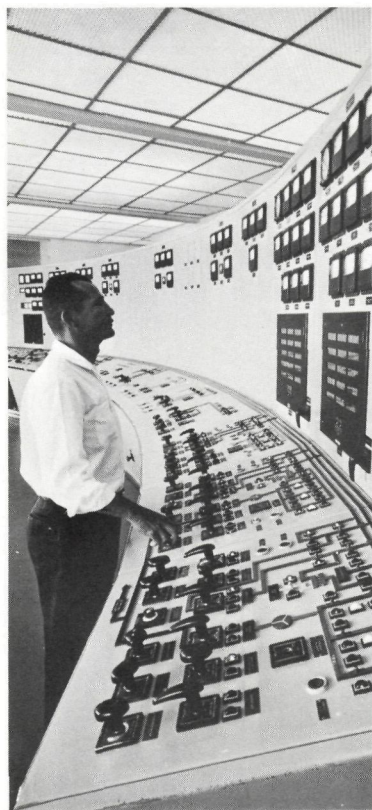
The *Companhia Hidro Elétrica do São Francisco (CHESF)* is a mixed corporation created in 1945 to harness the resources of the São Francisco River in Northeast Brazil and to supply electric power within a radius of 434 miles from its hydroelectric facility at Paulo Afonso in the State of Bahia. Its area embraces a population of 6.2 million persons. CHESF supplies nearly 90 per cent of the power of Brazil's Northeast.

In 1962 the Bank extended a \$15 million loan from its ordinary capital resources to help CHESF increase the capacity of its Paulo Afonso hydroelectric plant from 240,000 to 615,000 kilowatts. That project is now in its final construction stage.

This new loan, together with another for \$9.1 million from the Fund for Special Operations (page 66), will finance 37.6 per cent of the cost of a new expansion project designed to raise the generating capacity of the Paulo Afonso plant to 915,000 kilowatts. Major works in this stage include construction of a third powerhouse with facilities for four 150,000-kilowatt generators, two of which will be installed under the project; the installation of 514 miles of new primary distribution lines,

¹ See conditions applicable to loans containing Italian lire on page 51.

HYDROELECTRIC POWER for Brazil is being expanded with aid of several Bank loans. Shown here are control panel of Paulo Afonso plant in Brazil's Northeast and the 1.4 million kilowatt Jupia Falls plant under construction on the Parana River near São Paulo.



which will also entail the expansion of seven transformer substations; and the installation of 306 miles of additional secondary transmission lines, together with the improvement of 32 transformer substations.

The new expansion project is expected to enable CHESF to meet the foreseeable power needs of the Northeast through 1975. The loan is guaranteed by the United States of Brazil.

PARTICIPATIONS—Banco Crédito y Ahorro Ponceño and Banco de Ponce, both of Puerto Rico; Chemical Bank New York Trust Company, New York; Continental Illinois National Bank and Trust Company of Chicago; Crocker-Citizens National Bank, San Francisco, and The First Pennsylvania Banking and Trust Co., Philadelphia, are participating in the loan for a total of \$550,000.

WATER SUPPLY

ARGENTINA

URBAN RENEWAL

\$7 million 20-year 6% loan of Nov. 3, 1966
(\$3 million and \$4 million in Argentine pesos)

Borrower: **MUNICIPALIDAD DE LA CIUDAD DE BUENOS AIRES**

The City of Buenos Aires is carrying out a broad 12-year urban renewal plan designed to transform a large area of the city known as Parque Almirante Brown into a modern community and to develop a new urban community to house persons displaced through slum clearance. The total cost of the program is estimated at \$700 million, of which sum the city has already invested \$50 million in sanitation works, parks and land acquisition.

The plan, which is being executed by the *Comisión Municipal de la Vivienda*, calls for the construction of 50,000 houses and corresponding services for about 250,000 persons in Parque Almirante Brown, a 3,432-acre area in south Buenos Aires where some 46,000 persons live in sub-standard housing, and for the building of another 15,000 houses for 60,000 low-income persons in Ciudad General Belgrano, a Buenos Aires suburb. The persons to be housed here would be those relocated from the slums which will be razed in Parque Almirante Brown and other areas.

The Bank is helping to finance the first stage of the urban renewal plan with two loans totaling \$19.2 million—this one and another for \$12.2 million from the

Fund for Special Operations (page 64). This stage calls for slum clearance, the construction of infrastructure and sanitation works, land urbanization, building 3,800 homes in Parque Almirante Brown for some 19,000 families, and for the relocation of 3,000 families cleared out of the slums of Parque Almirante Brown in another 3,000 new housing units to be built in Ciudad General Belgrano.

The total cost of this stage of the program is estimated at \$63.2 million. The Bank loan will cover 30.4 per cent of this sum; the Municipality of Buenos Aires 53.8 per cent and other participating agencies and the beneficiaries the remaining 15.8 per cent. This ordinary capital loan will be used to finance general infrastructure works, sanitation facilities and community services for the program. The loan is guaranteed by the Republic of Argentina.

VENEZUELA

WATER AND SEWAGE SYSTEMS

\$10 million 18-year 6½% loan of Nov. 29, 1966

Borrower: **INSTITUTO NACIONAL DE OBRAS SANITARIAS**

Of Venezuela's 1965 population of 9 million inhabitants, two-thirds, or 6 million, lived in urban centers. Of the latter only 65 per cent had access to water supply



MORE WATER FOR MARACAIBO, principal oil and major industrial center in Venezuela, has been provided with aid of Bank funds. The city's sewage system is to be improved with help of 1966 loan.

systems. In 1965 the *Instituto Nacional de Obras Sanitarias* of Venezuela, the governmental agency in charge of the potable water and sewage systems of the nation, initiated a plan to expand urban water supply systems in order to supply at least 5.5 million of the nation's city inhabitants.

As part of this effort, this loan, along with another for \$7.2 million from the Fund for Special Operations (page 63), will help to finance the expansion of water supply systems in three cities—Cumaná, Puerto Cabello and Puerto Ordaz—and the sewage system of a fourth—Maracaibo. The four projects will benefit about 1 million persons, 650,000 with water and 295,000 with sewage services.

In Cumaná, catchment works will be constructed in the Cancamure River, a conduit from there to the desilter and then to the treatment plant will be built, and the city's distribution network will be expanded to provide services to the entire city. The improved system will supply the demand foreseen for the city in 1985.

In Puerto Cabello, wells, pumping stations, conduits and a treatment plant will be built to meet expected demands in the city through 1990.

In Puerto Ordaz, intake facilities and pumping equipment on the left bank of the Caroni River, and storage tanks and distribution lines will be built to meet demands through 1985.

EXPORTS OF CAPITAL GOODS among Latin American countries are being expanded under impetus of Bank's financing. A \$5 million line of credit has enabled Mexico to export such products as storage tanks, seamless pipe, and distillation towers to Argentina.

In Maracaibo, whose water supply system was previously expanded with the aid of a \$6 million Bank loan approved in 1962, sewage conduits, pumping stations and secondary sewage lines will be installed. The improved system will serve 295,000 persons and it can be expanded in the next 15 years to serve up to 900,000. The loan is guaranteed by the Republic of Venezuela.

EXPORT FINANCING

BRAZIL

EXPORT OF SHIPS

\$10,780,000 6½% credit of Dec. 8, 1966

Borrower: **BANCO DO BRASIL S.A.**

This \$10,780,000 credit, extended within the Bank's program of financing exports of capital goods from one member country to another, will enable Brazil to export three merchant ships—one 12,700 tons and the other two 13,000 tons each—with an invoice value of about \$16 million to Mexico. They will be built by the shipyards of *Ishikawajima do Brasil Estaleiros S.A.* and *Verolme Estaleiros S.A.* in Rio de Janeiro. The exporter is the Merchant Marine Commission of Brazil and the importer is *Transportación Marítima Mexicana, S.A.*, of Mexico.

The credit is being extended for a 25-month period. As maturities are repaid to the Bank on drawings, the proceeds will be added to available balances to permit the refinancing of up to 70 per cent of the value of the three ships, an amount of about \$11.2 million. The credits to be extended by the *Banco do Brasil* will cover up to 80 per cent of the invoice value of the exported ships. The remaining 20 per cent will be covered by the importer prior to the delivery of the ships.

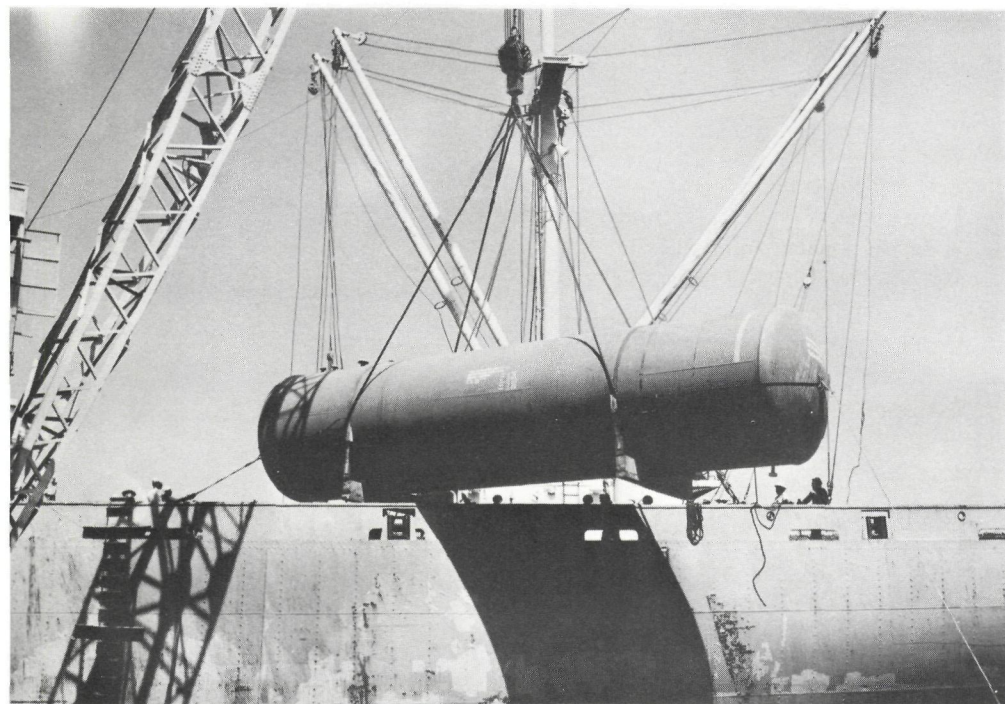
In 1964 the Bank extended a \$3 million revolving line of credit to the *Banco do Brasil S.A.*, also to finance exports of capital goods. Through Dec. 31, 1966, the *Banco do Brasil* had utilized \$1,821,200 of that line of credit in financing 43 export credits with a total invoice value of \$2,902,807.

MEXICO

\$2 million 6% credit of Jan. 13, 1966

Borrower: **NACIONAL FINANCIERA, S.A.**

Mexico's industrial sector is in an advanced stage of development, and manu-



factured goods account for approximately one-fifth of the nation's exports. Interested in increasing such exports, the Government of Mexico was one of the first countries in Latin America to establish a system to finance exports of manufactured goods, and was one of the first to avail itself of the capital goods export financing program which the Bank established in late 1963.

Within this program the Bank in 1964 extended a \$3 million revolving line of credit to *Nacional Financiera, S.A.*, to help finance exports of Mexican capital goods to other Latin American member countries of the Bank. Most of that credit was utilized by the end of 1965.

This second revolving line of credit was added to the first in 1966 to enable *Nacional Financiera* to continue to expand the export financing program. Up to Dec. 31, 1966, *Nacional Financiera* had used a total of \$4,777,708, virtually all of the combined line of credit, in refinancing operations. The capital goods exported under the program included machinery for the manufacture of metal shapes, seamless steel tubing, distillation towers, heat exchangers, pressure tanks, storage tanks, and steel tubing and metal structures.

NICARAGUA

\$1 million 6% credit of March 18, 1966

Borrower: **BANCO NACIONAL DE NICARAGUA**

Rapid progress in economic integration in Central America offers good possibilities for increasing trade in capital goods in the area. Nicaragua has an incipient capital goods industry in such fields as structures for industrial, agricultural and commercial buildings and components and for this reason the *Banco Nacional de Nicaragua* sought participation in the Inter-American Bank's capital goods export financing program.

This line of credit will enable the *Banco Nacional* to finance exports of Nicaragua's capital goods to countries in Central America. The *Banco Nacional* will utilize the credit line to discount in the Inter-American Bank credit documents which it issues in the medium-term (180 days to five years) financing of Nicaraguan exports of capital goods to other member countries of the Bank. Up to 70 per cent of the value of the *Banco Nacional's*

credits may be refinanced at the Inter-American Bank. Goods eligible for financing under the program must originate in Nicaragua. The credit is guaranteed by the Republic of Nicaragua.

Financial Highlights

The net income of the ordinary capital resources in 1966 amounted to \$6,748,543, compared with \$5,008,711 in 1965. The gross income for the year was \$36,047,115, compared with \$27,356,726 in 1965. The year's gross income included \$13,603,524 derived from interest on loans; \$2,790,991 from commitment charges; \$2,776,043 from the 1 per cent commission charge on loans, which is allocated to the special reserve; \$16,820,115 from short-term investments and \$56,442 from other sources.

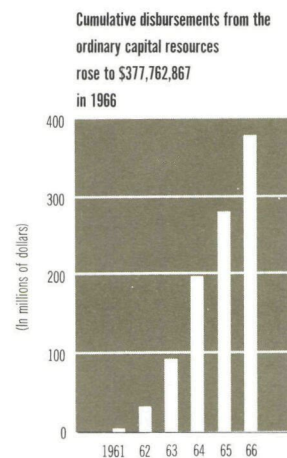
As of Dec. 31, 1966, the aggregate reserves of the ordinary capital resources, including the general reserve and the special reserve, had risen to \$30,487,521, compared with \$20,962,935 on the same date in 1965. The general reserve, made up of net earnings, reached \$23,677,093 as of Dec. 31, 1966. This represented a \$6,748,543 increase over the 1965 figure of \$16,928,550. The special reserve had risen to \$6,810,428 by the end of 1966, an increase of \$2,776,043 over the 1965 figure of \$4,034,385.

The total administrative expenses of the Bank chargeable to the ordinary capital resources in 1966 were \$9,139,786 and the interest paid by the Bank on its funded debt and the amortization of debt discount and expenses in 1966 were \$17,489,798. As of Dec. 31, 1966, the Bank's funded debt amounted to \$387,413,860, compared to \$285,093,548 the previous year.

Disbursements on loans extended from the ordinary capital resources in 1966 amounted to \$97,227,007, compared with \$82,917,140 in 1965. This brought cumulative disbursements on such loans as of Dec. 31, 1966, to \$377,762,867.

Repayments by borrowers on loans in 1966 were more than twice as high as repayments on all of the Bank's previous years of activities. They amounted to \$18,462,416, compared with \$8,784,243 in 1965. This brought total repayments at the end of the year to \$32,609,009.

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



ORDINARY
CAPITAL RESOURCES

FINANCIAL STATEMENTS
ORDINARY CAPITAL

OPINION OF INDEPENDENT AUDITOR
ORDINARY CAPITAL

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, 1966, 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 in the circumstances.



PRICE WATERHOUSE & CO.

Washington, D. C.
February 7, 1967

APPENDIX

Balance Sheet	I-1
Statement of Income and Expenses and General Reserve	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 AND DECEMBER 31, 1966

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

ASSETS

	1965		1966	
Due from banks (Appendix I-6) (Note B)				
Unrestricted				
United States dollars	\$ 876,983		\$ 938,033	
Member currencies other than United States dollars	35,168,577		28,631,823	
Non-member currencies	1,052,685		952,085	
Restricted (Note C)				
Member currencies other than United States dollars	7,872,348	\$ 44,970,593	8,234,289	\$ 38,756,230
Investments				
United States Government obligations (at amortized cost—face amount 1965—\$60,800,000; 1966—\$60,000,000)	60,839,271		60,043,835	
Time deposits				
United States dollars	183,000,000		233,250,000	
Non-member currencies	18,296,494		44,288,224	
Accrued interest	5,808,445	267,944,210	10,608,323	348,190,382
Loans outstanding held by Bank (Appendix I-4) (Note I)				
Total loans approved by Bank since inception, less cancellations	655,683,977		747,186,938	
Less principal repayments to Bank	9,178,628		23,552,710	
Less loans sold or agreed to be sold	24,972,231		28,667,474	
Approved loans held by Bank	621,533,118		694,966,754	
Less undisbursed balance of approved loans held by Bank	365,820,574	255,712,544	363,565,671	331,401,083
Accrued charges on loans held by Bank (Note I)		3,616,019		5,255,263
Due from members (Note D)				
Non-negotiable, non-interest-bearing demand obligations denominated in members' currencies (Appendix I-6)		103,418,432		60,671,935
Land and building (See Appendix II-7, Note G)	9,938,941		10,013,381	
Less reserve for depreciation	236,254	9,702,687	381,001	9,632,380
Unamortized debt discount and expense		4,912,238		6,366,637
Other assets		744,652		985,629
Special Reserve assets (Note F)				
Due from banks	161,745		178,107	
Investments in United States Government obligations (at amortized cost—face amount 1965—\$3,305,000; 1966—\$5,796,000)	3,282,196		5,751,627	
Accrued loan commissions	590,444	4,034,385	880,694	6,810,428
Staff Retirement Plan assets				
(Segregated and held in trust)		4,550,418		5,926,312
Total assets		<u>\$699,606,178</u>		<u>\$813,996,279</u>

INTER-AMERICAN DEVELOPMENT BANK—ORDINARY CAPITAL

APPENDIX I-1

BALANCE SHEET

DECEMBER 31, 1965 AND DECEMBER 31, 1966

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

LIABILITIES, RESERVES, FUND BALANCE AND CAPITAL

	1965	1966
Liabilities		
Accrued interest on borrowings	\$ 2,440,901	\$ 3,402,265
Accrued expenses and accounts payable	448,120	753,131
Mortgage payable	4,530,256	4,406,144
Funded debt (Appendix I-3) (Note M)	285,093,548	387,413,860
Special Reserve (Note F)	4,034,385	6,810,428
Staff Retirement Plan Reserve (Note L)	4,550,418	5,926,312
Fund for special supervision and inspection of loans (Note K)		27,046
Capital		
Capital Stock (Appendix I-5) (Note D)		
Authorized 215,000 shares of \$10,000 par value each		
Subscribed 176,982 shares	\$1,769,820,000	\$1,769,820,000
Less—Callable portion	1,388,240,000	1,388,240,000
	381,580,000	381,580,000
General reserve (Appendix I-2) (Notes E, H and I)	16,928,550	23,677,093
	398,508,550	405,257,093
Contingent liability—Loan participation as of December 31, 1966 sold under guarantee (Note J)	\$383,334	
Total liabilities, reserves, fund balance and capital	\$699,606,178	\$813,996,279

ORDINARY CAPITAL RESOURCES

INTER-AMERICAN DEVELOPMENT BANK—ORDINARY CAPITAL

APPENDIX I-2

STATEMENT OF INCOME AND EXPENSES AND GENERAL RESERVE

FOR THE YEARS ENDED DECEMBER 31, 1965 AND DECEMBER 31, 1966

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

Income	1965	1966
From loans (Note I)		
Interest	\$10,308,150	\$ 13,603,524
Commitment charges	2,209,363	2,790,991
Commissions (Note F)	2,112,795	2,776,043
	\$ 14,630,308	\$ 19,170,558
From investments	12,647,414	16,820,115
From other sources	79,004	56,442
Gross income	27,356,726	36,047,115
Deduct commissions allocated to Special Reserve (Note F)	2,112,795	2,776,043
Gross income less reserve deduction	25,243,931	33,271,072
Expenses		
Administrative expenses (Notes G and L)		
Board of Governors		
Annual meeting	193,040	131,852
Board of Executive Directors		
Salaries	238,193	239,710
Other compensation and benefits	54,887	64,692
Travel	48,822	85,217
Staff		
Salaries	3,583,803	4,434,147
Other compensation and benefits	1,248,744	1,534,421
Travel	489,777	714,071
Other administrative expenses		
Communications	277,422	342,210
Office occupancy	390,422	509,751
Publications and printing	134,928	113,138
Supplies and equipment	286,992	386,537
Miscellaneous	406,289	402,741
Field offices		
Salaries	338,353	231,511
Other	507,541	1,023,127
	8,199,213	10,213,125
Depreciation (See Appendix II-7, Note G)	109,685	111,455
	8,308,898	10,324,580
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B)	1,330,018	1,184,794
Total administrative expenses including depreciation	6,978,880	9,139,786
Interest on borrowings	12,820,134	16,905,286
Amortization of debt discount and expense	436,206	584,512
	20,235,220	26,629,584
Income before special addition	5,008,711	6,641,488
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)		107,055
Net income (Notes E, H and I)	5,008,711	6,748,543
General reserve beginning of year	11,919,839	16,928,550
General reserve end of year (Notes E, H and I)	\$ 16,928,550	\$ 23,677,093

INTER-AMERICAN DEVELOPMENT BANK—ORDINARY CAPITAL

APPENDIX I-3

FUNDED DEBT OF THE BANK (NOTE M)

DECEMBER 31, 1965 AND DECEMBER 31, 1966

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

	1965	1966
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	\$ 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	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	100,000,000
4¾% Loan of April 1, 1965 from Instituto Español de Moneda Extranjera, 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	12,500,000
Short-Term Bonds, First Issue April 15, 1966—		
5% One-Year Bonds due April 15, 1967		25,000,000
5½% Two-Year Bonds due April 15, 1968		29,000,000
5¼% Five-Year Bonds due April 15, 1971		11,000,000
Payable in non-member currencies:		
5% Italian Lire Bonds of 1962, due April 1, 1982 (Lit. 15,000,000,000) (A)	24,193,548	24,000,000
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 (DM 60,000,000)	15,000,000	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	8,400,000
6% Italian Lire Bonds of 1966 due January 1, 1986, redeemable by the operation of an annual sinking fund commencing January 1, 1972 (Lit. 15,000,000,000)		24,000,000
5% Loan from the Export-Import Bank of Japan under agreement dated June 27, 1966 which provides that Inter-American Development Bank may borrow up to 3,600,000,000 Yen (equivalent to US \$10,000,000) repayable in 20 semi-annual installments commencing August 20, 1971 with final maturity February 20, 1981—borrowed as of December 31, 1966 (Yen 748,822,409)		2,080,062
5¾% Swiss Franc Bonds of 1966 due September 15, 1981, redeemable in ten annual installments of Sw. F. 5,000,000 on or before September 15 of each of the years 1972 through 1981 (Sw. F. 50,000,000)		11,433,798
TOTAL	<u>\$285,093,548</u>	<u>\$387,413,860</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 and the Short-Term Bonds, which may not be paid prior to maturity. Sinking fund requirements and funded debt maturities for the years 1967 to 1971 aggregate \$25,000,000, \$34,000,000, \$5,000,000, \$16,722,500 and \$27,826,500, respectively.

(A) On April 1, 1966, the Bank adjusted the United States dollar equivalent of the proceeds of the 5% Italian Lire Bond issue of 1962 as well as the liability of the Bank for the bond issue to reflect the existing par value rate of 625 lire to \$1.00 from the market rate of exchange 620 lire to \$1.00 in effect in 1962. As a result of this adjustment the Italian Lire Bonds are now carried at a dollar equivalent of \$24,000,000 instead of \$24,193,548, the dollar equivalent at which they were carried at December 31, 1965. Such adjustment had no significant effect on income in the current year.

ORDINARY CAPITAL RESOURCES

INTER-AMERICAN DEVELOPMENT BANK—ORDINARY CAPITAL

APPENDIX I-4

SUMMARY STATEMENT OF LOANS

DECEMBER 31, 1966

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	Outstanding	United States dollars	Member's currency	Non-member currency
Argentina	\$118,406,638	\$ 3,760,523	\$ 1,775,547	\$112,870,568	\$ 43,693,815	\$ 69,176,753	\$ 41,593,332	\$13,243,481	\$14,339,940
Brazil	195,093,310	4,237,981	842,094	190,013,235	116,736,119	73,277,116	56,948,020	15,249,158	1,079,938
Chile	68,454,780	3,104,910	3,725,600	61,624,270	9,407,558	52,216,712	36,822,422	4,792,995	10,601,295
Colombia	69,471,601	1,935,248	2,793,554	64,742,799	31,870,873	32,871,926	19,937,499	5,309,387	7,625,040
Costa Rica	13,101,060	942,659	1,590,325	10,568,076	3,650,645	6,917,431	6,041,030	876,401	
Dominican Republic ...	6,000,000		200,000	5,800,000	4,402,879	1,397,121	1,397,121		
Ecuador	6,836,330	368,330	257,143	6,210,857	4,896,522	1,314,335	1,206,335	108,000	
El Salvador	6,958,163	367,911	250,500	6,339,752	3,104,980	3,234,772	2,643,752	591,020	
Guatemala	11,637,804	1,066,278	725,000	9,846,526	5,664,021	4,182,505	3,389,039	793,466	
Honduras	460,474	350,237	60,000	50,237		50,237	50,237		
Mexico	124,740,037	2,944,506	6,948,137	114,847,394	74,722,028	40,125,366	29,758,520	9,609,120	757,726
Nicaragua	15,130,000	450,000	1,719,000	12,961,000	9,710,650	3,250,350	3,250,350		
Panama	1,500,000			1,500,000	1,500,000				
Paraguay	2,749,996	462,236	269,911	2,017,849		2,017,849	1,863,849	154,000	
Peru	30,861,178	909,255	2,752,125	27,199,798	11,818,153	15,381,645	12,549,533	2,832,112	
Uruguay	22,043,000	622,274	951,395	20,469,331	12,265,168	8,204,163	6,449,059	1,755,104	
Venezuela	43,742,567	2,030,362	3,807,143	37,905,062	21,621,860	16,283,202	11,934,275	4,348,927	
Regional	10,000,000			10,000,000	8,500,400	1,499,600	750,000		749,600
Total	\$747,186,938	\$23,552,710	\$28,667,474	\$694,966,754(3)	\$363,565,671(4)	\$331,401,083	\$236,584,373	\$59,663,171	\$35,153,539

(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 \$601,193,764 had become effective (i.e. eligible for disbursement) as of December 31, 1966 (see (2) above).

(4) The Bank has entered into irrevocable commitments to disburse \$36,484,364.

INTER-AMERICAN DEVELOPMENT BANK—ORDINARY CAPITAL
STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

APPENDIX I-5

DECEMBER 31, 1966

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	\$14,308,954	\$11,476,046	\$ 172,910,000	22,583	12.57
Bolivia	1,802	1.02	18,020,000	2,070,000	170,000	1,900,000	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	207,000	828,000	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	3,275,000	180,000	23,170,000	3,143	1.75
United States	76,176	43.04	761,760,000	112,500,000		37,500,000	611,760,000	76,311	42.47
Uruguay	2,407	1.36	24,070,000	2,765,000	1,813,274	951,726	18,540,000	2,542	1.41
Venezuela	12,027	6.80	120,270,000	13,815,000	5,978,837	7,836,163	92,640,000	12,162	6.77
Total	176,982	100.00	\$1,769,820,000	\$228,290,000	\$92,618,065	\$60,671,935	\$1,388,240,000	179,682	100.00

ORDINARY CAPITAL RESOURCES

INTER-AMERICAN DEVELOPMENT BANK—ORDINARY CAPITAL
STATEMENT OF CURRENCIES AND DEMAND OBLIGATIONS HELD BY THE BANK

APPENDIX I-6

DECEMBER 31, 1966

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	6,908,477	\$ 83,714	947,060,684	\$11,476,046	953,969,161	\$11,559,760
Argentina	Peso	168.70	339,593,617	2,012,987			339,593,617	2,012,987
Bolivia	Peso Boliviano	11.875	937,582	78,954	22,562,500	1,900,000	23,500,082	1,978,954
Brazil	Cruzeiro	18.50	183,165,772	9,900,852			183,165,772	9,900,852
Brazil	Cruzeiro	1,780.56	2,676,004,868	1,502,900			2,676,004,868	1,502,900
Chile	Escudo	4.37	11,068,060	2,532,737			11,068,060	2,532,737
Colombia	Peso	9.00	10,103,542	1,122,616			10,103,542	1,122,616
Colombia	Peso	11.27	13,899,331	1,232,872			13,899,331	1,232,872
Costa Rica	Colon	6.63	1,444,346	217,792			1,444,346	217,792
Dominican Republic	Peso	1.00	1,358,200	1,358,200			1,358,200	1,358,200
Ecuador	Sucre	18.00	22,102,049	1,227,892			22,102,049	1,227,892
El Salvador	Colon	2.50	1,106,740	442,696			1,106,740	442,696
Guatemala	Quetzal	1.00	537,010	537,010			537,010	537,010
Haiti	Gourde	5.00	5,027,672	1,005,534			5,027,672	1,005,534
Honduras	Lempira	2.00	1,907,416	953,708			1,907,416	953,708
Mexico (Note C)	Peso	12.50	102,928,617	8,234,289			102,928,617	8,234,289
Nicaragua	Cordoba	7.00	7,111,626	1,015,947			7,111,626	1,015,947
Panama	Balboa	1.00	82,063	82,063	828,000	828,000	910,063	910,063
Paraguay	Guarani	122.00	87,000,568	713,119			87,000,568	713,119
Paraguay	Guarani	126.00	13,310,865	105,642			13,310,865	105,642
Peru	Sol	26.82	16,659,510	621,056	4,825,800	180,000	21,485,310	801,056
United States	Dollar	1.00	938,033	938,033	37,500,000	37,500,000	38,438,033	38,438,033
Uruguay	Peso	55.00	283,772	5,159	52,344,930	951,726	52,628,702	956,885
Uruguay	Peso	56.63	9,248,582	163,307			9,248,582	163,307
Venezuela	Bolivar	4.50	7,729,058	1,715,066	35,262,732	7,836,163	42,991,790	9,551,229
				37,804,145		60,671,935		98,476,080
Non-member								
England	Pound Sterling	.357	3,131	8,768			3,131	8,768
Germany	Deutsche Mark	4.00	2,893,093	723,273			2,893,093	723,273
Italy	Lira	625.00(2)	108,585,790	173,738			108,585,790	173,738
Switzerland	Swiss Francs	4.373	76,625	17,522			76,625	17,522
Japan	Japanese Yen	360.00	10,362,197	28,784			10,362,197	28,784
				952,085				952,085
Total expressed in United States dollars				\$38,756,230		\$60,671,935		\$99,428,165

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

(2) See Appendix I-3, Note A.

INTER-AMERICAN DEVELOPMENT BANK—ORDINARY CAPITAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1966

APPENDIX I-7

NOTE A

Amounts in member currencies other than United States dollars have been translated into United States dollars at the rates at which the amounts were received or loaned by the Bank, except for the undisbursed balances and accrued charges on certain loans denominated in member currencies other than United States dollars which have been translated into United States dollars at the approximate market rates of exchange existing at December 31, 1966. The non-member currency proceeds of the funded debt have been translated into United States dollars at par value rates of exchange as shown under "Non-member" in Appendix I-6. 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, 1966. 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. All of the member countries have 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, 1966, 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-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.

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 1966 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 1965 and 1966 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, 1966 the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,426,553. 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

One of the Bank's borrowers, a private enterprise in Brazil, defaulted on the interest and principal payments due June 15, 1966, on two loans. The Bank instituted foreclosure proceedings November 8, 1966, under the first mortgages held by the Bank on the plant, equipment and forest lands to secure its claim against the borrower. The total amount of the claim as of November 8, 1966 was the equivalent of US \$8,400,345, including the unpaid principal amount of US \$7,981,692 and accrued interest of US \$418,653 from December 16, 1965. The Brazilian court has authorized the seizure of the mortgaged property by the Bank's representative. The final outcome of these proceedings cannot be determined at this time.

Another of the Bank's borrowers, a private enterprise in Argentina, has not paid the interest and principal payments which were due June 15, 1966 and December 15, 1966 on two loans. As of December 31, 1966 the total amount of these loans was the equivalent of US \$2,664,021 including the unpaid principal amount of US \$2,516,359 and accrued interest and commitment fees of US \$147,662 from December 16, 1965. The loans are secured by first mortgages on the land, improvements and the equipment. The outcome of negotiations with the borrower presently in process cannot be determined at this time.

NOTE J

In 1966 the Bank sold a participation in the amount of \$400,000 in one of its loans on which the payment of both interest and principal is unconditionally guaranteed by the Bank. The participation bears interest at $4\frac{3}{4}\%$ per annum and is repayable in 24 semiannual installments beginning November 16, 1966 with the final payment due May 16, 1978. The outstanding balance at December 31, 1966 was \$383,334.

NOTE K

In accordance with the loan contracts borrowers have agreed to special charges to cover costs of extraordinary supervision and inspection services performed in connection with projects financed under the loans. Beginning in 1966 the Bank established a special fund in each of the separate windows of the Bank (Ordinary Capital, Fund for Special Operations and Social Progress Trust Fund) to accumulate the amounts charged under the special provisions of the loans. Each loan is charged pursuant to the contract and the offsetting credit is accumulated in an account called "Fund for special supervision and inspection of loans" (Fund). Expenses associated with supervision and inspection of these loans which are over and above those normally and routinely performed by the Bank are charged each month to the Fund. There follows a summary of the transactions in the Fund (Ordinary Capital) in the year ended December 31, 1966:

Charges against loans	\$64,604
Expenses incurred in special supervision and inspection of loan projects	<u>37,558</u>
Unexpended balance December 31, 1966	<u>\$27,046</u>

NOTE L

The Bank has a Staff Retirement Plan for the benefit of its employees which became effective as of February 1, 1961 and was last amended as of July 1, 1965. Every staff member under 65 becomes a participant as a condition of service. Each participant contributes a percentage of his remuneration to the Plan and the Bank contributes the part of the cost and expenses of the Plan not provided by the contributions of participants. Contributions to the Plan during 1966 by the Bank-Ordinary Capital and the Bank-Fund for Special Operations were \$731,059 and \$218,368, respectively. There was no unfunded liability as of December 31, 1965, the latest date through which actuarial computations have been made for the Plan.

NOTE M

On January 17, 1967 the Bank entered into an agreement for an issue of bonds in the United States in the principal amount of \$50,000,000 with interest at 5.20% due January 15, 1992.

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
ARGENTINA									
Banco de la Provincia de Entre Ríos Banco Provincial de Santa Fé Banco de la Provincia de Córdoba Mixed entities	Agricultural, mining and industrial credits (\$30,000,000)	17 agricultural credits for \$1,168,202 and 121 industrial credits for \$12,229,858 authorized	Pesos ¹	1,000,000	565,792	67,099	498,693	7/13/61	5¼% (1966-73)
			U.S. dollars	14,000,000	10,735,835	1,301,845	9,433,990	(8/18/61)	
			Total in U.S. dollars	15,000,000	11,301,627	1,368,944	9,932,683		
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina) Public entity	Feasibility study of hydroelectric project in Northern Patagonia (\$630,000)	Study completed	Pesos ¹	252,000	252,000	252,000		8/3/61	5¼% (Repaid)
			U.S. dollars	378,000	378,000	378,000		(8/28/61)	
			Total in U.S. dollars	630,000	630,000	630,000			
Tool Research Argentina, Sociedad Anónima Industrial y Comercial (Banco Provincial de Santa Fé) Private entity	Financing of auto components plant in Santa Fe (\$2,206,000)	Project completed	U.S. dollars	252,000	252,000	75,600	176,400	10/5/61 (12/13/61)	5¼% (1964-73)
Vialsa, S.A. Private entity	Construction of prefabricated housing plant in Buenos Aires (\$4,550,000)	Project completed	U.S. dollars	2,200,000	2,198,043	220,000	1,978,043	12/14/61 (12/15/61)	5¼% (1965-73)
Sociedad Anónima "La Merced" (Garovaglio y Zorraquín, Ltda.) Private entity	Irrigation of private agricultural property in Province of Jujuy (\$1,600,000)	Irrigation works 94% complete; 8,648 acres under cultivation; 16,061 acres devoted to cattle raising	Pesos	7,221,500	7,221,500	1,852,639	5,368,861	12/21/61	5¼% (1965-74)
			U.S. dollars	429,706	429,706	75,815	353,891	(3/5/62)	
			Total in U.S. dollars	487,650	487,650	85,472	402,178		
Agua y Energía Eléctrica, Empresa del Estado de Argentina (Republic of Argentina) Public entity	Expansion of electric power generation, transmission and distribution facilities in Santa Fe and Rosario (\$40,000,000)	Project completed	Pesos	232,400,000	232,400,000	20,264,020	212,135,980	12/21/61	5¼% (1966-77)
			U.S. dollars	8,000,000	7,759,538	446,664	7,312,874	(3/22/62)	
			Total in U.S. dollars	9,671,756	9,431,294	546,733	8,884,561		
Corporación Entrerriana de Citrus, Sociedad Anónima de Economía Mixta, Industrial, Comercial y Financiera (Province of Entre Ríos) Mixed entity	Construction of citrus processing plant in Concordia (\$3,413,000)	Project completed	Pesos ¹	337,000	337,000	255,791	81,209	2/21/62	5¼% (1964-76)
			U.S. dollars	1,300,000	1,300,000		1,300,000	(4/6/62)	
			Total in U.S. dollars	1,637,000	1,637,000	255,791	1,381,209		
Armetal, Industria Argentina de Metales, S.A. (Banco Industrial de la República Argentina) Private entity	Construction of auto components plant at Pacheco, Province of Buenos Aires (\$5,681,000)	Project 87% finished; plant in partial operation	Pesos ¹	170,000	170,000	21,250	148,750	3/8/62 (5/31/62)	5¼% ² (1964-70)
			Italian lire	293,878,955	293,878,955	36,734,869	257,144,086		
			U.S. dollars	848,002	848,002	553,366	294,636		
			Total in U.S. dollars	1,488,208	1,488,208	633,392	854,816		
COMINCO, Sociedad Anónima, Comercial, Industrial, Inmobiliaria y Financiera (Banco Industrial de la República Argentina) Private entity	Construction of chipboard plant at Partido del Tigre, Province of Buenos Aires (\$1,217,000)	Project completed	Pesos ¹	29,000	29,000	10,545	18,455	2/21/63 (8/13/63)	5¼% (1965-70)
			U.S. dollars	201,706	201,706	73,348	128,358		
			Total in U.S. dollars	230,706	230,706	83,893	146,813		

Banco de la Nación Argentina Public entity	Credits for agricultural mechanization (\$83,333,000)	45,367 credits for \$37,061,000 authorized	Pesos ¹	7,500,000	7,500,000		7,500,000	4/16/63 (6/27/63)	5¼% ² (1967-78)
			Italian lire	3,100,000,000	3,100,000,000		3,100,000,000		
			U.S. dollars	12,500,000	11,525,000		11,525,000		
			Total in U.S. dollars	24,960,000	23,985,000		23,985,000		
CARBOCLOR, Industrias Químicas, S.A.I.C. (Banco Industrial de la República Argentina) Private entity	Construction of petrochemical plant near Buenos Aires (\$4,868,000)	Project ready to be initiated	U.S. dollars	2,500,000				6/20/63 (7/12/63)	5¼% (1967-73)
Frigoríficos Argentinos, S.A.I.C. (Banco Industrial de la República Argentina) Private entity	Expansion of meat packing plant (\$4,903,000)	Project 85% complete	Pesos ¹	189,000	189,000	12,600	176,400	12/17/63 (12/18/63)	5¼% (1966-73)
			U.S. dollars	1,328,000	1,181,982	74,591	1,107,391		
			Total in U.S. dollars	1,517,000	1,370,982	87,191	1,283,791		
Banco Central de la República Argentina Public entity	Capital goods exports	Exports of capital goods whose invoice value is \$2,892,582	Original commitment	3,000,000				4/8/64 (4/15/64)	6% (1965-71)
			Available from repayment	507,318					
			Total in U.S. dollars	3,507,318	1,813,604	507,318	1,306,286		
Empresa Provincial de Energía de Córdoba (Province of Córdoba) Public entity	Expansion of electric power transmission facilities in Córdoba (\$10,029,000)	Project being reformulated	Pesos ¹	2,000,000				7/30/64	5¼% (1971-82)
			U.S. dollars	2,500,000					
			Total in U.S. dollars	4,500,000					
ADAMAS, Sociedad Anónima, Industrial, Comercial e Inmobiliaria (Banco Industrial de la República Argentina) Private entity	Expansion of specialty paper and cardboard plant in San Justo near Buenos Aires (\$3,054,000)	Project completed	German marks	3,000,000	3,000,000		3,000,000	10/15/64 (1/28/65)	6% ⁴ (1968-75)
			U.S. dollars	750,000	746,834		746,834		
			Total in U.S. dollars	1,500,000	1,496,834		1,496,834		
Banco de la Nación Argentina Public entity	Continuation of project of credits for agricultural mechanization (\$207,300,000)	Project being carried out jointly with \$24,960,000 loan to Banco de la Nación noted above	Pesos ¹	3,000,000	3,000,000		3,000,000	12/10/64 (12/11/64)	6% ⁴ (1967-79)
			German marks	24,000,000	24,000,000		24,000,000		
			U.S. dollars	6,000,000	5,031,000		5,031,000		
			Total in U.S. dollars	15,000,000	14,031,000		14,031,000		
Petrosur, S.A.I.C. (Banco Industrial de la República Argentina) Private entity	Construction of petrochemical complex at Campana, Buenos Aires Province (\$21,050,000)	Design completed and about 10% of project works carried out	Pesos ¹	500,000				4/8/65 (12/6/65)	6% ⁵ (1969-75)
			British pounds	1,250,000	792,325		792,325		
			U.S. dollars	6,525,000	31,000		31,000		
			Total in U.S. dollars	10,525,000	2,249,510		2,249,510		
Banco Industrial de la República Argentina Public entity	Industrial credits (\$57,500,000)	29 credits for \$11,174,206 authorized	U.S. dollars	15,000,000	1,421,049		1,421,049	4/8/65 (7/8/65)	6% (1969-80)
Vialsa, S.A. Private entity	Continued construction of prefabricated housing plant in Buenos Aires (\$1,360,000)	Plant completed	Pesos ¹	200,000	200,000		200,000	8/12/65 (12/29/65)	6% (1967-73)
			U.S. dollars	600,000	338,316		338,316		
			Total in U.S. dollars	800,000	538,316		538,316		
Municipalidad de la Ciudad de Buenos Aires (Republic of Argentina) Public entity	Construction of water, sewage, power and street facilities for urban renewal project in Buenos Aires (\$45,030,000)		Pesos ¹	4,000,000				11/3/66	6% (1970-88)
			U.S. dollars	3,000,000					
			Total in U.S. dollars	7,000,000					

ORDINARY CAPITAL RESOURCES

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
ARGENTINA (Cont'd.)									
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				118,406,638	74,562,823	4,494,334	70,068,489		
Less: Participations				1,775,547	1,625,547	733,811	891,736		
Net total loans to Argentina expressed in U.S. dollars				<u>116,631,091</u>	<u>72,937,276</u>	<u>3,760,523</u>	<u>69,176,753</u>		
BRAZIL									
Lutcher S.A. Celulose e Papel Private entity	Construction of pulp mill at Guarapuava, State of Paraná (\$13,000,000)	Project completed	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	2,200,000 2,500,000 <u>4,700,000</u>	2,200,000 2,500,000 <u>4,700,000</u>	330,000 375,000 <u>705,000</u>	1,870,000 2,125,000 <u>3,995,000</u>	3/31/61 (6/14/61)	5¾% (1963-71)
Lutcher S.A. Celulose e Papel Private entity	Expansion of pulp mill at Guarapuava, State of Paraná (\$7,500,000)	Project completed	U.S. dollars	<u>4,000,000</u>	<u>3,986,692</u>		<u>3,986,692</u>	4/17/64 (5/1/64)	5¾% (1971-75)
Sifco do Brasil S.A. Private entity	Expansion of auto components plant in São Paulo (\$1,480,000)	Project completed	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	180,000 570,000 <u>750,000</u>	180,000 570,000 <u>750,000</u>	102,816 325,584 <u>428,400</u>	77,184 244,416 <u>321,600</u>	6/28/61 (11/21/61)	5¾% (1963-69)
Indústria Brasileira de Equipamentos S.A. (Directors of the Borrower) Private entity	Construction of oil drilling tool plant in Bahia (\$1,230,000)	Project completed	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	87,000 528,000 <u>615,000</u>	87,000 528,000 <u>615,000</u>	23,200 151,847 <u>175,047</u>	63,800 376,153 <u>439,953</u>	10/19/61 (1/24/62)	5¾% (1964-72)
Papel e Celulose Catarinense Ltda. (Banco Nacional do Desenvolvimento Económico) Public entity	Construction of integrated kraft pulp and paper mill in Lages, State of Santa Catarina (\$21,600,000)	Project under construction	U.S. dollars	<u>3,300,000</u>	<u>3,069,282</u>	<u>100,000</u>	<u>2,969,282</u>	12/14/61 (1/22/62) (5/17/66)	6% (1969-76)
Centrais Elétricas de Minas Gerais S.A. (Banco Mineiro da Produção) Public entity	Expansion of electric power transmission facilities in State of Minas Gerais (\$35,000,000)	Project completed	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	1,500,000 3,500,000 <u>5,000,000</u>	1,500,000 3,482,745 <u>4,982,745</u>	56,537 131,919 <u>188,456</u>	1,443,463 3,350,826 <u>4,794,289</u>	12/14/61 (6/5/62)	5¾% (1966-76)
Fundição Tupy S.A. Private entity	Expansion of automobile parts plant in Joinville, State of Santa Catarina (\$1,630,000)	Project completed	U.S. dollars	<u>560,000</u>	<u>560,000</u>	<u>210,000</u>	<u>350,000</u>	2/15/62 (5/16/62)	5¾% (1964-70)
Companhia Agrícola, Imobiliária e Co- lonizadora (Banco do Estado de São Paulo) Public entity	Farm mechanization project in State of São Paulo (\$10,647,000)	Purchase of 237 heavy duty tractors and 6 tournapulls and their spare parts	Italian lire U.S. dollars Total in U.S. dollars	620,000,000 3,500,000 <u>4,492,000</u>	479,399,101 3,490,526 <u>4,257,565</u>	183,726,646 1,037,167 <u>1,331,130</u>	295,672,455 2,453,359 <u>2,926,435</u>	6/28/62 (12/6/62)	5¾% ² (1965-70)
Companhia Pernambucana de Borracha Sintética (Banco Nacional do Desenvolvimento Económico) Public entity	Construction of synthetic rub- ber plant near Recife (\$33,134,000)	Project completed	U.S. dollars	<u>3,615,000</u>	<u>3,615,000</u>	<u>516,429</u>	<u>3,098,571</u>	7/5/62 (11/9/62)	5¾% (1966-72)

Companhia Hidro Elétrica do São Francisco (United States of Brazil) Public entity	Expansion of Paulo Afonso hydroelectric plant by 300,000 kilowatts and related facilities in Brazil's Northeast (\$42,089,000)	Generators installed; 186 miles of transmission lines placed; another 373 being placed, substations under construction	Italian lire U.S. dollars Total in U.S. dollars	<u>1,860,000,000</u> <u>12,000,000</u> <u>14,976,000</u>	<u>105,238,269</u> <u>9,099,904</u> <u>9,268,285</u>	<u>40,949,202</u> <u>284,784</u> <u>350,303</u>	<u>64,289,067</u> <u>8,815,120</u> <u>8,917,982</u>	8/9/62 (12/12/62)	5¾% ² (1966-80)
Centrais Elétricas de Urubupunga S.A. (United States of Brazil) Public entity	Construction of hydroelectric plant at Jupia Falls on the Paraná River (\$200,390,000)	Civil works built; 397 miles of transmission lines strung; other works in progress	U.S. dollars	<u>13,250,000</u>	<u>13,187,716</u>		<u>13,187,716</u>	11/14/63 (11/20/63)	5¾% (1968-83)
Companhia de Eletricidade do Estado da Bahia (State of Bahia) Public entity	Expansion of electric power transmission and distribution facilities in State of Bahia (\$7,097,000)		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>113,636</u> <u>513,063</u> <u>626,699</u>		<u>113,636</u> <u>513,063</u> <u>626,699</u>	12/31/63 (12/22/64)	5¾% (1968-82)
Banco do Brasil S.A. Public entity	Capital goods exports	Exports of capital goods whose invoice value is \$3,078,180	Original commitment Available from repayments Total in U.S. dollars	<u>3,000,000</u> <u>355,310</u> <u>3,355,310</u>		<u>1,821,200</u>	<u>355,310</u> <u>1,465,890</u>	4/8/64 (7/9/64)	6% (1964-69)
Banco Nacional do Desenvolvimento Econômico Public entity	Industrial credits (\$54,000,000)	126 credits for \$14,638,000 authorized	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>7,080,573</u> <u>1,909,845</u> <u>8,990,418</u>		<u>7,080,573</u> <u>1,909,845</u> <u>8,990,418</u>	7/30/64 (12/23/64)	5¾% (1969-80)
Magnesita S.A. (Banco da Bahia S.A. and Banco de Minas Gerais S.A.) Private entity	Expansion of refractories industry at Brumado and Salvador, State of Bahia, and Belo Horizonte (\$15,800,000)	About 30% of expansion program carried out	U.S. dollars	<u>4,000,000</u>	<u>462,552</u>		<u>462,552</u>	7/30/64 (9/29/64)	5¾% (1968-74)
Ferro e Aço de Vitória S.A. (Banco Nacional do Desenvolvimento Econômico) Private entity	Feasibility studies for a steel ingot plant contemplated at Tubarão, State of Espírito Santo (\$2,185,000)		U.S. dollars	<u>1,300,000</u>				11/19/64 (7/29/65)	6% (1968-72)
Companhia Vale do Rio Doce (United States of Brazil) Public entity	Expansion of facilities of Brazil's largest iron ore producing company in State of Minas Gerais (\$97,474,000)	Construction well underway; pellet plant scheduled for completion in 1968	German marks U.S. dollars Total in U.S. dollars	<u>20,000,000</u> <u>23,800,000</u> <u>28,800,000</u>	<u>9,206,610</u> <u>9,206,610</u>		<u>9,206,610</u> <u>9,206,610</u>	11/19/64 (2/17/65)	6% ⁴ (1968-80)
Central Elétrica Capivari-Cachoeira S.A. (State of Paraná) Public entity	Construction of hydroelectric plant for the State of Paraná on the Cachoeira River (\$29,420,000)	Construction well underway	U.S. dollars	<u>5,450,000</u>	<u>1,258,000</u>		<u>1,258,000</u>	11/19/64 (5/3/65)	6% (1969-84)
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Expansion of water system for Rio de Janeiro (\$8,917,000)	Project 80% complete	Cruzeiros ¹	<u>5,000,000</u>	<u>4,600,502</u>		<u>4,600,502</u>	12/24/64 (12/31/64)	6% (1968-85)
Centrais Elétricas de Santa Catarina S.A. (State of Santa Catarina) Public entity	Expansion of electric power transmission system in State of Santa Catarina (\$15,600,000)	About 130 miles of power lines laid and 1 substation completed; other works under construction	U.S. dollars	<u>3,500,000</u>	<u>1,274,100</u>		<u>1,274,100</u>	4/8/65 (5/3/65)	6% (1968-83)

ORDINARY CAPITAL RESOURCES

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
BRAZIL (Cont'd.)									
Centrais Elétricas Brasileiras S.A. (United States of Brazil) Public entity	Expansion of electric power generating, transmission and distribution facilities in States of Alagoas, Bahia, Espírito Santo, Guanabara, Minas Ger- ais, Pernambuco, Rio Grande do Norte, Rio Grande do Sul and São Paulo (\$53,300,000)	Project initiated	U.S. dollars	16,400,000	70,825		70,825	9/9/65 (10/1/65)	6% (1969-80)
Companhia de Cimento Portland Bran- co do Brasil S.A. (Banco Nacional de Desenvolvimento Econômico) Private entity	Expansion of cement plant north of Rio de Janeiro (\$8,815,000)	Construction initiated; equipment on order	Cruzeiros ¹	500,000				12/30/65 (8/4/66)	6% ⁵ (1970-78)
			British pounds	475,000	180,000	180,000			
			U.S. dollars	2,820,000					
			Total in U.S. dollars	4,650,000	504,000	504,000			
Companhia Hidro Elétrica do São Fran- cisco (United States of Brazil) Public entity	Further expansion of Paulo Afonso hydroelectric power generating facility in North- east Brazil (\$54,630,000)		Cruzeiros ¹	1,700,000				8/25/66 (11/3/66)	6% ³ (1972-84)
			Italian lire	4,562,500,000					
			U.S. dollars	11,400,000					
			Total in U.S. dollars	20,400,000					
Banco do Brasil S.A. Public entity	Export of three 12-to-13,000- ton merchant ships to Mexico	Ships under construction; deliv- ery scheduled in 1968	U.S. dollars	10,780,000				12/8/66	6½ (1967-72)
Banco do Nordeste do Brasil S.A. (United States of Brazil) Public entity	Continuation of industrial cred- its for Brazil's Northeast (\$24,000,000)		Swiss francs	8,746,000				12/28/66	6½ ⁶ (1971-84)
			U.S. dollars	4,000,000					
			Total in U.S. dollars	6,000,000					
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				195,093,310	77,807,191	4,360,075	73,447,116		
Less: Participations				842,094	292,094	122,094	170,000		
Net total loans to Brazil expressed in U.S. dollars				194,251,216	77,515,097	4,237,981	73,277,116		
CHILE									
Corporación de Fomento de la Producción Public entity	Industrial, mining and fishery credits (\$76,000,000)	88 credits for \$3 million and 5,292,618 escudos authorized	Escudos ¹	1,500,000	1,500,000	431,576	1,068,424	4/9/61 (6/19/61)	5¾% (1963-73)
			U.S. dollars	4,500,000	4,500,000	1,294,729	3,205,271		
			Total in U.S. dollars	6,000,000	6,000,000	1,726,305	4,273,695		
Republic of Chile Public entity	Expansion of water supply sys- tem for Concepción and Talca- huano (\$1,806,000)	About 76% of the project com- pleted; equipment ordered	U.S. dollars	1,050,000	950,107	29,691	920,416	11/22/61 (5/16/62)	5¾% (1966-82)
Corporación de Fomento de la Producción Public entity	Establishment of integrated fishing enterprise at Iquique (\$9,500,000)	Project completed	U.S. dollars	5,000,000	5,000,000	300,000	4,700,000	12/7/61 (3/29/62)	5¾% (1965-74)

Republic of Chile Public entity	Construction or expansion of irrigation system between the Claro and Maule Rivers in Central Chile (\$11,714,000)	About 85% of irrigation works completed	Escudos U.S. dollars Total in U.S. dollars	1,350,000 1,575,000 2,211,460	1,350,000 1,491,860 2,128,320	42,188 46,621 66,510	1,307,812 1,445,239 2,061,810	2/8/62 (5/16/62)	5¼% (1966-82)
Compañía Manufacturera de Papeles y Cartones, S.A. Private entity	Expansion of pulp mill at Laja in Southern Chile (\$32,004,000)	Project completed	Escudos ¹ Italian lire U.S. dollars Total in U.S. dollars	1,600,000 4,960,000,000 6,400,000 15,936,000	1,600,000 4,894,741,700 6,308,826 15,740,412	192,000 517,080,000 666,000 1,685,328	1,408,000 4,377,661,700 5,642,826 14,055,084	11/8/62 (11/23/62)	5¼% ² (1965-77)
Maderas Aglomeradas Pinihue, S.A. (Corporación de Fomento de la Producción) Private entity	Construction of chipboard plant at Chiguayante in Southern Chile (\$3,067,000)	Project completed	Italian lire U.S. dollars Total in U.S. dollars	207,700,000 900,000 1,232,320	207,700,000 897,524 1,229,844	31,000,000 135,000 184,600	176,700,000 762,524 1,045,244	2/7/63 (2/8/63)	5¼% ² (1965-74)
Empresa de Agua Potable (Republic of Chile) Public entity	Expansion of water system for Santiago (\$10,695,000)	About 25% of the project completed	Escudos ¹ U.S. dollars Total in U.S. dollars	1,500,000 3,625,000 5,125,000	1,582,118 1,582,118		1,582,118 1,582,118	4/4/63 (5/24/63)	5¼% (1967-83)
Empresa Nacional del Petróleo (Corporación de Fomento de la Producción) Public entity	Construction of an oil refinery near Concepción \$34,000,000)	Project completed	U.S. dollars Swiss francs Belgian francs Total in U.S. dollars	10,718,298 1,000,000 2,500,000 11,000,000	9,963,490 1,000,000 2,500,000 10,245,192	750,000 1,000,000 2,500,000	9,213,490 9,213,490	10/24/63 (11/5/63)	5¼% (1966-75)
Corporación de Fomento de la Producción Public entity	Continuation of a credit program for industrial, mining and fishery development (\$59,700,000)	81 credits totaling \$4.8 million and 3,615,200 escudos authorized	U.S. dollars	6,000,000	5,694,999		5,694,999	3/12/64 (3/17/64)	5¼% (1967-76)
Banco Central de Chile Public entity	Capital goods exports		U.S. dollars	2,000,000				4/8/64 (4/15/64)	6% (1967-72)
Republic of Chile Public entity	Construction or expansion of irrigation system in Province of Linares, Central Chile (\$14,050,000)	About 65% of project completed	Escudos ¹ U.S. dollars Total in U.S. dollars	1,700,000 1,800,000 3,500,000	1,700,000 848,212 2,548,212		1,700,000 848,212 2,548,212	8/6/64 (8/12/64)	6% (1969-84)
Compañía Manufacturera de Papeles y Cartones, S.A. Private entity	Continuation of expansion of pulp mill at Laja (\$6,300,000)	Project completed	German marks Total in U.S. dollars	5,600,000 1,400,000	5,531,000 1,382,750	591,360 147,840	4,939,640 1,234,910	10/8/64 (10/9/64)	6% ⁴ (1965-77)
Corporación de Fomento de la Producción Public entity	Continuation of credit program for small and medium industry (\$26,666,000)	64 credits for \$6,708,621 and 17,318,186 escudos authorized	Escudos ¹ Yen U.S. dollars Total in U.S. dollars	350,000 748,586,589 5,570,593 8,000,000	748,586,589 748,586,589 3,635,661 5,715,068		748,586,589 3,635,661 5,715,068	9/23/65 (12/3/65)	6% (1968-77)
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				68,454,780	58,217,022	5,171,976	53,045,046		
Less: Participations				3,725,600	2,895,400	2,067,066	828,334		
Net total loans to Chile expressed in U.S. dollars				64,729,180	55,321,622	3,104,910	52,216,712		

ORDINARY CAPITAL RESOURCES

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
COLOMBIA									
Corporación Financiera Colombiana de Desarrollo Industrial Private entity	Industrial credits (\$1,050,000)	34 credits for \$278,004 and 4,000,000 Colombian pesos au- thorized	Pesos	4,000,000	4,000,000	1,500,000	2,500,000	4/9/61	5¼%
			U.S. dollars	203,653	203,653	102,153	101,500	(9/8/61)	(1964-71)
			Total in U.S. dollars	658,682	658,682	272,782	385,900		
Empresas Públicas de Medellín (Republic of Colombia) Public entity	Expansion of water system for Medellin (\$10,500,000)	Project 75% complete	Pesos	19,950,000	19,950,000	1,870,312	18,079,688	4/9/61	5¼%
			U.S. dollars	3,300,000	3,300,000	309,375	2,990,625	(6/3/61)	(1965-81)
			Total in U.S. dollars	5,230,724	5,230,724	491,436	4,739,288		
Empresas Públicas Municipales de Car- tagena (Republic of Colombia) Public entity	Expansion of water and sew- age system of Cartagena (\$10,800,000)	Project 60% complete	Pesos ¹	3,800,000	3,088,556	184,884	2,903,672	6/15/61	5¼%
			U.S. dollars	2,200,000	1,935,164	137,500	1,797,664	(10/17/61)	(1966-81)
			Total in U.S. dollars	6,000,000	5,023,720	322,384	4,701,336		
Republic of Colombia Public entity	Preinvestment studies (\$500,000)	Five studies underway	Pesos ¹	310,000	52,305	13,653	38,652	9/6/61	5¼%
			U.S. dollars	190,000				(10/14/61)	(1965-68)
			Total in U.S. dollars	500,000	52,305	13,653	38,652		
Celulosa y Papel de Colombia, S.A. (Instituto de Fomento Industrial) Private entity	Construction of pulp plant at Puerto Isaacs near Cali (\$3,403,000)	Project completed	U.S. dollars	702,795	702,795	702,795		1/18/62 (3/2/62)	5¼% (Repaid)
Instituto Nacional de Fomento Muni- cipal (Republic of Colombia) Public entity	Water and sewage systems in various communities (\$19,312,000)	Equipment and materials import- ed	U.S. dollars	400,000	400,000	400,000		7/12/62 (8/21/62)	5¼% (Repaid)
Republic of Colombia Public entity	Construction of sodium carbon- ate plant in Cartagena (\$25,413,000)	Project completed	Italian lire	3,534,000,000	3,534,000,000		3,534,000,000	4/9/63	5¼% ²
			U.S. dollars	6,295,000	6,295,000		6,295,000	(9/18/63)	(1967-78)
			Total in U.S. dollars	11,949,400	11,949,400		11,949,400		
Banco de la República Public entity	Industrial and agricultural credits (\$49,100,000)	22 credits for \$7,458,575 author- ized	Pesos ¹	400,000				10/10/63	5¼%
			U.S. dollars	2,600,000	1,057,524	105,752	951,772	(10/30/63)	(1966-75)
			Total in U.S. dollars	3,000,000	1,057,524	105,752	951,772		
Empresa Puertos de Colombia (Republic of Colombia) Public entity	Improvements of port facilities at Buenaventura (\$19,665,000)	About 34% carried out	U.S. dollars	10,000,000	5,410,919		5,410,919	12/5/63 (12/10/63)	5¼% (1967-78)
Industrial Agraria La Palma, S.A. (Corporación Financiera Colombiana de Desarrollo Industrial) Private entity	Cultivation of 12,355 acres of African palm in the Depart- ment of Magdalena (\$7,239,000)	Project 75% complete; land clearing, drainage and planting completed; access roads and on- farm improvements underway	Pesos ¹	334,000	334,000		334,000	8/28/64	6%
			U.S. dollars	896,000	505,761		505,761	(6/1/65)	(1969-75)
			Total in U.S. dollars	1,230,000	839,761		839,761		

Instituto de Aprovechamiento de Aguas y Fomento Eléctrico (Republic of Colombia) Public entity	Construction of hydroelectric power plant on the Prado River, along with related services, in the Department of Tolima (\$20,839,000)	Construction initiated	U.S. dollars	8,000,000	297,514		297,514	11/19/64 (1/18/65)	6% (1969-85)
Instituto de Aprovechamiento de Aguas y Fomento Eléctrico (Republic of Colombia) Public entity	Expansion of power plant in Department of Norte de Santander (\$4,878,000)	In bidding stage	Pesos ¹ U.S. dollars Total in U.S. dollars	300,000 2,900,000 3,200,000	89,510 89,510 89,510		89,510 89,510 89,510	12/3/64 (1/18/65)	6% (1969-85)
Empresa Puertos de Colombia (Republic of Colombia) Public entity	Improvements in port facilities at Cartagena, Barranquilla and Santa Marta (\$10,339,000)	About 58% of project completed	U.S. dollars	5,000,000	413,888		413,888	1/28/65 (6/21/65)	6% (1969-80)
ENKA de Colombia, S.A. (Banco Comercial Antioqueño and Banco Industrial Colombiano) Public entity	Construction of synthetic fiber plant in Girardot, Department of Antioquia (\$16,000,000)	Project nearly complete; partially in operation	British pounds U.S. dollars Total in U.S. dollars	900,000 2,980,000 5,500,000	703,800 2,314,827 4,285,467		703,800 2,314,827 4,285,467	8/26/65 (11/16/65)	6% ⁵ (1968-75)
Central Hidroeléctrica de Caldas, S.A. (Republic of Colombia) Public entity	Construction of hydroelectric power plant near Manizales, Department of Caldas (\$16,890,000)	Civil works under construction; equipment being manufactured	U.S. dollars	8,100,000	138,519		138,519	11/18/65 (2/18/66)	6% (1970-82)
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				69,471,601	36,550,728	2,308,802	34,241,926		
Less: Participations				2,793,554	1,743,554	373,554	1,370,000		
Net total loans to Colombia expressed in U.S. dollars				66,678,047	34,807,174	1,935,248	32,871,926		
COSTA RICA									
Banco Nacional de Costa Rica Public entity	Livestock credits (\$4,600,000)	172 credits for \$2,324,857 authorized	Colones ¹ U.S. dollars Total in U.S. dollars	600,000 2,000,000 2,600,000	600,000 1,761,810 2,361,810	102,000 408,000 510,000	498,000 1,353,810 1,851,810	11/30/61 (1/15/62)	5¾% (1964-74)
Industria Nacional de Cemento, S.A. Private entity	Construction of cement plant at Cartago near San José (\$4,950,000)	Project completed	U.S. dollars	2,800,000	2,800,000	560,000	2,240,000	1/11/62 (3/2/62)	5¾% (1964-74)
Banco de Costa Rica Public entity	Industrial credits (\$5,000,000)	73 credits for \$7,101,670 authorized	Colones U.S. dollars Total in U.S. dollars	2,655,018 2,600,000 3,001,060	2,655,018 2,323,161 2,724,221	150,000 150,000 172,659	2,505,018 2,173,161 2,551,562	8/9/62 (11/15/62)	5¾% (1965-74)
Instituto Costarricense de Electricidad (Republic of Costa Rica) Public entities	Expansion of electric power distribution system in Central Costa Rica (\$3,903,000)	Some 303 kilometers of transmission lines built or improved	U.S. dollars	2,700,000	1,341,184	84,375	1,256,809	8/9/62 (9/14/62)	5¾% (1966-82)
Banco de Costa Rica (Republic of Costa Rica) Public entity	Industrial credits (\$3,428,000)		Colones ¹ U.S. dollars Total in U.S. dollars	140,000 1,860,000 2,000,000				12/21/65 (6/8/66)	6% (1970-82)
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				13,101,060	9,227,215	1,327,034	7,900,181		
Less: Participations				1,590,325	1,367,125	384,375	982,750		
Net total loans to Costa Rica expressed in U.S. dollars				11,510,735	7,860,090	942,659	6,917,431		

ORDINARY CAPITAL RESOURCES

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
DOMINICAN REPUBLIC									
Banco Agrícola (Dominican Republic) Public entity	Livestock credits (\$11,000,000)	835 credits for \$2,417,377 au- thorized	Pesos ¹ U.S. dollars Total in U.S. dollars	1,100,000 4,900,000 6,000,000	 1,597,121 1,597,121	 	 1,597,121 1,597,121	8/15/63 (8/29/63)	5¾% (1967-75)
TOTAL LOANS TO DOMINICAN REPUBLIC IN U.S. DOLLARS				6,000,000	1,597,121		1,597,121		
Less: Participations				200,000	200,000		200,000		
Net total loans to Dominican Republic in U.S. dollars				5,800,000	1,397,121		1,397,121		
ECUADOR									
Banco Nacional de Fomento (Republic of Ecuador) Public entity	Sheep development (\$5,000,000)	8,812 purebred sheep imported; two sheep development centers established	Sucres ¹ U.S. dollars Total in U.S. dollars	218,195 618,135 836,330	218,195 618,135 836,330	110,195 258,135 368,330	108,000 360,000 468,000	8/10/61 (10/31/61)	5¾% (1963-75)
Republic of Ecuador Public entity	Construction of four highways 406 miles long (\$28,000,000)	Project under construction	Sucres ¹ U.S. dollars Total in U.S. dollars	600,000 5,400,000 6,000,000	 1,103,478 1,103,478	 	 1,103,478 1,103,478	5/25/64 (5/26/64)	5¾% (1968-94)
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				6,836,330	1,939,808	368,330	1,571,478		
Less: Participations				257,143	257,143		257,143		
Net total loans to Ecuador expressed in U.S. dollars				6,579,187	1,682,665	368,330	1,314,335		
EL SALVADOR									
Pan Lido, S.A. Private entity	Expansion of bakery in San Salvador (\$265,000)	Project completed	U.S. dollars	199,375	199,375	56,200	143,175	6/29/61 (7/12/61)	5¾% (1963-71)
Banco Central de Reserva (Republic of El Salvador) Private entity	Industrial and agricultural credits (\$4,160,000)	36 industrial credits for \$2,913,013 and 62 agricultural credits for \$497,770 authorized	Colones U.S. dollars Total in U.S. dollars	2,000,000 1,700,000 2,500,000	1,737,550 1,700,000 2,395,020	260,000 221,000 325,000	1,477,550 1,479,000 2,070,020	8/10/61 (10/25/61)	5¾% (1965-74)
Banco Central de Reserva (Republic of El Salvador) Public entity	Water and sewage systems for San Salvador, Santa Tecla, Santa Ana, San Miguel and Sansonte (\$2,100,000)	Project completed	U.S. dollars	1,258,788	1,258,788	49,711	1,209,077	8/10/61 (11/17/61)	5¾% (1966-81)
Instituto Salvadoreño de Fomento In- dustrial (Republic of El Salvador) Public entity	Industrial credits (\$6,000,000)		Colones ¹ U.S. dollars Total in U.S. dollars	200,000 2,800,000 3,000,000				4/15/65	6% (1970-83)
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				6,958,163	3,853,183	430,911	3,422,272		
Less: Participations				250,500	250,500	63,000	187,500		
Net total loans to El Salvador expressed in U.S. dollars				6,707,663	3,602,683	367,911	3,234,772		

GUATEMALA

Industria y Comercio Textiles Rex, S.A. Private entity	Construction of textile mill for bags in Guatemala City (\$215,000)	Project completed	U.S. dollars	125,000	125,000	125,000		6/22/61 (8/10/61)	5¾% (Repaid)
Banco de Guatemala Public entity	Industrial, agricultural and livestock credits (\$8,300,000)	17 industrial credits for \$2,280,242 and 46 agricultural credits for \$1,684,392 authorized	Quetzales ¹ U.S. dollars Total in U.S. dollars	1,450,000 3,550,000 5,000,000	1,060,842 2,614,180 3,675,022	267,376 947,500 1,214,876	793,466 1,666,680 2,460,146	8/10/61 (9/6/61)	5¾% (1964-68)
Hidroeléctricas del Atlántico, S.A. Private entity	Expansion of water system for Puerto Barrios (\$265,000)	Project completed	U.S. dollars	162,804	162,804	81,402	81,402	9/28/61 (2/27/62)	5¾% (1964-68)
Instituto Nacional de Electrificación (Republic of Guatemala) Public entity	Construction of hydroelectric power plant for Guatemala City (\$5,125,000)	Project completed	U.S. dollars	3,150,000	2,010,957		2,010,957	12/19/63 (6/18/64)	5¾% (1967-84)
Banco de Guatemala Public entity	Industrial, agricultural and livestock credits (\$5,333,000)		U.S. dollars	3,200,000				8/9/66 (12/1/66)	6% (1970-85)
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				11,637,804	5,973,783	1,421,278	4,552,505		
Less: Participations				725,000	725,000	355,000	370,000		
Net total loans to Guatemala expressed in U.S. dollars				10,912,804	5,248,783	1,066,278	4,182,505		

HONDURAS

Molinos de Honduras (Jacobo D. Kattan Industrial, S.A.) Private entity	Construction of corn flour mill at San Pedro Sula (\$522,000)	Plant partially complete	U.S. dollars	100,474	100,474	50,237	50,237	6/15/61 (7/27/61)	5¾% (1964-69)
Químicas Dinant de Centroamérica, S.A. de C.V. Private entity	Construction of chemical plant producing detergents and other products in Tegucigalpa (\$735,000)	Project completed	U.S. dollars	360,000	360,000	360,000		7/27/61 (8/8/61)	5¾% (Repaid)
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				460,474	460,474	410,237	50,237		
Less: Participations				60,000	60,000	60,000			
Net total loans to Honduras expressed in U.S. dollars				400,474	400,474	350,237	50,237		

MEXICO

Nacional Financiera, S.A. Public entity	Industrial credits (\$12,000,000)	187 credits for \$1,300,000 and 12,500,000 Mexican pesos authorized	Pesos ¹ U.S. dollars Total in U.S. dollars	1,000,000 2,000,000 3,000,000	1,000,000 2,000,000 3,000,000	166,666 333,330 499,996	833,334 1,666,670 2,500,004	8/10/61 (10/19/61)	5¾% (1966-71)
Nacional Financiera, S.A. (United Mexican States) Public entity	Completion of 4 irrigation projects in the States of Oaxaca, Durango, Chihuahua and Baja California (\$46,600,000)	Project completed	Pesos U.S. dollars Total in U.S. dollars	52,750,000 8,780,000 13,000,000	52,750,000 8,780,000 13,000,000	6,205,880 1,032,940 1,529,411	46,544,120 7,747,060 11,470,589	9/7/61 (11/14/61)	5¾% (1965-81)
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of 3 irrigation projects in the States of Zatecas, Colima and Guerrero (\$11,800,000)	Project completed	Pesos U.S. dollars Total in U.S. dollars	34,300,000 3,000,000 5,744,000	34,300,000 3,000,000 5,744,000	3,026,487 264,715 506,834	31,273,513 2,735,285 5,237,166	1/25/62 (4/16/62)	5¾% (1965-82)

ORDINARY CAPITAL RESOURCES

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
MEXICO (Cont'd.)									
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of an irrigation project in the Temascalcingo Valley, State of Mexico (\$3,000,000)	Project completed	Pesos	6,000,000	4,218,931	307,444	3,911,487	11/27/62	5¾%
			U.S. dollars	720,000	506,272	36,893	469,379	(6/6/63)	(1965-83)
			Total in U.S. dollars	1,200,000	843,786	61,489	782,297		
Química del Rey, S.A. (Metalúrgica Mexicana Peñoles, S.A.) Private entity	Construction of sodium sulfate plant at Laguna del Rey, State of Coahuila (\$2,750,000)	Project completed	Pesos	4,125,000	4,125,000	4,125,000		1/17/63	5¾%
			U.S. dollars	170,000	170,000	170,000	(4/17/63)	(Repaid)	
			Total in U.S. dollars	500,000	500,000	500,000			
Negromex, S.A. Private entity	Installation of carbon black plant in Salamanca, State of Guanajuato (\$3,200,000)	Project completed	Pesos	4,850,297	4,850,297	4,850,297		2/27/63	5¾%
			U.S. dollars	131,980	131,980	131,980	(6/21/63)	(Repaid)	
			Total in U.S. dollars	520,003	520,003	520,003			
Nacional Financiera, S.A. (United Mexican States) Public entity	Land settlement program at El Limon in State of Tabasco (\$52,170,000)	Project under construction	Pesos ¹	5,250,000	230,462		230,462	6/20/63	5¾%
			U.S. dollars	20,250,000	1,677,597	1,677,597	(9/19/63)	(1967-88)	
			Total in U.S. dollars	25,500,000	1,908,059	1,908,059			
Nacional Financiera, S.A. (United Mexican States) Public entity	Industrial credits (\$15,000,000)	522 credits for \$12,680,686 au- thorized	U.S. dollars	5,000,000	5,000,000		5,000,000	10/24/63 (10/31/63)	5¾% (1967-73)
Industria del Hierro, S.A., de C.V. (Sociedad Mexicana de Crédito Indus- trial, S.A.) Private entity	Expansion of heavy equipment plant at Querétaro, State of Querétaro (\$19,200,000)	Project completed	Pesos ¹	1,698,365	1,698,365	199,808	1,498,557	12/19/63	5¾%
			U.S. dollars	1,296,043	1,296,043	152,476	1,143,567	(1/7/64)	(1966-74)
			Total in U.S. dollars	2,994,408	2,994,408	352,284	2,642,124		
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of irrigation works in State of Sinaloa (\$112,000,000)	Project underway	U.S. dollars	20,000,000	5,764,082		5,764,082	12/31/63 (4/15/64)	5¾% (1967-84)
Nacional Financiera, S.A. Public entity	Capital goods exports	Export of capital goods whose invoice value is \$7,514,917	Original commitment	3,000,000				4/8/64	6%
			Available from repayments	221,626			(4/15/64)	(1965-69)	
			Total in U.S. dollars	3,221,626	2,777,708	221,626	2,556,082		
Nacional Financiera, S.A. Public entity	Capital goods exports	Used in conjunction with above loan	U.S. dollars	2,000,000	2,000,000		2,000,000	1/13/66 (3/7/66)	6% (1966-69)
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of 64 feeder roads 1,224 miles long and im- provement of 160 more 3,665 miles long (\$35,000,000)	Project underway	Pesos ¹	1,000,000	76,249		76,249	12/30/65	6% ³
			Italian lire	6,250,000,000	473,578,623	473,578,623	(3/7/66)	(1970-86)	
			U.S. dollars	10,000,000	752,960	752,960			
			Total in U.S. dollars	21,000,000	1,586,935	1,586,935			

Nacional Financiera, S.A. (United Mexican States) Public entity	Industrial credits (\$19,200,000)	145 credits for total investment of \$40,266,709 authorized	Pesos ¹ U.S. dollars Total in U.S. dollars	1,250,000 6,750,000 8,000,000	432,190 1,430,838 1,863,028	432,190 1,430,838 1,863,028	4/24/66 (4/28/66)	6% (1969-81)
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of Sabino irrigation project in El Carrizo Valley, States of Sinaloa and Sonora (\$26,115,000)		U.S. dollars	13,060,000			12/15/66	6½% (1971-88)
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				124,740,037	47,502,009	4,191,643	43,310,366	
Less: Participations				6,948,137	4,432,137	1,247,137	3,185,000	
Net total loans to Mexico expressed in U.S. dollars				117,791,900	43,069,872	2,944,506	40,125,366	
NICARAGUA								
Instituto de Fomento Nacional Public entity	Industrial credits (\$4,000,000)	43 credits totaling \$2,651,107 authorized	U.S. dollars	2,000,000	2,000,000	700,000	1,300,000	3/31/61 (7/11/61) 5¾% (1963-73)
Instituto de Fomento Nacional (Republic of Nicaragua) Public entity	Agricultural and livestock development credits (\$7,111,000)	1,578 head of cattle imported; 36 credits for \$825,597 extended	Cordobas ¹ U.S. dollars Total in U.S. dollars	928,000 1,402,000 2,330,000	1,233,200 1,233,200		1,233,200 1,233,200	7/30/64 (9/14/64) 5¾% (1968-90)
Banco Nacional de Nicaragua (Republic of Nicaragua) Public entity	Livestock credits (\$9,822,000)	3,280 credits for \$2,363,000 authorized and technical assistance for \$355,000 extended	Cordobas ¹ U.S. dollars Total in U.S. dollars	100,000 4,500,000 4,600,000	1,313,781 1,313,781		1,313,781 1,313,781	12/31/64 (4/6/65) 6% (1968-80)
Instituto de Fomento Nacional (Republic of Nicaragua) Public entity	Industrial credits (\$7,387,000)	12 credits for \$629,644 authorized	U.S. dollars	3,300,000	653,369		653,369	8/5/65 (12/13/65) 6% (1969-81)
Banco Nacional de Nicaragua (Republic of Nicaragua) Public entity	Capital goods exports		U.S. dollars	1,000,000				3/18/66 (5/31/66) 6% (1967-72)
Banco Nacional de Nicaragua (Republic of Nicaragua) Public entity	Agricultural credits (\$4,115,000)		U.S. dollars	1,900,000				11/10/66 (12/21/66) 6% (1969-82)
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS				15,130,000	5,200,350	700,000	4,500,350	
Less: Participations				1,719,000	1,500,000	250,000	1,250,000	
Net total loans to Nicaragua expressed in U.S. dollars				13,411,000	3,700,350	450,000	3,250,350	
PANAMA								
Banco Nacional de Panama (Republic of Panama) Public entity	Livestock credits (\$3,605,000)		Balboas ¹ U.S. dollars Total in U.S. dollars	500,000 1,000,000 1,500,000				9/22/66 (9/27/66) 6% (1970-86)
TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS				1,500,000				
PARAGUAY								
Compañía Algodonera Paraguay, S.A. (Consorcio Coplata, S.A., and Banco Nacional de Fomento) Private entity	Expansion of vegetables processing plant in Asunción (\$1,291,000)	Project completed	Guaraníes ¹ U.S. dollars Total in U.S. dollars	220,000 329,996 549,996	220,000 329,996 549,996	66,000 99,000 165,000	154,000 230,996 384,996	9/28/61 (10/31/61) 5¾% (1964-73)

ORDINARY CAPITAL RESOURCES

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
PARAGUAY (Cont'd.)									
Manufactura de Pilar, S.A. (Banco Nacional de Fomento) Private entity	Expansion of textile and vegetable oil processing plant in Pilar, Southwest Paraguay (\$4,184,000)	Project completed	U.S. dollars	2,200,000	2,200,000	517,647	1,682,353	4/11/63 (6/6/63)	5¾% (1965-73)
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				2,749,996	2,749,996	682,647	2,067,349		
Less: Participations				269,911	269,911	220,411	49,500		
Net total loans to Paraguay expressed in U.S. dollars				2,480,085	2,480,085	462,236	2,017,849		
PERU									
Corporación de Saneamiento de Arequipa (Republic of Peru) Public entity	Expansion of water supply and sewage system for Arequipa (\$6,400,000)	Project completed	Soles U.S. dollars Total in U.S. dollars	66,000,000 1,450,000 3,910,359	66,000,000 1,450,000 3,910,359	 217,500 217,500	66,000,000 1,232,500 3,692,859	2/3/61 (6/2/61)	5¾% (1965-75)
Compañía Peruana de Cemento Portland, S.A. (Banco Popular del Perú) Private entity	Expansion of cement plant in Lima (\$2,350,000)	Project completed	Soles U.S. dollars Total in U.S. dollars	6,750,000 1,250,000 1,501,719	6,750,000 1,250,000 1,501,719	2,532,422 468,750 563,149	4,217,578 781,250 938,570	10/5/61 (12/15/61)	5¾% (1964-71)
Banco Industrial del Perú (Republic of Peru) Public entity	Industrial credits (\$11,000,000)	33 credits for \$5,971,229 authorized	U.S. dollars	2,500,000	2,500,000	500,000	2,000,000	10/18/62 (11/23/62)	5¾% (1965-74)
PERUINVEST Compañía Peruano-Suiza de Fomento e Inversiones, S.A. Private entity	Industrial credits (\$3,000,000)	20 credits for an investment of \$3,592,000 authorized	U.S. dollars	750,000	640,764	50,000	590,764	11/5/63 (11/8/63)	5¾% (1966-73)
Banco Industrial del Perú (Republic of Peru) Public entity	Industrial credits (\$16,000,000)	72 credits for a total investment of \$5,000,000	U.S. dollars	5,000,000	5,000,000	500,000	4,500,000	12/12/63 (12/13/63)	5¾% (1966-75)
Compañía Irrigadora Pativilca, S.A. (Republic of Peru) Private entity	Construction of irrigation facilities 100 miles north of Lima (\$3,487,000)	Project underway	Soles ¹ U.S. dollars Total in U.S. dollars	335,000 1,075,000 1,410,000	226,346 678,643 904,989	11,913 35,718 47,631	214,433 642,925 857,358	12/12/63 (12/16/63)	5¾% (1966-75)
Irrigadora Chimbote, S.A. (Republic of Peru) Private entity	Construction of irrigation facilities at Pampas de Chimbote in Northern Peru (\$10,000,000)		Soles ¹ U.S. dollars Total in U.S. dollars	450,000 1,250,000 1,700,000				3/24/64 (3/26/64)	5¾% (1967-79)
Banco Industrial del Perú (Republic of Peru) Public entity	Industrial credits (\$18,600,000)	85 credits for an investment of \$5,012,141 authorized	U.S. dollars	7,000,000	3,684,226		3,684,226	4/15/65 (4/20/65)	6% (1968-77)

Banco Industrial del Perú (Republic of Peru) Public entity	Capital goods exports	Export of capital goods with an invoice value of \$478,524	Original commitment Available from repayment Total in U.S. dollars	1,000,000 39,100 1,039,100	269,800	39,100	230,700	6/15/65 (6/25/65)	6% (1966-70)
Republic of Peru Public entity	Construction of 78-mile section of Pan American Highway south of Lima (\$6,700,000)	Project initiated	U.S. dollars	4,000,000	311,168		311,168	11/18/65 (1/27/66)	6% (1969-81)
Republic of Peru Public entity	Construction of Aguada Blanca irrigation dam in Southern Peru near Arequipa (\$2,896,000)		Soles ¹ Swiss francs U.S. dollars Total in U.S. dollars	100,000 4,373,000 950,000 2,050,000				12/28/66	6½% ⁶ (1970-88)
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				30,861,178	18,723,025	1,917,380	16,805,645		
Less: Participations				2,752,125	2,432,125	1,008,125	1,424,000		
Net total loans to Peru expressed in U.S. dollars				28,109,053	16,290,900	909,255	15,381,645		

URUGUAY

Republic of Uruguay Public entity	Expansion of water system for Montevideo (\$14,500,000)	Project nearly completed	Pesos ¹ U.S. dollars Total in U.S. dollars	2,750,000 2,993,000 5,743,000	1,934,028 2,339,635 4,273,663	178,924 212,694 391,618	1,755,104 2,126,941 3,882,045	8/3/61 (10/9/61)	5¼% (1965-81)
Administración Nacional de Combusti- bles, Alcohol y Portland Public entity	Expansion of cement plant at Minas and oil refinery at Montevideo (\$8,550,000)	Cement plant project complete; oil refinery project nearing completion	U.S. dollars	4,600,000	4,038,642	920,000	3,118,642	6/14/62 (8/23/62)	5¼% (1965-74)
Republic of Uruguay Public entity	Construction of 144 miles of highway between Paysandu and Tacuarembó (\$7,001,000)	Project under construction	U.S. dollars	4,100,000	1,215,527	75,239	1,140,288	11/15/62 (3/5/63)	5¼% (1966-78)
Banco de la República Oriental del Uruguay (Republic of Uruguay) Public entity	Agricultural and industrial credits (\$12,200,000)	Project initiated	U.S. dollars	5,000,000	250,000		250,000	12/19/63 (4/1/64)	5¼% (1967-76)
Republic of Uruguay Public entity	Expansion of water supply services in eastern coastal cities (\$4,622,000)		U.S. dollars	2,600,000				6/10/65 (8/19/65)	6% (1969-75)
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				22,043,000	9,777,832	1,386,857	8,390,975		
Less: Participations				951,395	951,395	764,583	186,812		
Net total loans to Uruguay expressed in U.S. dollars				21,091,605	8,826,437	622,274	8,204,163		

VENEZUELA

Corporación Venezolana de Fomento Public entity	Industrial credits (\$29,500,000)	58 credits for an investment of \$7,773,537 authorized	Bolivares U.S. dollars Total in U.S. dollars	13,375,000 6,250,000 9,214,047	9,617,216 4,834,350 6,963,334	3,886,500 1,905,000 2,765,362	5,730,716 2,929,350 4,197,972	5/18/61 (8/11/61)	5¼% (1964-73)
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ORDINARY CAPITAL RESOURCES

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
VENEZUELA (Cont'd.)									
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) Public entity	Expansion of water supply for Maracaibo (\$20,598,000)	Project nearly completed	U.S. dollars	5,998,520	5,998,520	400,000	5,598,520	8/2/62 (8/24/62)	5¾% (1966-80)
Banco Agrícola y Pecuario (Republic of Venezuela) Public entity	Livestock credits (\$35,583,000)	229 industrial credits for \$1,568,610 authorized	U.S. dollars	5,530,000	2,534,065	272,143	2,261,922	4/16/63 (4/18/63)	5¾% (1966-73)
Corporación Venezolana de Fomento Public entity	Industrial credits (\$23,662,000)	40 credits for an investment of \$1,869,099 and 2,617,656 boli- vares authorized	Bolivares ¹	5,000,000	2,188,876		2,188,876	11/12/64	6%
			U.S. dollars	5,000,000	2,688,875		2,688,875	(5/20/65)	(1967-77)
			Total in U.S. dollars	10,000,000	4,877,751		4,877,751		
C.A. Venezolana de Desarrollo Private entity	Industrial credits (\$6,000,000)	14 credits for an investment of \$5,842,863 authorized	Bolivares ¹	1,500,000	891,428		891,428	4/7/66	6%
			U.S. dollars	1,500,000	855,609		855,609	(4/26/66)	(1969-78)
			Total in U.S. dollars	3,000,000	1,747,037		1,747,037		
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) Public entity	Expansion of water system in Cumaná, Puerto Cabello and Puerto Ordaz and of sewage system in Maracaibo (\$27,519,000)		U.S. dollars	10,000,000				11/29/66	6½% (1968-83)
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				43,742,567	22,120,707	3,437,505	18,683,202		
Less: Participations				3,807,143	3,807,143	1,407,143	2,400,000		
Net total loans to Venezuela expressed in U.S. dollars				39,935,424	18,313,564	2,030,362	16,283,202		
REGIONAL									
Adela Cía. de Inversiones, S.A. (Adela Investment Co S.A. of Luxem- bourg) Private entity	Industrial credit projects in Latin American member countries (\$43,200,000)	Project initiated	Italian lire	3,125,000,000	468,500,000		468,500,000	4/24/66	6% ³
			U.S. dollars	5,000,000	750,000		750,000	(9/27/66)	(1970-81)
			Total in U.S. dollars	10,000,000	1,499,600		1,499,600		
TOTAL REGIONAL LOANS EXPRESSED IN U.S. DOLLARS				10,000,000	1,499,600		1,499,600		
TOTAL LOANS EXPRESSED IN U.S. DOLLARS				747,186,938	377,762,867	32,609,009	345,153,858		
Less: Participations				28,667,474	22,809,074	9,056,299	13,752,775		
Net total loans expressed in U.S. dollars				718,519,464	354,953,793	23,552,710	331,401,083		

Notes:

- A) In addition to the interest rates shown, loans extended before Aug. 6, 1964, carry a commitment fee of $\frac{3}{4}\%$ 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. Interest rates include the special commission of 1% required by Article III, Section 12 of the Agreement.
- B) All of the loans have been approved by the Bank, but certain loans have not become effective and disbursements thereunder will not begin until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.
- C) Interest and amortization are payable in the currencies loaned.
- D) On the undisbursed balance of loans, the Bank has entered into irrevocable commitments to disburse \$36,484,364.
 - ¹ Expressed in U.S. dollar equivalent.
 - ² Italian lire portion is subject to a service commission of 1% and a commitment fee of $1\frac{1}{2}\%$.
 - ³ Italian lire portion is subject to a service commission of 2% and a commitment fee of $1\frac{3}{4}\%$.
 - ⁴ German mark portion is subject to a service commission of $1\frac{1}{2}\%$ and a commitment fee of $1\frac{3}{4}\%$.
 - ⁵ Pound sterling portion is subject to a service commission of $1\frac{1}{2}\%$ and a commitment fee of $1\frac{3}{4}\%$.
 - ⁶ Swiss franc portion is subject to a service commission of $1\frac{1}{4}\%$ and a commitment fee of $1\frac{3}{4}\%$.



Part II

FUND FOR SPECIAL OPERATIONS

Operations/Fiscal Year 1966

Resources

The record volume of lending which the Bank registered in 1966 reflected in large measure the increased contributions made by the Bank's member countries to the Fund for Special Operations in 1965 and 1966.

During 1966 the Bank's member countries completed payment on a \$900 million increase in the Fund's resources which entered into effect March 31, 1965. The first *tranche*, \$300 million, of this increase was paid by June 30, 1965; the second, \$300 million, by Dec. 31, 1965, and the third, also \$300 million, by Dec. 31, 1966.

The original contributions to the Fund were \$146,316,000. This sum was increased in 1964 by \$73,158,000. Thus, as of Dec. 31, 1966, the contributions to the Fund had risen to \$1,119,474,000, of which \$934,737,000 were contributed in dollars and the equivalent of \$184,737,000 in the currencies of the Latin American member countries of the Bank. The total contributions to the Fund for Special Operations are shown in the accompanying table:

The Bank's Board of Governors at its Seventh Annual Meeting in April 1966 in Mexico City requested the Board of Executive Directors to study the possibility of again augmenting the Bank's authorized capital as well as the resources of the Fund for Special Operations. At year end, the Board of Executive Directors had completed the study and it was to be submitted to the consideration of the member governments.

As indicated in the 1965 Annual Report, in increasing the resources of the Fund

CONTRIBUTIONS FUND FOR SPECIAL OPERATIONS (Expressed in United States Dollars)

Country	Total
Argentina	\$ 48,873,000
Bolivia	3,924,000
Brazil	48,873,000
Chile	13,419,000
Colombia	13,410,000
Costa Rica	1,962,000
Dominican Republic	2,616,000
Ecuador	2,616,000
El Salvador	1,962,000
Guatemala	2,616,000
Haiti	1,962,000
Honduras	1,962,000
Mexico	31,419,000
Nicaragua	1,962,000
Panama	1,962,000
Paraguay	1,962,000
Peru	6,546,000
United States	900,000,000
Uruguay	5,241,000
Venezuela	26,187,000
Total	\$1,119,474,000

for Special Operations by \$900 million in 1965 the Bank's members authorized the Bank to expand the activities of the Fund for Special Operations to include "financing for social development purposes, including those heretofore financed through the Social Progress Trust Fund." They also asked that, in establishing policies for the expanded Fund, the Board of Executive Directors take into consideration the policies which guided Trust Fund operations.

The Bank has administered the Trust Fund for the United States Government under the Alliance for Progress Program since June 1961. Its resources are devoted to financing land settlement and improved land use, housing for low-income groups,

community water supply and sanitation facilities and higher education and advanced training.

In September 1965 the Board put into effect new guidelines which provided for the use of the Fund's resources not only in its own previous fields and in the social fields of the Trust Fund, but also in various new areas, including those related to preinvestment studies and project preparation, rural community development, urban development and support for technical and vocational education.

In its 1966 lending the Bank implemented many of these new policy directives, particularly in the fields of integrated urban development and rural community development. It also greatly expanded its activities in the preinvestment field and in the field of education.

Particularly significant in the use of the Fund's resources was the establishment July 21, 1966, by the Bank's Board of Executive Directors at the mandate of the Bank's Board of Governors of the Preinvestment Fund for Latin American Integration. The new Fund is being devoted to the preparation of feasibility studies of multinational projects designed to accelerate Latin America's economic integration.

The Fund was created with initial resources of \$15 million from the Bank's Fund for Special Operations and shortly thereafter on Sept. 7, 1966, the United States Government and the Bank signed an agreement under which the United States assigned \$1.5 million from the resources of the Social Progress Trust Fund to the new Fund. In addition to these initial resources

the Bank may augment the Preinvestment Fund through contributions from its own members as well as non-member countries and from national and international institutions and agencies.

The Preinvestment Fund is devoted to financing studies through loans, grants and reimbursable technical assistance in the following fields:

- Multinational infrastructure works, including highways, air, marine and river transportation, communications systems and related regional services.
- The integrated development of geoeconomic zones covering areas in two or more countries, as in the joint development of international river basins, including power resources, river navigation, land settlement and forest resources.
- Basic industries of a regional scale which will operate in consumer markets embracing various countries.
- Other integration activities, such as studies and programs for the joint exploration of natural resources; the establishment of multinational agencies and enterprises; research into and exchange of scientific and technical knowledge; study of the legal and institutional infrastructure of integration; the training of personnel, and, in general, the mobilization of manpower.

These operations may be effected with governments, governmental agencies, development agencies, multinational entities, organizations in charge of integration activities and private enterprises.

Even before the Preinvestment Fund was established, the Bank in December 1965 obtained the services of Development and

FUND FOR SPECIAL OPERATIONS

Resources Corporation, a New York consulting firm, to make a study on preinvestment projects and programs designed to speed up Latin America's regional economic integration. The study, which was submitted to the Bank in September 1966, singled out various specific initial project ideas termed "suitable to be undertaken in the near future."

These included studies on coking coal, potash and phosphates, heavy mechanical industries and electrical interconnection systems. Others were the evaluation of the hydroelectric, irrigation and navigation potential of several rivers and the joint development of river basins; prospects for the integrated development of frontier areas in South America, similar to those studied by the Bank on the Colombian-Venezuelan and Colombian-Ecuadoran frontier areas, and surveys of Latin America's maritime, air, highway, railway and river transportation systems.

Loans

The volume of loans authorized by the Bank from its Fund for Special Operations during 1966 was the largest yearly total ever authorized from the Fund. A total of 48 loans amounting to \$291,305,000 were approved during the year, compared with 31 loans totaling \$196,595,000 in 1965, which up to then had been the highest previous yearly total. The 1966 authorizations brought the Bank's cumulative lending from the Fund as of Dec. 31, 1966, to 130 loans totaling \$656,881,856, net of cancellations and exchange adjustments.

Disbursements on loans from the Fund for Special Operations were also significantly higher in 1966 than in any previous year,

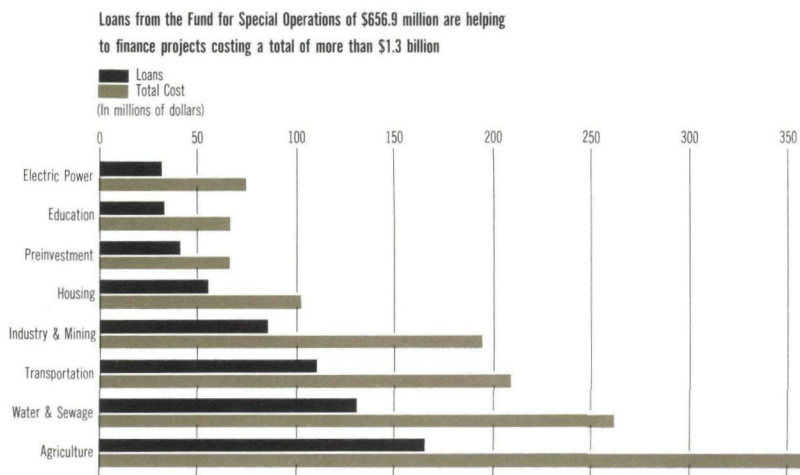
amounting to \$44,625,944, compared with the previous high of \$28,636,505 registered in 1965. At the end of the year, cumulative disbursements from the Fund had risen to \$124,506,265.

The total cost of the projects and programs being financed with the 48 loans extended from the Fund during 1966 is estimated at \$580 million. The Bank's loans are providing 50 per cent of this sum and the remaining 50 per cent is being provided largely by the borrowers themselves.

The Bank's emphasis on *agricultural* development during the year was particularly reflected in the loans extended from the Fund. Eleven loans totaling \$88,080,000, or about a third of the Fund's total lending in 1966, were devoted to that sector. The remaining 37 loans were distributed as follows: *industry and mining*, 7 for \$23,600,000; *water supply and sewage systems*, 5 for \$46,950,000; *housing*, 4 for \$46,975,000; *transportation*, 3 for \$27,500,000; *electric power*, 1 for \$9,100,000; *education*, 9 for \$29,100,000, and *preinvestment*, 8 for \$20 million.

The 11 *agricultural* loans included six to provide credit facilities to help small- and medium-scale farmers to improve their production and productivity. These included \$11 million to the *Instituto de Desarrollo Agropecuario* in Chile; \$400,000 to the *Banco Nacional de Costa Rica*; \$7 million to the *Banco Nacional de Fomento* in Honduras; \$5.1 million to the *Banco Nacional de Nicaragua*; \$2 million (along with \$1.5 million from the ordinary capital resources) to the *Banco Nacional de Panama*; and \$6 million to the *Banco Nacional de Fomento* in Paraguay.

The other five *agricultural* loans included \$9.7 million to the *Instituto Colombiano de la Reforma Agraria* for an irrigation and farm settlement program in Colombia; \$11,080,000 (along with \$13,060,000 from the ordinary capital resources) to *Nacional Financiera, S.A.*, for an irrigation project in Northwest Mexico; \$20 million to the *Republic of Peru* for community development in seven rural Indian areas; \$15 million to help the *Corporación Financiera de la Reforma Agraria* settle 5,250 farm families in Peru's eastern jungle, and \$800,000 (along with \$2,050,000 from the ordinary capital resources) to the *Republic of Peru* to finance the construction of a dam for irrigation in Southern Peru.



The seven *industrial and mining* loans included five which were devoted to programs designed to provide credit for small- and medium-scale enterprises. They included two in Bolivia, one for \$1 million to the *Banco Industrial, S.A.*, and another for \$10.8 million (along with 1,620,000 Canadian dollars from the Canadian resources which the Bank administers) to the *Corporación Boliviana de Fomento*; a loan for \$6 million (along with \$6 million from the ordinary capital resources) to the *Banco do Nordeste do Brasil* for industrial projects in Brazil's Northeast, and two loans, \$2 million and \$800,000 (supplemented by \$3.2 million from the ordinary capital resources) to the Banco de Guatemala for industrial and farm projects in Guatemala.

The other two *industrial and mining* loans included \$2.5 million to the *Corporación Minera de Bolivia* for the third phase of a program to rehabilitate Bolivia's national tin mines and \$500,000 to the *Fabrica Nacional de Cemento, S.A.*, to expand a cement plant at Sucre, Bolivia.

The five *water supply and sewage system* loans included \$14,450,000 to the *Banco do Nordeste do Brasil* for improvements in the systems of three Northeast Brazilian cities, Fortaleza, João Pessoa and Aracajú; \$12 million to the *Departamento Municipal de Aguas e Esgotos de Belo Horizonte* to expand the water system of that city; \$12 million to the water system of the *Municipality of Quito*; \$1.3 million to the *Republic of Guatemala* for water systems in 100 small Guatemalan communities, and \$7.2 million (supplemented with \$10 million from the ordinary capital resources) to Venezuela's *Instituto Nacional de Obras Sanitarias* for improvements in the water systems in Cumaná, Puerto Cabello and Puerto Ordaz and in the sewage system of Maracaibo.

The five *housing* loans included \$12.2 million to finance 3,000 houses, along with their respective services, in a large urban renewal project being undertaken by the *Municipality of Buenos Aires* (a companion loan for \$7 million from the ordinary capital resources is providing sanitation and other infrastructure facilities for the same project); \$20 million to the *Banco Nacional da Habitação* for the construction of 18,700 homes in various Brazilian states; \$12,050,000 to the *Corporación*

de Servicios Habitacionales for 12,000 homes in 75 cities throughout Chile, and \$2,725,000 to the *Instituto de la Vivienda* of Honduras for 2,800 homes in Tegucigalpa.

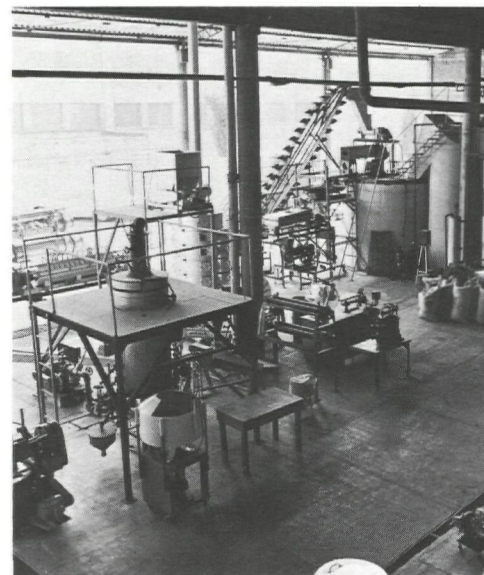
The three *transportation* loans included \$15 million to the *Republic of Chile* for the construction of the Chilean portion of the Trans-Andean Highway between Valparaíso, Chile, and Mendoza, Argentina; \$9 million to the *Republic of Guatemala* for access roads, and \$3.5 million to the *Republic of Panama* for farm-to-market roads in Panama.

The *electric power* loan, one for \$9.1 million (along with another for \$20.4 million from the ordinary capital resources), is financing a 300,000-kilowatt power expansion program being carried out by the *Companhia Hidro Eletrica do São Francisco* in Northeast Brazil.

The nine *education* loans included \$3.8 million to the *Republic of Argentina* to improve medical training; \$1 million, also to the *Republic of Argentina*, to improve metallurgical educational training; \$2.5 million to the *Universidad Técnica Federico Santa María* for the expansion of technological training at that university in Valparaíso, Chile; \$5 million to improve training in agricultural sciences at the *University of Chile*; \$5.3 million to build and expand facilities of the *University of Antioquia* in Medellín, Colombia; \$7.7 million for the expansion of the facilities of the *Universidad Nacional de Colombia* in four other Colombian cities; \$1.3 million to the *Banque Nationale de la République d'Haiti* to improve medical and agricultural training in Haiti; \$700,000 to the *Republic of Panama* to establish a student loan fund, and \$1.8 million to the *Universidad Nacional de Trujillo* to improve instruction and research in basic sciences and chemical engineering in Peru.

Six of the eight *preinvestment* loans were designed to establish national funds to identify development projects and carry out specific feasibility studies of projects. They were \$4.3 million to the *Republic of Argentina*; \$2.1 million to the *Republic of Bolivia*; \$5 million to *Nacional Financiera, S.A.*, in Mexico; \$700,000 to the *Republic of Paraguay*; \$3.1 million to the *Republic of Peru*, and \$1.5 million to the *Republic of Uruguay*. Those made in Argentina, Mexico and Peru were also accompanied by loans extended from the Canadian resources

A TECHNOLOGICAL RESEARCH INSTITUTE in Mexico used a Bank loan to purchase new laboratory and experimental equipment. The Institute offers training to students from Mexico as well as from other Latin American countries.



FUND FOR SPECIAL OPERATIONS

which the Bank administers. The other two preinvestment loans were \$300,000 to the *Instituto Agrario de Nicaragua* for a feasibility study of a project to settle 4,500 farm families in that nation's sparsely settled Atlantic coastal region and \$3 million to the *Central American Bank for Economic Integration* to foster Central America's economic integration through preinvestment studies on specific projects.

The rate of interest charged during 1966 on loans extended from the Fund for Special Operations ranged from 2¼ per cent to 4 per cent per annum, according to the nature of the project. In addition, a service charge of ¾ of 1 per cent was applied when required. Most of the loans were extended for terms of from 13 to 30 years.

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

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

- Agriculture
- Industry and Mining
- Water Supply and Sewage Systems
- Housing
- Transportation
- Electric Power
- Education
- Preinvestment

AGRICULTURE

CHILE

FARM CREDIT

\$11 million 20-year 2¼% loan of Sept. 15, 1966
(\$8.5 million and \$2.5 million in escudos)

Borrower: **INSTITUTO DE DESARROLLO AGROPECUARIO**

Since 1950 Chile's agricultural sector has suffered a period of relative stagnation. The decline of the importance of this sector in the overall economy has been one of the principal factors impeding higher economic growth in the nation. At the same time, Chile has had to increase its imports of agricultural products from \$69 million a year in 1950 to \$161 million in 1963, while its exports of such products went slightly down during the period from \$36 million that year to \$34 million in 1963.

This loan will enable the *Instituto de Desarrollo Agropecuario* to contribute to a

solution of this problem by extending credits under a Supervised Capitalization Credit System to small- and medium-scale farmers for investments designed to raise their production and productivity. More than 10,000 farmers are expected to receive credits under the system. Up to \$60,000 of the loan may be used to finance technical assistance services related to the program.

This program will complement a supervised credit program for small-scale farmers, which the Bank helped finance with a \$6.5 million loan from the Social Progress Trust Fund in 1961. That program benefited some 60,000 low-income farmers.

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

COLOMBIA

IRRIGATION AND LAND SETTLEMENT

\$9.7 million 25-year 2¼% loan of April 24, 1966
(\$5.4 million and \$4.3 million in Colombian pesos)

Borrower: **INSTITUTO COLOMBIANO DE LA REFORMA AGRARIA**

The *Instituto Colombiano de la Reforma Agraria (INCORA)* is a public agency charged with implementing the Agrarian Reform Law adopted by Colombia in 1961. This loan will help *INCORA* to get the first stages of two irrigation and land settlement projects underway in the Department of Bolivar and to complete another in the Department of Valle del Cauca. The latter project will be carried out by *Corporación Autónoma Regional del Valle del Cauca*, the agency in charge of developing the Cauca River Valley.

The project to be carried out by *INCORA* in Bolivar will be undertaken in an area of about 62,000 acres 25 miles south of the city of Cartagena. The total cost of the first stage, which calls for the improvement of some 23,000 acres of land to be subdivided into 430 farms, is \$11,711,300, of which the Bank will finance \$5,414,400. About 700 farmers will be benefited by this project.

The project to be undertaken by the *Corporación del Valle del Cauca* will be carried out in an area of 56,000 acres known as the Roldanillo-La Unión-Toro project about 105 miles north of Cali. The first stage of this project, which will result in the improvement of 25,000 acres, will cost a total of \$10,820,700, of which the Bank will finance \$4,285,600. About 1,000 farmers will be benefited by the project.

As a result of the execution of the project, output of the Bolivar zone is expected to rise five and one-half times by 1970 to a total of \$6.2 million yearly and that of the Roldanillo-La Unión-Toro project twice to a total of \$8.7 million yearly by 1970. The loan is guaranteed by the Republic of Colombia.

COSTA RICA

LIVESTOCK DEVELOPMENT

\$400,000 7½ year 3¼% loan of Aug. 2, 1966
(\$400,000 in colones)

Borrower: **BANCO NACIONAL DE COSTA RICA**

In 1961 the Bank extended a \$3 million loan from its ordinary capital resources to the *Banco Nacional de Costa Rica* to be relent for livestock development projects. Some \$2.4 million was extended in dollars and the remaining \$600,000 in colones.

In 1966 the Bank decided that a greater amount of local currency should be allotted to the program. As a result, it cancelled \$400,000 of the ordinary capital loan and replaced it with this loan in Costa Rican colones from the Fund for Special Operations.

HONDURAS

FARM AND INDUSTRIAL CREDIT

\$7 million 20-year loan of Oct. 27, 1966
(\$4.3 million at 3¼% and \$2.7 million at 2¼%)
(\$5,550,000 and \$1,450,000 in lempiras)

Borrower: **BANCO NACIONAL DE FOMENTO**

In 1962 the Inter-American Bank extended two credits totaling \$8.5 million (one for \$6 million from the Fund for Special Operations and the other for \$2.5 million from the Social Progress Trust Fund) to the *Banco Nacional de Fomento* of Honduras to relend to small- and medium-scale farm and industrial enterprises. The program was designed to raise productivity, promote economic diversification and help Honduras improve its status. It is the least developed member of the Central American Common Market.

With the proceeds of the first loan the *Banco Nacional* financed 1,419 agricultural credits and 20 industrial credits. The second loan enabled the *Banco* to extend nearly 10,000 credits to small farmers.

This new loan will enable the *Banco Nacional* to continue its programs in these sectors. It will cover some 70 per cent of a program being carried out at a total cost of \$10,050,000. Up to \$4.3 million of the loan will be devoted to credits for medium- and large-scale farmers and industrialists

and \$2.7 million will be devoted to credits for small-scale farmers. In addition some \$96,000 may be allocated to technical assistance and \$14,000 to inspection costs. The loan is guaranteed by the *Banco Central de Honduras*.

MEXICO

IRRIGATION

\$11,080,000 25-year 4% loan of Dec. 15, 1966
(\$4 million and \$7,080,000 in Mexican pesos)
Borrower: **NACIONAL FINANCIERA, S.A.**

This loan, along with another for \$13,060,000 from the ordinary capital resources (page 18), will enable the Government of Mexico to carry out an irrigation project in the Northeastern part of the State of Sinaloa, in an area known as El Sabino near the State of Sonora, and thus bring some 99,000 acres of land in El Carrizo Valley into cultivation.

In addition to its economic benefits, the execution of the project will improve the living standards of some 3,700 low-income farmers who, with their families, would make up a population of some 22,200 persons. Along with the construction of the basic irrigation, agricultural development and social improvement works, Mexico's Department of Hydraulic Resources has drafted a plan for the orderly movement of settlers into the area in order to ensure the integral development of the zone.

Approximately \$9,590,000 of this loan will be used to cover local costs involved in building the irrigation system and the remaining \$1,490,000 will be devoted to such social development sectors as housing and water supply. The loan is guaranteed by the United Mexican States.

AGRICULTURAL LOANS AT WORK: Bank Loans provide extension services for farmers in Paraguay and farm equipment to help Argentine agriculturists mechanize their operations.



NICARAGUA

FARM CREDIT

\$5.1 million 20-year 2¼% loan of Nov. 10, 1966
(\$4,050,000 and \$1,050,000 in cordobas)

Borrower: **BANCO NACIONAL DE NICARAGUA**

In 1962 the Bank extended a loan of \$2.5 million from the Social Progress Trust Fund to the *Banco Nacional de Nicaragua* to finance medium- and long-term credits for low-income farmers. The program, which was designed to increase the production of foodstuffs and improve income levels in the countryside, benefited some 12,000 farmers.

This loan will enable the *Banco Nacional* to continue the program and benefit an additional 17,000 rural families with credits for on-farm improvements. Simultaneously the Bank extended a loan for \$1.9 million from its ordinary capital resources (page 19) to the *Banco Nacional* to improve the nation's rice production. The loan is guaranteed by the Republic of Nicaragua.

PANAMA

LIVESTOCK CREDIT

\$2 million 20-year 3¼% loan of Sept. 22, 1966
(\$1.7 million and \$300,000 in balboas)

Borrower: **BANCO NACIONAL DE PANAMA**

This loan is one of three made by the Inter-American Bank in 1966 to help finance the Robles Plan, Panama's rural development program, in which the efforts of various government agencies are being coordinated to accelerate the growth of six rural areas with a total area of 1.5 million acres.

This loan, along with one from the ordinary capital resources for \$1.5 million (page 19), will be used by the *Banco Nacional de Panamá* to extend credits for the development of meat, pork and poultry production. Up to \$113,000 of the loan may be used for technical assistance services. The loan is guaranteed by the Republic of Panama.

PARAGUAY

FARM CREDIT

\$6 million 25-year 2¼% loan of Nov. 10, 1966
(\$4.4 million and \$1.6 million in guaraníes)

Borrower: **BANCO NACIONAL DE FOMENTO**

Paraguay's agricultural sector employs about 52 per cent of the nation's economically active population and earns some three-fourths of the nation's foreign exchange. However, productivity in this sector is low due to inadequate infrastructure, shortage of trained personnel, a deficient

land tenure system and insufficient credit.

In 1963 the Bank extended a loan of \$2.9 million from the Social Progress Trust Fund to the *Banco Nacional de Fomento* to help remedy one of these deficiencies by providing credit for small-scale farmers. Under that program some 7,500 farmers and ranchers obtained credits to increase their productivity.

This loan will contribute to the execution of a further stage of the program costing a total of \$8.8 million, which will benefit approximately 8,000 persons. The loan will cover 68 per cent of the total cost, the *Banco Nacional* will provide 25 per cent and the beneficiaries will put up 7 per cent. The proceeds of the loan will be used to provide short-, medium- and long-term credits for on-farm improvements; the purchase of farm animals, machinery and equipment; the construction of farm facilities, and the development of poultry, bee-keeping and marketing facilities.

Up to \$100,000 of the loan may be used to finance technical assistance related to the execution of the program. The loan is guaranteed by the Republic of Paraguay.

PERU

COMMUNITY DEVELOPMENT

\$20 million 30-year 2¼% loan of Jan. 27, 1966
(\$17.6 million and \$2.4 million in soles)

Borrower: **REPUBLIC OF PERU**

Most of Peru's Indian population, which accounts for 53 per cent of the nation's 12 million inhabitants, live in centers in the Sierra, which occupies 26 per cent of Peru's land area. The Indian communities, which are concentrated in the valleys and plateaus of the Andean mountain chain, have remained isolated from the nation's economic and social mainstream due to social, cultural, language and geographic barriers.

This loan will contribute to changing this by helping Peru carry out the first stage in a far-reaching plan designed to improve the social, economic and cultural conditions of this segment of its population. The program is being carried out at an estimated cost of \$39.5 million and includes the execution of 11 sub-projects to improve the living conditions of seven Indian communities with an area of 15,000 square miles and a population of 1,250,000 inhabitants. The regions include Valle del Mantaro, Meseta del Bombón, Puno, Siquani,

Andahuaylas, Cangallo and Callejón de Huaylas. These were selected as zones of influence because of their strategic location in the Peruvian Sierra.

The projects include infrastructure and rural housing; farm extension; agricultural development and soil conservation; agricultural credit; handicrafts and small rural industries; development of cooperatives; agrarian reform; public health; rural education; social and anthropological studies; the training of personnel; organization of communities, and the provision of legal advice to them.

About 28 per cent of the loan will be devoted to the acquisition of equipment for the project, 36 per cent to building materials, 26 per cent to credit programs, and the remaining 10 per cent to aereo-photogrammetric interpretation, technical assistance and loan supervision costs. Up to \$300,000 may be used for the technical assistance aspects of the program.

FARM SETTLEMENT

\$15 million 25-year 2¼% loan of May 26, 1966
(\$13.5 million and \$1.5 million in soles)

Borrower: **CORPORACION FINANCIERA DE LA REFORMA AGRARIA**

The largest area of unexploited land in Peru is its eastern jungle region, which covers 63 per cent of the country and accounts for some 10 per cent of its population. Although the opening up of new farming lands is vitally important to the nation's economic development, most of this state-owned land is uncultivated. To correct this situation the Government of Peru's 1964 Agrarian Reform Law placed high priority on land settlement and road building programs in this region.

This loan to the *Corporación Financiera de la Reforma Agraria*, the governmental agency in charge of managing funds for agrarian reform programs, will contribute to these twin objectives by helping to settle about 5,250 farm families in an area of 212,000 acres of land in the Departments of Huanuco and San Martín in the Huallaga River Basin. The zone to be benefited has a population of more than 30,000 inhabitants. Its main urban center is Tingo María which has a population of 6,000.

The project, which is being carried out at a total cost of \$25 million, calls for the subdivision of the land into farms, extension of credits to farm settlers for on-farm investments and houses, and construction of 56 miles of roads and other infrastructure

facilities. Some 73 per cent of the loan will be devoted to credits, 25 per cent to highway construction and other infrastructure, and 2 per cent to technical assistance and administrative and supervisory costs. Up to \$80,000 may be used for the technical assistance aspects of the program. The loan is guaranteed by the Republic of Peru.

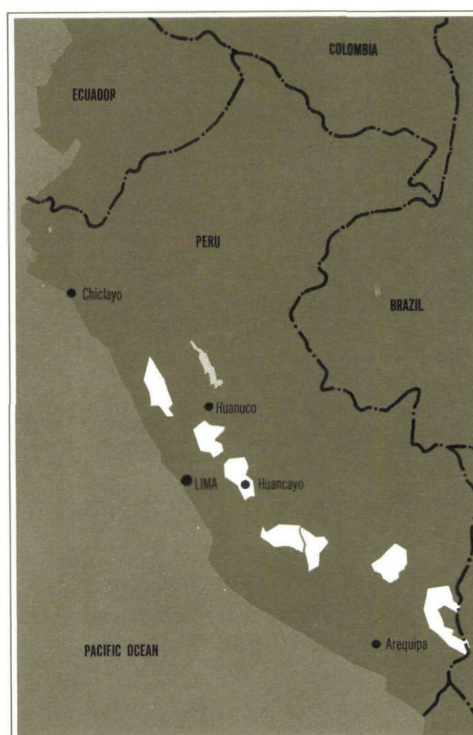
DAM CONSTRUCTION

\$800,000 20-year 3¼% loan of Dec. 28, 1966
(\$800,000 in soles)

Borrower: **REPUBLIC OF PERU**

This loan, together with another for \$2,050,000 from the ordinary capital resources (page 20), will finance 70 per cent of the cost of a dam and supplementary irrigation facilities near Arequipa in the Southern Peruvian highlands. The system will irrigate an area of 17,000 acres which will be turned over to some 700 farm families under the National Agrarian Reform Plan, and will improve irrigation of another 25,000 acres.

The dam, known as *Aguada Blanca*, will be an addition to a complex of reservoirs and canals which has been built in the last ten years in the Arequipa area to promote the intensive use of the Colca and Chili River basins. The dam will make possible the utilization of virtually the last available water resources in the Arequipa area, the nation's second largest urban center, and will also increase the potable



Two Bank loans support integrated community development programs in Peru

Projects in the Sierra
Project in the Selva

water supply for the city of Arequipa, whose water system was improved with the aid of the very first loan extended by the Bank in 1966.

INDUSTRY AND MINING

BOLIVIA

TIN MINE REHABILITATION

\$2.5 million 13-year 3¼% loan of Feb. 10, 1966
(\$2,459,000 and \$41,000 in Bolivian pesos)

Borrower: **CORPORACION MINERA DE BOLIVIA**

Since 1961 the *Corporación Minera de Bolivia (COMIBOL)*, the government agency which operates Bolivia's national mines, has been engaged in a program to restore Bolivia's tin mines to profitable levels of production.

The program is being carried out through a "Triangular Operation," in which the United States, Germany and the Inter-American Bank have provided financial and technical cooperation. Argentina also assisted in the first stage of the program.

This loan represents the Bank's contribution to the third and final phase of the program. The sums provided in each of the phases is shown in this table:

	(In Millions of US\$)			
	First	Second	Third	Total
United States	5.00	9.00	6.10	20.10
Germany	3.75	2.88	1.50	8.13
Bank	4.50	4.90	2.50	11.90
Argentina	1.50	—	—	1.50
Total	14.75	16.78	10.10	41.63

BOLIVIA'S TIN MINING INDUSTRY, operated by the Bolivian Mining Corporation, is benefiting from a multilateral rehabilitation program in which the United States, Germany and the Bank are participating.



In addition to the above sums, the United States made available \$18.6 million in loans for working capital in the early phases of the program.

In the first two phases, emphasis was placed on the purchase of spare parts and new equipment and the replacement of worn out mine machinery, as well as on providing technical assistance to *COMIBOL* in its administrative reorganization. In the current phase emphasis will be placed on exploration for new sources of ore and on metallurgical research, as well as on further technical assistance to *COMIBOL*. Up to \$725,000 may be devoted to technical assistance.

The improvements effected through the "Triangular Operation" enabled *COMIBOL* to reduce operating losses from \$17 million

in 1963 to \$5 million in 1964. In 1965 there were no losses and in 1966 earnings were registered for the first time in approximately a decade. The loan is guaranteed by the *Banco Central de Bolivia*.

CEMENT PLANT

\$500,000 15-year 3¼% loan of June 23, 1966

Borrower: **FABRICA NACIONAL DE CEMENTO, S.A.**

The only two cement factories in Bolivia have a joint production capacity of 66,000 tons a year. The two factories, the *Fábrica Nacional de Cemento, S.A.*, located in Sucre and the *Sociedad Boliviana de Cemento, S.A.*, located in Viacha near La Paz, each has a capacity of 33,000 tons annually.

Up to 1964, when Bolivia's consumption reached 65,300 tons, the two plants were able to meet most of the nation's demands. However, Bolivia's growing needs, due to the construction of highways, power projects, housing, and water and sewage systems, are now expected to create a demand much greater than the capacity of both plants. Thus, the expansion of the two plants is deemed essential to provide an adequate supply of cement to the country during the next few years.

This loan will finance 64 per cent of a project, being carried out at a cost of \$780,000, to expand the capacity of the *Fábrica Nacional's* plant to 45,000 tons a year. Up to \$35,000 of the loan may be devoted to the technical assistance required in the execution of the project.

The project calls for the enlargement of the plant's calcinating furnace, the conversion of its existing clinker mill into a Portland cement mill, the installation of an electrostatic dust collector, and improvements in its cooling, distribution and storage systems. Simultaneously the *Sociedad Boliviana de Cemento* is also expanding its facilities to 45,000 tons annually. The loan is guaranteed by the *Corporación Boliviana de Fomento*.

INDUSTRIAL CREDIT

\$1 million 15-year 3¼% loan of June 23, 1966

Borrower: **BANCO INDUSTRIAL, S.A.**

Since 1960 Bolivia's industrial sector has been undergoing a period of growth after many years of virtual stagnation. To stimulate this growth even further, the Bolivian Government in 1965 adopted a new industrial development law and a new tariff for industrial products which free certain industries from payments of duty on

capital goods and raw materials, raise duties on imported goods which compete with domestic industries, and exempt local industrial firms from certain taxes.

The expansion of this sector has been hampered in large measure by a shortage of capital, due to the lack of a domestic capital market and low national savings. Thus, in order to satisfy its industrial development requirements, Bolivia needs to secure foreign financial assistance and attract foreign investment.

This loan will help a private development Bank in Bolivia, the *Banco Industrial, S.A.*, to carry out a credit program for private industry at a total cost of \$1.5 million. About 67 per cent of this cost will be provided by the Bank loan and 33 per cent by the *Banco* and its sub-borrowers.

Credits will be extended preferentially to enterprises producing goods that replace imports, expand exports, make use of domestic raw materials and increase employment. The loan is guaranteed by the *Banco Central de Bolivia*.

INDUSTRIAL AND MINING CREDIT

\$10.8 million 15-year 3¼% loan of Nov. 10, 1966
(\$8.8 million and \$2 million in Bolivian pesos)

Borrower: **CORPORACION BOLIVIANA DE FOMENTO**

In 1961 the Inter-American Bank extended a loan of \$10 million from its Fund for Special Operations to the *Corporación Boliviana de Fomento (CBF)* to finance industrial and mining projects. With the proceeds of that loan CBF was able to finance some 221 projects at a total cost of \$23.8 million.

By sectors the loan was allocated as follows: agriculture, \$1,920,000; mining, \$1,193,000; industry, \$2,134,000; electric power, \$2,280,000; sugar mill, \$2,105,000; irrigation and drainage, \$36,000; other specific projects, \$250,000, and capitalized interest, \$82,000.

This new loan, along with another for 1,620,000 Canadian dollars (page 139), will enable CBF to continue its credit program in the industrial and mining sectors, as well as devote up to \$500,000 to credits for home industries. Some \$300,000 of the loan may be used to finance advisory services to improve the operations of CBF. With this loan and its own resources, CBF hopes to finance projects totaling \$19.7 million. Through the execution of these projects the nation's industrial and mining output is expected to rise by \$48 million a year.

In extending credits CBF will weigh the contribution of the projects to replacing imports, augmenting exports, increasing employment, making greater use of domestic raw materials, and accelerating the integration process. The loan is guaranteed by the Republic of Bolivia.

BRAZIL

INDUSTRIAL CREDIT

\$6 million 16-year 3¼% loan of Dec. 28, 1966

Borrower: **BANCO DO NORDESTE DO BRASIL**

This loan, together with another for \$6 million from the ordinary capital resources (page 16), will finance 25 per cent of the cost of an industrial credit program in Northeast Brazil. The project represents a new stage in a program begun in 1961 with the aid of a \$10 million loan from the Fund for Special Operations. The *Banco do Nordeste do Brasil* used the proceeds of that loan to help finance projects worth \$45 million in such industrial groups as textiles, chemical products, metal products, construction materials, electrical appliances and various other manufactures.

The new phase, under which a total investment of \$48 million in some 30 industrial projects is contemplated, will benefit similar groups. The program will be carried out under the direction of the *Superintendência do Desenvolvimento do Nordeste (SUDENE)*, the Brazilian agency charged with the development of the Northeast region, Brazil's most depressed area. The loan is guaranteed by the United States of Brazil.

GUATEMALA

INDUSTRIAL AND FARM CREDIT

\$2 million 18-year 2¼% loan of Aug. 9, 1966
(\$1.3 million and \$700,000 in quetzales)

Borrower: **BANCO DE GUATEMALA**

This loan is one of three totaling \$6 million which the Bank extended in 1966 to finance industrial and agricultural credit programs designed to help Guatemala achieve its 1965-69 economic goals. The three include this loan for \$2 million, another for \$3.2 million from the ordinary capital resources (page 16) and a third for \$800,000, also from the Fund for Special Operations (below).

This loan will provide credit for small-scale farms and industries. In addition, up to \$300,000 may be used for technical assistance to the state development institutions which will participate in channeling

RADIOS IN BRAZIL'S NORTHEAST help spread knowledge. The Banco do Nordeste do Brasil has received \$22 million in Bank loans which it is relending to such industries as textiles, metal and chemical products, construction, electronics, and others.



the credits and another \$175,000 will finance preinvestment studies to prepare specific projects for financing.

INDUSTRIAL AND FARM CREDIT
\$800,000 18-year 3¼% loan of Aug. 9, 1966
(\$800,000 in quetzales)
Borrower: **BANCO DE GUATEMALA**

This loan supplements the one described above and another for \$3.2 million from the ordinary capital resources (page 16) in financing an industrial and agricultural credit program in Guatemala.

The resources of this loan, along with the one from the ordinary capital resources, will be devoted specifically to extending credits to medium- and large-scale industrial and agricultural producers.

WATER SUPPLY

BRAZIL

WATER SYSTEMS
\$14,450,000 25-year 2¼% loan of Nov. 29, 1966
Borrower: **BANCO DO NORDESTE DO BRASIL**

In 1963 the Bank extended a loan of \$12,990,000 from the Social Progress Trust Fund to help finance water supply systems, now virtually complete, for the cities of Natal, Recife, Maceió, Teresina, São Luis and Campina Grande, major cities in Brazil's underdeveloped Northeast, with a total population of more than 2 million.

This new loan will help to finance additional water systems, costing a total of \$28.9 million, for three more Northeast cities—Fortaleza, João Pessoa and Aracaju. The systems will raise the number of persons receiving water service at home in those cities from 251,000 to 790,000. The Bank's financing will provide 50 per cent of the cost of the three projects and local

resources will cover the remaining 50 per cent. All three systems involve the construction of additional intake facilities, water treatment and storage facilities, expansion of the distributing networks, and installation of home connections and meters.

In Fortaleza, the improved system will increase the water supply from 18,000 to 70,000 cubic meters per day, enough to meet the needs of 63 per cent of the city's estimated population of 600,000 in 1970. At present only 15 per cent of the population is served by home connections.

In Aracaju the project will increase the available water supply from 20,000 to 36,000 cubic meters daily, so that by 1980 some 80 per cent of the city's estimated population of 225,000 will be supplied. At present only 70 per cent are served by home connections.

In João Pessoa the project is designed to increase the water supply from 17,500 to 41,000 cubic meters per day so that by 1980 70 per cent of the estimated 300,000 city residents will enjoy home service. At present only 48 per cent of the population has such service.

The loan is guaranteed by the United States of Brazil.

WATER SYSTEM
\$12 million 20-year 3¼% loan of Dec. 22, 1966
(\$8 million and \$4 million in cruzeiros)
Borrower: **DEPARTAMENTO MUNICIPAL DE AGUAS E ESGOTOS DE BELO HORIZONTE**

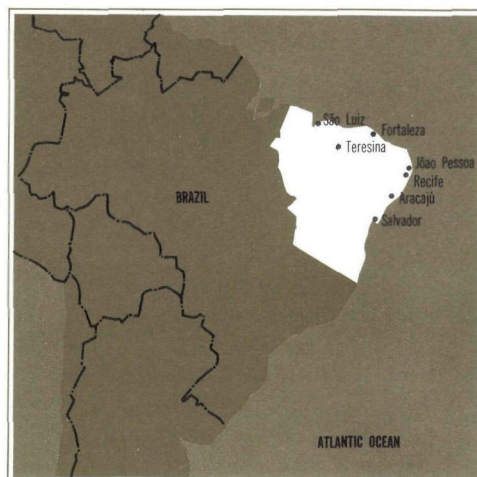
Belo Horizonte, capital of the State of Minas Gerais, with a population of 1 million, is one of the largest cities in Brazil. Only 400,000 of this population are presently supplied by the city's water supply system, and these only receive inadequately purified water on a rationed basis. Other residents are supplied by public fountains and open streams. This situation reflects itself in high mortality and morbidity rates and poses a large obstacle to the city's economic development.

The system's inadequacy has become even more serious in recent years due to the rapid growth of the city's population, which expanded by 300,000 persons between 1960 and 1966. Much of this increase was due to a large influx from rural areas of low-income families who have settled in the slums surrounding the city.

This loan will help finance a 25.2 million project designed to expand the system in order to supply 940,000 persons, or 75 per cent of the estimated 1970 popu-

About one-fourth of the Bank's lending to Brazil has been devoted to projects in the underdeveloped Northeast

 Northeast Brazil



lation of 1,250,000. The project will particularly benefit low-income inhabitants living in the city's outskirts.

It calls for the completion of the intake system at the Das Velhas River; the installation of two pumping stations, a treatment plant and a storage tank; the construction of conduction lines to the city; the expansion of the distribution network, the installation of 25,000 new water meters and the repair of another 15,000. The loan is guaranteed by the State of Minas Gerais and the *Caixa Economica do Estado de Minas Gerais*.

ECUADOR

WATER SYSTEMS

\$12 million 23-year 2¼% loan of July 14, 1966
(\$10.7 million and \$1.3 million in sucres)

Borrower: **MUNICIPALIDAD DE QUITO**

Quito, the capital of Ecuador, has a population of some 370,000 inhabitants and is growing at the rate of 3.6 per cent annually. As a result of this population growth, the city's water supply, which is excellent in quality, falls short of meeting the city's needs, particularly during the summer months. The water deficit is estimated at about 35 per cent of requirements.

In order to solve this problem and to assure an average supply of 250 liters of water per inhabitant daily for a population that is expected to reach 710,000 persons by 1994, the Municipality of Quito has prepared a three-stage expansion program for its water system.

This loan will help finance the first stage of the program which is being carried out by the *Empresa Municipal de Agua Potable*, the agency in charge of the city's water system, at a total cost of \$17,555,000. Some 68 per cent of this cost is being provided by the Bank's loan and 32 per cent by the *Empresa*.

This loan supplements one for \$3 million which the city received in 1962 from the Social Progress Trust Fund to finance improvements in its sewage system. That program is now nearly complete. The loan is guaranteed by the Republic of Ecuador.

GUATEMALA

WATER SYSTEMS

\$1.3 million 30-year 2¼% loan of Sept. 22, 1966
(\$1.2 million and \$100,000 in quetzales)

Borrower: **REPUBLIC OF GUATEMALA**

In 1964 only 10 per cent of Guatemala's 2.6 million rural inhabitants had

access to public water systems and this access was limited to public taps, not home connections. The remainder of the population had to rely on wells, springs and streams which frequently were impure. This situation reflected itself in a high incidence of water-borne diseases. To improve the situation the Government of Guatemala is undertaking a national program to provide adequate water service to at least half of Guatemala's rural population over the next decade.

This loan will finance 62 per cent of the 2.1 million cost of the first stage of the program. This stage calls for the construction of water systems for 100 communities of between 300 and 2,000 inhabitants each, whose total population is 90,000. The loan proceeds will be used primarily to cover the foreign exchange costs of the project. Up to \$40,000 of the loan may be used to finance technical studies related to the preparation of individual projects. Capacities of the systems will vary, depending on the size of the communities, to supply from 75 to 125 liters of water per capita daily.

VENEZUELA

WATER AND SEWAGE SYSTEMS

\$7.2 million 18-year 4% loan of Nov. 29, 1966
(\$7.2 million in bolivares)

Borrower: **INSTITUTO NACIONAL DE OBRAS SANITARIAS**

This loan supplements another for \$10 million from the ordinary capital resources (page 21) in financing 36 per cent of the cost of four projects to improve the water supply systems of the cities of Cumaná, Puerto Cabello and Puerto Ordaz, and the sewage system of Maracaibo.

The four projects will benefit nearly 1 million persons, 650,000 with water and 295,000 with sewage services. Maracaibo is Venezuela's second largest city and an important petroleum and industrial center; Cumaná and Puerto Cabello are seaports, and Puerto Ordaz is an Orinoco River port in the rapidly developing eastern part of Venezuela.

The projects are part of a four-year plan of the *Instituto Nacional de Obras Sanitarias*, the agency in charge of the nation's potable water and sewage systems, to extend water supply services to virtually all urban inhabitants, which now account for about two-thirds of Venezuela's population of 9 million. The loan is guaranteed by the Republic of Venezuela.

SANITATION FACILITIES at Quito were improved with help of a loan of \$3 million which modernized its sewage facilities. Now another Bank Loan of \$12 million made in 1966 will help to improve its water supply.



HOUSING

ARGENTINA

URBAN RENEWAL

\$12.2 million 30-year 2¼% loan of Nov. 3, 1966
(\$10.4 million and \$1.8 million in Argentine pesos)
Borrower: **MUNICIPALIDAD DE LA CIUDAD DE BUENOS AIRES**

Argentina has a housing deficit which in 1963 was estimated at 1,350,000 units. The greater Buenos Aires area accounted for some 600,000 or nearly half that total. In its 1965-69 National Development Plan the Government of Argentina assigned high priority to home construction, hoping to build some 772,000 houses and their respective community services during the five-year period.

The City of Buenos Aires is carrying out a 12-year urban renewal plan at a total cost of \$700 million to transform a large area of the city into a modern urban center with all modern community facilities and to construct a new development to house persons displaced from slum areas.

Under the program an urban center of 50,000 homes for 250,000 will be built in the Parque Almirante Brown slum area and a new suburb with 15,000 homes for 60,000 persons will be built at Ciudad General Belgrano. The Bank is contributing to the first stage of this program with two loans totaling \$19.2 million—this one for \$12.2 million and another for \$7 million from the ordinary capital resources (page 21).

These loans will enable the *Comisión Municipal de la Vivienda* to finance the construction of 3,000 housing units and their respective services in Ciudad General Belgrano. Up to \$150,000 of the \$12.2 million loan may be devoted to technical assistance services related to the program.

These loans are the second contribution of the Bank to a solution of Argentina's housing problem. In 1962 the Bank extended a loan for \$30 million from the Social Progress Trust Fund to help finance the construction of 15,300 new housing units for low-income families throughout the country. The loan is guaranteed by the Republic of Argentina.

BRAZIL

URBAN HOUSING

\$20 million 30-year 2¼% loan of Aug. 4, 1966
(\$15 million and \$5 million in cruzeiros)
Borrower: **BANCO NACIONAL DA HABITAÇÃO**

Since 1950 Brazil has experienced a population growth ranging between 3.2 per

cent and 3.5 per cent a year, a figure which has averaged 6 per cent in the cities. This growth has not been matched by a corresponding increase in housing construction, with the result that the nation's home deficit is estimated at approximately 7 million units and is rising at a rate of about 400,000 a year.

To reverse this trend the Brazilian Government adopted a new housing plan in 1964 designed to mobilize financial resources for housing construction by coordinating public and private efforts in the field and by providing incentives in the form of periodic readjustments of outstanding mortgage balances and a readjustment in rents as minimum wages increase. The *Banco Nacional da Habitação*, which was established in 1964 to encourage the construction of low-cost housing, acts as a central clearing center in the execution of the plan.

This loan will finance 50 per cent of the cost of an urban development program to build 18,700 homes and their respective community services in various Brazilian cities. The *Banco* will finance another 50 per cent. Up to \$400,000 of the loan may be devoted to technical assistance related to the execution of the project. The housing companies, which are joint stock companies engaged in eradicating slums in large cities, will build 13,360 units and the co-operatives, formed by low-income families, will build 5,340. The program also provides for the construction of schools, nurseries, dispensaries, playgrounds, civic and cultural centers, small shops and supplementary urban services. The loan is guaranteed by the United States of Brazil.

CHILE

HOUSING

\$12,050,000 30-year 2¼% loan of April 24, 1966
(\$9 million and \$3,050,000 in escudos)
Borrower: **CORPORACION DE SERVICIOS HABITACIONALES**

According to Chile's Housing Census, there were 382,900 sub-standard homes in Chile in 1960. Between 1960 and 1965, a total of 160,000 units should have been built to keep pace with population growth, but little more than half of that number were actually built. Consequently, the shortage in 1965 amounted to 440,000 units, 60 per cent in urban centers. Half the latter deficit was concentrated in the metropolitan Santiago area. To solve the prob-

lem, Chile has initiated a National Housing Plan to build 360,000 housing units between 1965 and 1970.

This loan will help finance the first stage of a program within the plan to build 72,000 houses over a six-year period for families now living in slum areas. This stage calls for the construction of 12,000 houses in 75 cities and towns throughout Chile within a period of two years.

The program is being carried out by the *Corporación de Servicios Habitacionales*, a governmental agency responsible for providing housing and community facilities for low-income families in Chile.

The total cost of the first stage of the program is estimated at \$24 million of which the Government of Chile, the *Corporación*, the beneficiaries and other Chilean institutions will put up \$11,950,000. The remainder will be covered by the Bank's loan. Up to \$100,000 of the loan may be devoted to technical assistance related to the execution of the project. The loan is guaranteed by the Republic of Chile.

HONDURAS

URBAN HOUSING

\$2,725,000 30-year 2¼% loan of April 7, 1966
(\$2,225,000 and \$500,000 in lempiras)

Borrower: **INSTITUTO DE LA VIVIENDA**

In 1962 the Inter-American Bank extended a \$1 million loan from the Social Progress Trust Fund to the *Instituto de la Vivienda (INVI)* of Honduras to help finance the construction of 716 housing units for low-income families and thus contribute to a solution of the nation's serious housing deficit, estimated at 40 per cent of the nation's existing houses. Due to cost reductions *INVI* was able to build a total of 752 houses instead of the 716 originally programmed. The houses were built in districts named President Kennedy and Colonia 21 de Octubre in Tegucigalpa.

This loan will enable *INVI* to continue the program by building an additional 2,800 houses—1,950 in the President Kennedy project and 850 in a suburb of Tegucigalpa named San José del Pedregal. *INVI* will provide the necessary urban services including water, sewer and electric systems. In addition, four markets and other community facilities will be built. Up to \$100,000 of the loan may be used for technical assistance related to the execution of the project. The loan is guaranteed by the Republic of Honduras.

TRANSPORTATION

CHILE

HIGHWAY CONSTRUCTION

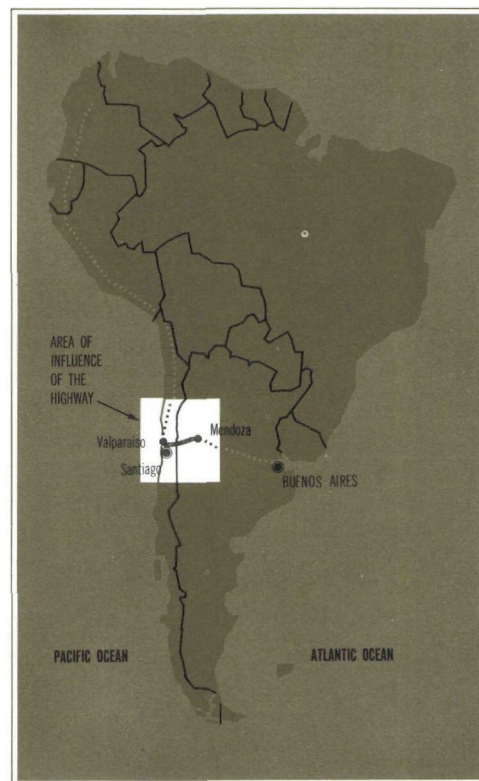
\$15 million 20-year 3¼% loan of June 16, 1966
(\$13.5 million and \$1.5 million in escudos)

Borrower: **REPUBLIC OF CHILE**

A major obstacle to Latin America's economic integration is the region's inadequate transportation system, which tends to limit the expansion of intra-regional trade. Latin America accounts for only 8 per cent of the world's railroad system and for only 4 per cent of its all-weather roads.

This loan will help solve the problem in an important area between Chile and Argentina. It will help finance construction and improvements of Chilean stretches of the Trans-Andean Highway which links the Chilean port of Valparaiso with the city of Mendoza in Argentina, a distance of 266 miles. The highway then continues east to Buenos Aires, another 600 miles away. The loan will be devoted to improving segments totaling 82 miles in the 140-mile long Chilean portion of the highway.

The road links the large producing and consuming Chilean provinces of Santiago, Valparaiso and Aconcagua which have some 4 million inhabitants with Argentina's principal eastern province, Mendoza, which has a population of 1 million. The



Improvement of the Chilean section of the Trans-Andean Highway, being financed by the Bank, will foster economic integration



FUND FOR SPECIAL OPERATIONS

highway project is expected to stimulate trade and tourist flow across the border, due to its strategic location relative to the major markets of both nations. Its total cost is estimated at \$27 million, of which the Bank is providing 55 per cent and the Government of Chile the other 45 per cent.

GUATEMALA

ROAD CONSTRUCTION

\$9 million 25-year 3¼% loan of Dec. 28, 1966
Borrower: **REPUBLIC OF GUATEMALA**

In the past decade, Guatemala has devoted substantial resources to improving its road system. As a result, the nation's network of paved trunk roads, which in 1946 consisted of less than 30 miles, had increased in 1965 to more than 993 miles, in addition to 3,700 miles of improved dirt roads.

Guatemala's 1965-69 Economic and Social Development Plan calls for an even higher rate of highway construction to expand the network of trunk roads and, at the same time, complement these with secondary and access roads, whose lack has hindered the development of rural areas.

This loan will help to finance a \$14 million program contained in the Plan which provides for the construction or improvement of 35 access roads with a total length of 493 miles. About 21 of these roads, 195 miles in length, will be completely new and the rest will be improved to ensure their year-round use.

In the selection of the roads to be built or improved, priority will be given to those linking areas of high economic potential with consuming and export centers, to those which supplement national development programs in other sectors, and to those which benefit a large number of producers.

PANAMA

HIGHWAY CONSTRUCTION

\$3.5 million 20-year 2¼% loan of Nov. 3, 1966
Borrower: **REPUBLIC OF PANAMA**

As indicated on page 19, in 1965 the Government of Panama initiated a rural development program known as the Robles Plan to develop six zones in the country totaling 1.5 million acres. The zones account for 7.7 per cent of the nation's area and 10 per cent of its population. They include the zones of Santa Rita, Sardinilla and Toabre, near the Panama Canal, and Tonosí, Montijo and Alanje, all on the Pacific coast.

The Bank is supporting this development program with three loans totaling \$7 million. This one will help build 16 farm-to-market roads in the zones with a total length of about 126 miles.

Five of the roads, totaling 32 miles, will be entirely new. The remaining 11, totaling 94 miles, will be rebuilt or completed so that they will be usable the year around. The total cost of the project is \$7,050,000. Of this sum 49.6 per cent is being provided by the Bank and the remainder by the Government of Panama.

The project is being carried out by the *Departamento de Caminos, Aeropuertos y Muelles*, an agency of the Ministry of Public Works.

In addition to facilitating the flow of materials, equipment and labor to execute the other works scheduled under the Plan, construction of these roads is expected to help increase production in the areas by 86 per cent during the first five years.

ELECTRIC POWER

BRAZIL

HYDROELECTRIC PLANT

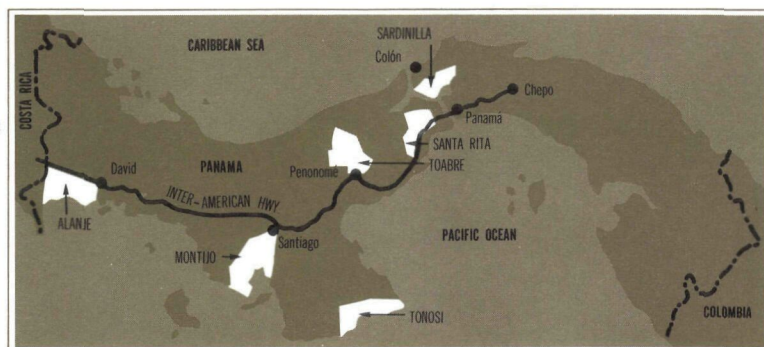
\$9.1 million 18-year 3¼% loan of Aug. 25, 1966
Borrower: **COMPANHIA HIDRO ELETRICA DO SÃO FRANCISCO**

This loan, together with one for \$20.4 million from the ordinary capital resources (page 20), will finance 37.6 per cent of the cost of a \$79 million project to expand the borrower's hydroelectric generating facility in Northeast Brazil by 300,000 kilowatts.

In 1962 the *Companhia Hidro Elétrica do São Francisco (CHESF)*, a mixed company which supplies electric power to the Northeast, obtained a loan for \$15 million from the Fund for Special Opera-

Panama's rural development program receives Bank's support

Zones Scheduled for development



tions to undertake the first stage in an expansion program of its Paulo Afonso plant, some 225 miles southwest of the port of Recife. That project, now almost complete, will bring the plant's generating capacity to 615,000 kilowatts.

The new \$29.5 million Bank financing will help raise that capacity to 915,000 kilowatts and expand the firm's transmission facilities by 820 miles to various cities in Northeast Brazil. The expanded facility is expected to meet all of the foreseeable power requirements of the Northeast, an area with some 6.2 million inhabitants, through 1975. The loan is guaranteed by the United States of Brazil.

EDUCATION

ARGENTINA

MEDICAL TRAINING

\$3.8 million 20-year 2¼% loan of April 24, 1966
(\$3.6 million and \$200,000 in Argentine pesos)

Borrower: **REPUBLIC OF ARGENTINA**

The University of Buenos Aires has been engaged in a broad program to improve medical training and research facilities in Argentina. In 1951 it began construction on the 18-story, 1,101-bed José de San Martín Hospital School, designed to replace the facilities of its School of Medicine which are becoming obsolescent. The construction of the project, which is now 80 per cent complete, has been delayed by a lack of financial resources.

This loan will help complete the building and provide equipment for the hospital school. The total cost of the project is estimated at \$10.5 million, not including the construction which has already been carried out. In the teaching field the project will benefit the Schools of Medicine, Dentistry, Pharmacy and Biochemistry. It will also help to train specialists in hospital administration, nursing and medical research. Up to \$85,000 of the loan may be used for technical assistance related to the execution of the project.

METALLURGICAL EDUCATION

\$1 million 20-year 2¼% loan of April 24, 1966

Borrower: **REPUBLIC OF ARGENTINA**

The Department of Metallurgy of the *Comisión Nacional de Energía Atómica* (CNEA) of Argentina is engaged in a broad project to improve instruction and research in metallurgy to supply the quali-

fied metallurgists needed by the nation's industries, universities and research centers. Under the project, CNEA is constructing workshops, offices and a library and is acquiring and installing modern laboratory equipment.

This loan, which will cover 67 per cent of the \$1,490,000 cost of the project, will be devoted to the purchase of the imported laboratory equipment. Completion of the project will enable CNEA to carry out post-graduate courses for holders of degrees in metallurgy, chemistry, physics and engineering; to expand its research programs leading to doctoral degrees, and to embark on regular training courses for technical personnel at various levels in the metallurgical industries, not only in Argentina, but in other member countries of the Bank.

CHILE

EDUCATION

\$2.5 million 25-year 2¼% loan of Jan. 6, 1966

(\$1.6 million and \$900,000 in escudos)

Borrower: **UNIVERSIDAD TÉCNICA FEDERICO SANTA MARIA**

The Government of Chile is seeking to expand the number of university and technical school graduates in order to fulfill the goals of its 1961-70 Ten-Year Economic and Social Development Plan.

This loan will contribute to this end by helping the *Universidad Técnica Federico Santa María* in Valparaíso to carry out the first stage in a 10-year expansion program to enable it to increase the number of its university-level graduates from 62 to 200 annually, as well as triple the enrollment of the University's regional schools and improve instruction.

The University, which is located in Valparaíso, is a private institution which provides technical education at intermediate and advanced levels. Its Valparaíso campus had an enrollment of 898 students in 1965. Of this number 395 were university-level students and 503 were students attending day and night vocational schools. An additional 635 students were enrolled in 14 regional schools located throughout the country.

The total cost of the project being carried out by the University is \$4.1 million, of which sum the Bank's loan will finance 60 per cent. Specifically, the project provides for the expansion of buildings in Valparaíso for the School of Arts and

FUND FOR SPECIAL OPERATIONS

Crafts with supplementary shop and laboratory facilities. The loan is guaranteed by the *Corporación de Fomento de la Producción*.

ADVANCED EDUCATION

\$5 million 25-year 2¼% loan of May 12, 1966
(\$2.8 million and \$2.2 million in escudos)

Borrower: **UNIVERSIDAD DE CHILE**

Chile's trade balance in agricultural products has run a deficit since 1945. In the 1945-49 period the deficit averaged \$18 million annually, climbing to \$56 million yearly in 1950-54 and to \$100 million in the 1960-65 period. About 70 per cent of the deficit items could have been raised in the country.

In order to relieve this imbalance the Chilean Government in its Ten-Year Economic and Social Development Plan for the 1961-70 period has placed high priority on agricultural and livestock development. The Bank has cooperated in this effort by extending loans to Chile for land settlement, irrigation, aerial photogrammetric surveys, farm credit and farm marketing.

This loan will contribute to the same end by enabling the *Universidad de Chile* to improve training in the agricultural sciences and thus provide the agronomists, veterinarians and other professional personnel required by the nation's stepped-up agricultural effort.

Specifically, the loan will provide 78 per cent of the financing for a project, being carried out at a total cost of \$6.4 million, to construct and equip buildings for the University's Schools of Agronomy and of Animal Husbandry and Veterinary Medicine. Up to \$250,000 of the loan may be used to finance technical assistance related to the execution of the project. The loan is guaranteed by the *Corporación de Fomento de la Producción*.

COLOMBIA

UNIVERSITY CONSTRUCTION

\$5.3 million 19-year 2¼% loan of July 21, 1966
(\$3.7 million and \$1.6 million in Colombian pesos)

Borrower: **UNIVERSIDAD DE ANTIOQUIA**

The *Universidad de Antioquia* in Medellín, which was founded in 1822, has the second largest university enrollment in Colombia. In 1965 its enrollment numbered 8,464 students, of whom 4,906 were university level students. However, its facilities, which are scattered throughout the

city, are old, inefficient and over-crowded. In order to change this, the University has initiated a five-year program under which it will build a new campus and carry out academic and administrative improvements.

This loan will finance 55 per cent of the cost of a project to build a new 119-acre campus in Medellín. The loan will help build and equip university buildings with a total floor space of approximately 1 million square feet. These buildings will house the Institute of General Studies; the Schools of Economics, Education and Engineering; a central library, an auditorium and an administration building. Completion of the project will enable the University to have all its facilities in one place, with the exception of its School of Veterinary Medicine and its School of Medicine.

In addition to the building program, the University plans to increase its faculty from 207 to 380 full-time professors, from 83 to 112 half-time professors and from 165 to 224 part-time professors. Once the program is finished the University will be able to handle a university student body of 11,500 and a secondary and intermediate school body of 4,900. The loan is guaranteed by the Republic of Colombia.

UNIVERSITY IMPROVEMENTS

\$7.7 million 20-year 2¼% loan of Dec. 8, 1966

(\$4.5 million and \$3.2 million in Colombian pesos)

Borrower: **UNIVERSIDAD NACIONAL DE COLOMBIA**

Colombia is engaged in broad-scale efforts to improve its educational system, which is unable at present to satisfy the growing needs of the nation's population. Only 150 pupils out of 1,000, who enroll in the first grade of primary school, graduate at this level; and of these, only three go on to obtain a university degree. The humanities dominate the curricula in most of the universities, and scientific and technological disciplines do not occupy a place in the curricula commensurate with the nation's development needs.

The *Universidad Nacional de Colombia* is carrying out a four-year expansion program designed to improve its academic, administrative and plant facilities and enable it to increase its enrollment from the 1965 figure of 9,276 students to more than 20,000 by 1969. Through the program the University, the largest in the nation, plans to consolidate its academic structure into nine schools, improve faculty salaries, hire additional professors and create new study

courses. Emphasis will be placed on technical education, on research activities and on intermediate levels—those which supply the country with chemists, agronomists, laboratory technicians and administrative personnel.

This loan will finance 42 per cent of a project which forms part of the plan. The total cost of the project is \$18.4 million. The remaining 58 per cent will be provided by the University. The project involves improvement in facilities at the University's campuses in Bogota, Medellin, Manizales and Palmira.

Specifically the loan will be devoted to the construction of new buildings, the enlargement or improvement of existing ones, and the purchase of laboratory equipment, furnishings, books and other bibliographic material. The loan is guaranteed by the Republic of Colombia.

HAITI

AGRICULTURAL AND MEDICAL EDUCATION

\$1.3 million 30-year 2¼% loan of Nov. 17, 1966

Borrower: **BANQUE NATIONALE DE LA REPUBLIQUE D'HAITI**

The shortage of agricultural and veterinary technicians constitutes a serious handicap to Haiti's agricultural, and consequently its overall economic, development. The nation also suffers from a lack of physicians, having less than one doctor for every 10,000 inhabitants.

This loan will contribute to a solution of these problems by enabling the *Banque Nationale de la Republique d'Haiti* to finance the following improvements:

- Equipment and materials for the College of Agronomy and Veterinary Medicine of Haiti and improvement of its installations.

- The completion of the Normal School at Marfranc and the building of another at Milot.

- The improvement of the agricultural vocational schools at Laborde, Lesson and Chatard.

- The expansion of the facilities and equipment of the College of Medicine.

Total cost of the program is \$2.7 million. The Bank will finance 48.1 per cent of that cost and the Government of Haiti the remainder. The program will be carried out by the Committee for the Coordination of Agricultural Education and by the College of Medicine and Pharmacy of Haiti.

Along with the loan the Bank extended \$125,000 in non-reimbursable technical assistance to the *Banque Nationale* to defray the cost of advisory services required in the execution of the program. Up to \$95,000 of the loan may also be used for technical assistance services. The loan is guaranteed by the Republic of Haiti.

PANAMA

STUDENT LOAN FUND

\$700,000 20-year 2¼% loan of March 17, 1966

Borrower: **REPUBLIC OF PANAMA**

Panama has a shortage of professionally trained persons in specialized fields, a factor which hampers its economic and social growth. Although the University of Panama has a large enrollment, only limited numbers of students graduate due, in part, to the fact that students lack funds to devote themselves full-time to their studies. More than 90 per cent of the University's students carry out their studies on a part-time basis or leave school before graduation.

This loan will help correct this situation by contributing to the establishment of a \$1 million "Student Loan Fund" designed to enable students to complete their college education, to pursue post-graduate courses or to carry out technical or vocational training. Low-interest, medium-term loans will be made from the Fund to finance training for undergraduates, and for university and vocational professors. Up to \$40,000 of the loan will finance technical assistance services connected with the execution of the program.

The program is being carried out by the *Instituto para la Formación y Aprovechamiento de los Recursos Humanos*, an autonomous Panamanian agency established in 1965 to administer public funds devoted to scholarships. The program will enable students to pursue specialized courses in such fields as agronomy, engineering, economics, public administration, mathematics, physics, chemistry and biology.

PERU

HIGHER EDUCATION

\$1.8 million 25-year 2¼% loan of Dec. 8, 1966
(\$1.7 million and \$100,000 in soles)

Borrower: **UNIVERSIDAD NACIONAL DE TRUJILLO**

During the past 15 years the Peruvian Government has stepped up its efforts to raise the educational level of its people. It has raised expenditures for education from

FUND FOR SPECIAL OPERATIONS

1.7 per cent of the nation's gross domestic product in 1950 to 4 per cent in 1965, a year in which nearly 25 per cent of its general budget was devoted to education. These rising expenditures have sought to keep pace with the large increases in student enrollment.

However, expansion in enrollment at the university level has not yet been accompanied by corresponding improvements in teaching methods. Schools providing training in the traditional professions still hold a dominant position in the scholastic structure while those related to agriculture and industry, the principal activities of the country, are comparatively neglected.

This loan will help improve this situation by enabling the *Universidad Nacional de Trujillo*, located in Peru's Northwest state of La Libertad, to carry out a \$3.1 million project to improve instruction and research in basic sciences and in chemical engineering by strengthening its Schools of General Studies and Chemical Engineering.

Under the project additional professors will be hired; new classrooms and administrative buildings will be built; and laboratory equipment, furnishings, books and other teaching materials will be acquired. Up to \$161,000 of the loan may be used for technical assistance connected with the execution of the program.

The University has nine faculties and various schools, institutes and centers. In 1965 it had 309 professors, only 56 of

whom were on a full-time basis and an enrollment of 6,880 students. The project will not only result in an expansion of the facilities of the University, but will also improve the caliber of its instruction and increase its research activities. By 1970 the University expects to increase enrollment by 40 per cent and, even more important, the number of graduates by 120 per cent. The loan is guaranteed by the Republic of Peru.

PREINVESTMENT

ARGENTINA

\$4.3 million 15-year 3¼% loan of Sept. 15, 1966
(\$3.3 million and \$1 million in Argentine pesos)
Borrower: **REPUBLIC OF ARGENTINA**

Since 1962, the Bank has granted two loans totaling \$1,045,884 to help Argentina's national planning agency, the *Consejo Nacional de Desarrollo (CONADE)*, finance technical assistance services required in the preparation of the nation's social and economic development programs. The two loans were devoted to the sectoral and economic studies needed for the preparation of specific programs and projects included in the plan.

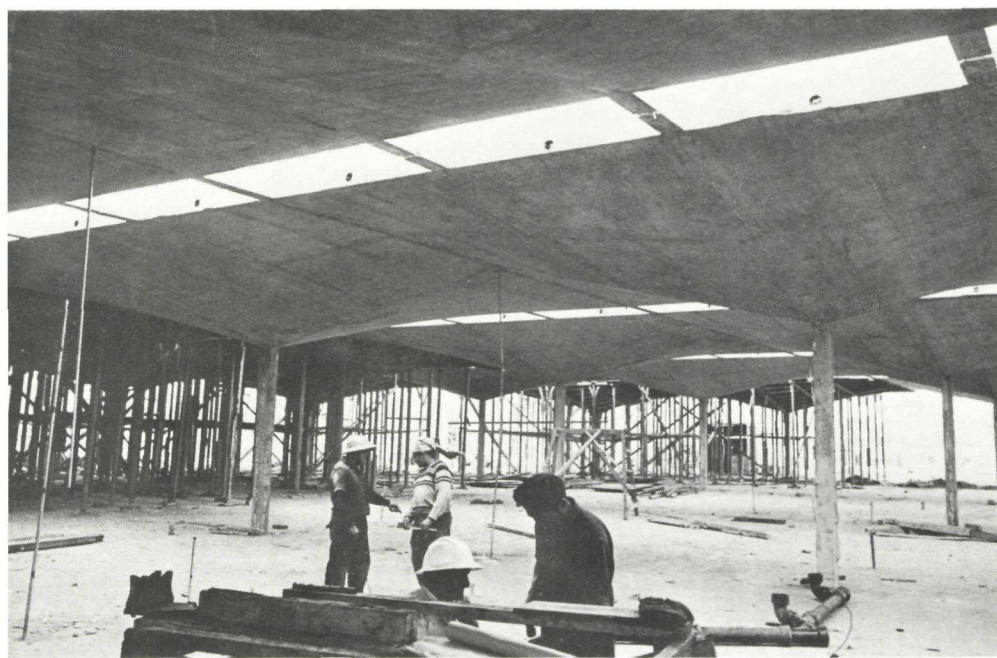
This loan, along with another for 756,000 Canadian dollars (page 139), will help *CONADE* embark on a broader program of preinvestment studies which the agency will carry out at a total cost of \$7.5 million. The loan will be used by *CONADE* to hire experts or consulting firms for preinvestment studies in the public sector and to extend credits through the *Banco Industrial de la República Argentina* and the *Banco de la Nación Argentina* to the private sector for similar studies designed to determine the technical and economic feasibility of specific projects.

BOLIVIA

\$2.1 million 16-year 3¼% loan of Sept. 1, 1966
(\$1.7 million and \$400,000 in Bolivian pesos)
Borrower: **REPUBLIC OF BOLIVIA**

In order to achieve an increase in its gross domestic product of 6 per cent a year in the 1967-69 period and fulfill the minimum goals of its Ten-Year Economic and Social Development Plan, Bolivia should make investments of some \$250 million. Projects now prepared and ready to be financed represent total investments of only \$43 million. Thus Bolivia needs to step up the preparation of preinvestment studies.

NEW WORKSHOPS, LABORATORIES and a library for the Universidad Agraria, an agricultural school at Lima, Peru, are being provided with aid of a \$2 million loan from the Social Progress Trust Fund.



This loan will help the Government of Bolivia to establish a permanent preinvestment fund with an initial capital of \$3 million to fill this need. The Bank's loan will cover 70 per cent of the cost and the Government of Bolivia will provide the remaining 30 per cent.

The fund will be used to finance the preparation of specific projects, both in the public and private sectors, and regional, sectoral and sub-sectoral studies. Up to 80 per cent of the fund will be earmarked for specific projects and 20 per cent for general studies. Some 109 project proposals—40 industrial, 30 agricultural, 20 transportation and 19 mining—have been given priority in the preinvestment program.

The program will be carried out by the *Corporación Boliviana de Fomento*, a governmental agency established in 1942 to foster the economic growth of the country.

MEXICO

\$5 million 16-year 4% loan of Dec. 28, 1966
(\$2 million and \$3 million in Mexican pesos)
Borrower: **NACIONAL FINANCIERA, S.A.**

Expenditures on public and private preinvestment studies in Mexico have amounted recently to about 5 per cent of the nation's total gross investment. In order to accelerate its economic and social development, the Mexican Government hopes to increase this to a rate of 6 per cent yearly over the next five years.

This loan, along with a loan for 540,000 Canadian dollars from the resources which the Bank administers for the Government of Canada (page 140), will help achieve the latter goal. Specifically, it will enable Mexico to establish a permanent preinvestment fund, with initial capital of \$7.9 million, which will be used to extend credits to carry out studies of the economic, technical and financial feasibility of specific public and private development projects and make regional, sectoral and sub-sectoral studies. At least 70 per cent of the fund's resources will be devoted to specific projects and 30 per cent to general studies.

The studies will be carried out by national and foreign consultants or consulting firms. The loan is guaranteed by the United Mexican States.

NICARAGUA

\$300,000 7-year 2¼% loan of March 17, 1966
(\$200,000 and \$100,000 in cordobas)
Borrower: **INSTITUTO AGRARIO DE NICARAGUA**

Nicaragua has the largest area and the lowest population density of the five Central American countries. Its territory covers some 32 million acres of which only 9.1 million are under cultivation. Due to historic and climatic factors most of the country's population and farm activity has been concentrated on the Pacific coast and, to a lesser degree, on the central plateau, while the vast Atlantic coastal region has been underpopulated and unfarmed.

The Department of Zelaya in this region covers about 50 per cent of the nation's territory but has only 8,000 of the nation's 1.6 million inhabitants and less than 10 per cent of its cultivated land, even though it offers great economic potential due to its forest reserves and tropical farm land.

This loan will enable the *Instituto Agrario de Nicaragua*, the governmental agency established to implement the Agrarian Reform Law adopted in 1963, to carry out studies designed to determine the technical and economic feasibility of a program to settle 4,500 low-income farm families in a zone, known as Rigoberto Cabezas, of 741,000 acres of public lands in the Department.

The program, which is being carried out at a total cost of \$500,000, will include aerophotogrammetric studies, soil analyses, agronomic surveys and appraisals of socio-economic conditions, infrastructure facilities, marketing systems, and housing and public service needs of the population to be settled. The loan is guaranteed by the Republic of Nicaragua.

PARAGUAY

\$700,000 16-year 3¼% loan of June 9, 1966
Borrower: **REPUBLIC OF PARAGUAY**

The preparation of studies of specific investment projects is one of the basic prerequisites for the execution of Paraguay's national development plans for 1967-68 and subsequent years.

This loan will enable Paraguay's *Banco Nacional de Fomento* to establish a \$1 million permanent preinvestment fund to carry out such studies. Seventy per cent of the resources of the fund will be used to finance specific studies of high development priority in both the public and private sectors,

FUND FOR SPECIAL OPERATIONS

and 30 per cent will be used to prepare general studies of sectoral and sectional interest.

The *Secretaría Técnica de Planificación*, the nation's planning agency, has identified some 50 project ideas meriting analysis at the present time. The preinvestment fund will be used to pay for the services of consulting firms or individual experts, both national and foreign, to prepare the studies.

PERU

\$3.1 million 15-year 3¼% loan of Sept. 29, 1966
(\$2.6 million and \$500,000 in soles)
Borrower: **REPUBLIC OF PERU**

According to Peru's National Planning Institute, some 136 development projects costing a total of 34 billion soles should be carried out during the 1967-69 period. Feasibility or definitive investment studies have been completed for a total of 20 billion soles worth of these projects. The remainder will require feasibility studies costing \$7.6 million and definitive studies costing \$7.4 million.

However, funds needed to draft plans for such projects have been limited. In order to accelerate the preparation of feasibility studies, the Government of Peru has established the *Fondo de Financiamiento de Elaboración de Proyectos de Inversión (FINEPI)*.

This loan, along with another for 540,000 Canadian dollars (page 140) from the resources administered by the Bank for the Government of Canada, will help finance a preinvestment program to be carried out by *FINEPI* at a total cost of \$6 million. The Bank's financing will cover 60 per cent of that cost, the Peruvian Government 20 per cent and the beneficiaries another 20 per cent. The studies, which will be carried out by individual consultants, consulting firms and universities, will cover the economic and engineering feasibility of projects as well as regional and sectoral analyses.

URUGUAY

\$1.5 million 16-year 3¼% loan of Sept. 1, 1966
(\$1,350,000 and \$150,000 in Uruguayan pesos)
Borrower: **BANCO DE LA REPUBLICA ORIENTAL DEL URUGUAY**

Uruguay's National Development Plan, seeks to raise the nation's per capita gross domestic product by 4 per cent annum over the next ten years. In order to accomplish this Uruguay needs to draft the perti-

nent feasibility studies. Some \$900 million in investment projects need to be programmed during the first three years of the plan. Projects worth only \$500 million of this sum have been covered by general or feasibility studies.

This loan will enable the *Banco de la República Oriental del Uruguay* to set up a revolving preinvestment fund with an initial capital of \$2 million to speed up the preparation of such studies. Some 70 per cent of the resources of the fund will be devoted to feasibility studies of specific development projects and 30 per cent will be used to finance general studies designed to identify investment opportunities.

The program will be carried out by the *Comisión de Inversiones de Desarrollo Económico*, which was established by the Uruguayan Government in 1960 to draft development plans. Up to \$50,000 of the loan resources may be used for technical assistance connected with the execution of the program.

REGIONAL

INTEGRATION STUDIES

\$3 million 20-year 3¼% loan of April 24, 1966
(\$2.7 million, \$60,000 in Costa Rican colones, \$60,000 in Salvadoran colones, \$60,000 in quetzales, \$60,000 in lempiras and \$60,000 in cordobas)
Borrower: **CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION**

The Inter-American Bank has cooperated closely with the Central American Bank for Economic Integration ever since the latter was established in 1960. In 1961 the Bank provided \$100,000 in non-reimbursable technical assistance to help organize the Central American Bank and the next year signed an agreement to coordinate its activities in the area with the Central American entity.

In addition the Inter-American Bank has extended two loans, totaling \$14.2 million, to the Central American Bank for regional infrastructure and industrial projects. By the end of 1966, the Central American Bank had granted 39 credits amounting to \$20.9 million with the proceeds of these two loans. The Central American Bank also channels a Bank loan of \$2,925,000 to the Central American universities.

This new loan will enable the Central American Bank to finance general preinvestment studies of an economic and social nature on specific projects of regional interest in industry, agriculture and infra-

structure in both the public and private sectors. The Bank's loan will provide 70 per cent of the \$4.3 million cost of the project. The remainder will be provided by the Central American Bank and sub-borrowers. By helping to generate a sustained flow of well-prepared projects, the program is expected to make a large contribution to the future development and integration of the region.

Technical Assistance

During 1966 the Bank authorized \$25,210,032 from its own resources for technical assistance. This was the highest annual level achieved since the Bank began operations in 1960.¹ This volume compared with \$15,283,926 in 1965.

The technical assistance authorized in 1966 included \$24,071,000 extended on a reimbursable basis and \$1,139,032 on a grant basis. All of the 1966 commitments, with the exception of one approved from the ordinary capital resources, were made from the resources of the Fund for Special Operations.

The 1966 authorizations brought the cumulative net amount of technical assistance extended by the Bank from its ordinary capital resources and its Fund for Special Operations to \$64,788,982, including \$57,873,556 in reimbursable and \$6,915,426 in grant aid.

As in previous years, the grant technical assistance approved in 1966 was financed from the net income of the Fund for Special Operations. The grant aid was used to provide advisory services to member countries in planning; to finance training programs; to carry out research programs and specific studies, and to foster Latin America's economic integration.

The greatest part of the reimbursable assistance consisted of loans extended from the Fund for Special Operations for the creation of preinvestment funds in various member countries. These funds provide credit for private and public entities to finance general and sectoral studies, to prepare technical and financial feasibility studies of specific projects, and to formulate development project proposals for submission

to domestic and international sources of financing. Seven such loans totaling \$19.7 million were approved from the Fund for Special Operations in 1966. Three of those were supplemented with loans extended from the Canadian resources which the Bank administers.

Counting two similar loan projects financed in 1965, the Bank has now helped eight of its individual member countries to set up funds devoted exclusively to speeding up the formulation of project proposals and has helped the Central American Bank for Economic Integration to accelerate the formulation of projects of a regional scope for the five member countries of the Central American Common Market.

Through these loans, the Bank continued implementing a policy adopted by its Board of Executive Directors in 1965 designed to help overcome handicaps created by a lack of properly prepared projects to carry out the national development plans being drafted in Latin America under the Alliance for Progress.

The remaining reimbursable technical assistance authorized in 1966, which amounted to \$4,371,000, was devoted to the preparation of specific projects and to the provision of services connected with the execution of Bank-financed projects.

Following is a summary of the Bank's technical assistance commitments in 1966 and a description of each of the operations authorized during the year.

Reimbursable

In Argentina, Bolivia, Brazil, Chile, Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela and in Central America\$24,071,000

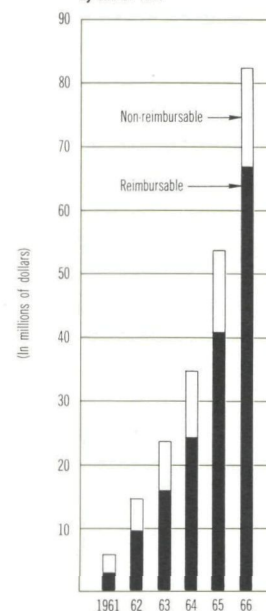
Non-Reimbursable

In the Dominican Republic, Haiti, Paraguay, Peru and Uruguay \$ 278,030
Other activities 861,002

Total Non-Reimbursable	1,139,032
GRAND TOTAL	\$25,210,032

¹ In addition to authorizations from its own resources, the Bank in 1966 approved technical assistance totaling \$1,982,249 from the Social Progress Trust Fund (page 107) and \$2,440,740 from the Canadian resources which the Bank administers (page 139).

Cumulative technical assistance authorizations rose to \$82.1 million by end of 1966



FUND FOR SPECIAL OPERATIONS

Country Activities

ARGENTINA

Up to \$85,000 of the \$3.8 million loan extended from the Fund for Special Operations April 24 to the University of Buenos Aires to help finance the completion of the José de San Martín Hospital-School (page 67) may be used to cover advisory services related to the execution of the project.

A total of \$150,000 of the \$12.2 million loan extended from the Fund for Special Operations to the Municipality of Buenos Aires Nov. 3 to carry out an urban development program (page 64) may be used to finance services to strengthen the administration of the *Comisión Municipal de la Vivienda*, the agency carrying out the program. A \$4.3 million loan extended to the Republic of Argentina Sept. 15 (page 70) is helping Argentina establish a preinvestment fund. This was accompanied by a loan of 756,000 Canadian dollars from the Canadian resources which the Bank administers (page 139).

BOLIVIA

Up to \$715,000 of the \$2.5 million loan extended Feb. 10 to the *Corporación Minera de Bolivia* to rehabilitate Bolivia's national mines (page 60) may be used to finance technical assistance services related to the preparation of metallurgical studies and to the search for new deposits of tin. Up to \$35,000 of the \$500,000 loan extended June 23 to expand a cement plant in Bolivia (page 60) may be used to finance technical services required in the execution of the project.

LABORATORY EQUIPMENT IN BRAZIL is being financed with help of a Bank loan under a program designed to foster university training throughout the country in the basic sciences.

Some \$300,000 of the \$10.8 million loan extended to the *Corporación Boliviana de Fomento* Nov. 10 for an industrial credit program (page 61) may be used to finance advisory services related to the reorganization of the borrowing agency.

A loan of \$2.1 million extended to the Republic of Bolivia Sept. 1 will help that nation set up a permanent preinvestment fund (page 70).

BRAZIL

Up to \$400,000 of the \$20 million loan extended Aug. 4 to Brazil's *Banco Nacional de Habitación* for urban housing (page 64) may be used to finance technical assistance related to the program.

CHILE

Three of the loans extended to Chilean institutions in 1966 contained technical assistance allocations. They included \$100,000 of the \$12,050,000 loan extended April 24 to the *Corporación de Servicios Habitacionales* for a housing program in 75 communities in Chile (page 64); \$250,000 of the \$5 million loan authorized May 12 to the *Universidad de Chile* to improve training in the agricultural sciences (page 68), and \$60,000 of the \$11 million loan made Sept. 15 to the *Instituto de Desarrollo Agropecuario* (page 56) for a farm credit program.

DOMINICAN REPUBLIC

Four grants were authorized in 1966 for technical assistance services in the Dominican Republic. They were: \$15,000 May 12 to help finance the activities of the OAS-IDB-ECLA Tripartite Mission which rendered advisory services on planning matters to governmental agencies; \$76,160 approved Nov. 3 to help the Dominican Government formulate a national development program; \$50,000 on Dec. 19 to help the Dominican Republic carry out a highway improvement feasibility study, and \$50,000 authorized Dec. 27 to enable the Ministry of Public Works to carry out a study to improve the port facilities of Puerto Plata.

EL SALVADOR

On Aug. 15 the Bank authorized \$50,000 in reimbursable technical assistance to help the Rural Settlement Institute carry out a study on national colonization programs.



GUATEMALA

Up to \$300,000 of the \$2 million loan extended Aug. 9 to the *Banco de Guatemala* for an industrial and farm credit program (page 61) may be used to finance advisory services to the state development institutions which will channel the credits to borrowers. Another \$175,000 of the loan may be devoted to preinvestment studies of individual projects.

Up to \$40,000 of the \$1.3 million loan extended to the Republic of Guatemala Sept. 22 for the construction of water supply systems in 100 rural communities (page 63) may be used to finance studies of individual projects.

HAITI

Up to \$95,000 of the \$1.3 million loan extended Nov. 17 to the *Banque Nationale de la République d'Haiti* to improve training in the agricultural and medical sciences (page 69) may be used to finance the technical assistance requirements of the program.

On Nov. 17, 1966, the Bank authorized the use of \$60,000 of a \$3.5 million loan extended in 1961 to the *Banque Nationale* from the Fund for Special Operations for technical assistance services related to the execution of the industrial and farm credit program to which the loan was devoted. This sum was supplemented Nov. 17 with an \$18,000 technical assistance grant.

HONDURAS

Two loans extended in Honduras in 1966 included allocations to finance technical assistance services required in the execution of the respective programs. They were \$100,000 of the \$2,725,000 loan extended April 7 to the *Instituto de la Vivienda* for a housing project (page 65) and \$96,000 of the \$7 million loan extended Oct. 27 to the *Banco Nacional de Fomento* for a farm and industrial credit program (page 57).

MEXICO

A \$5 million loan from the Fund for Special Operations extended Dec. 28 to *Nacional Financiera, S.A.*, will help Mexico establish a preinvestment fund (page 71). It was accompanied by one for 540,000 Canadian dollars from the Canadian resources which the Bank administers (page 140).

NICARAGUA

A \$300,000 loan to the *Instituto Agrario de Nicaragua* authorized March 17 will help finance studies related to a farm settlement project for 4,500 families in a region known as Rigoberto Cabezas (page 71).

Up to \$90,000 of a \$1.9 million loan from the ordinary capital resources extended to the *Banco Nacional de Nicaragua* Nov. 10 for a project to expand rice production (page 19) may be used to finance technical assistance services related to the program's execution.

PANAMA

Up to \$40,000 of the \$700,000 loan extended to the Republic of Panama March 17 for a university scholarship program (page 69) may be used to finance technical services related to the execution of the program. Some \$113,000 of the loan for \$2 million authorized Sept. 22 to the *Banco Nacional de Panama* for a livestock development program (page 58) may be used to finance technical assistance services required in carrying out the program.

PARAGUAY

A \$700,000 loan extended June 9 will help the Republic of Paraguay to establish a preinvestment fund (page 71). Up to \$100,000 of the \$6 million loan made to the *Banco Nacional de Fomento* Nov. 10 for a farm credit program may be used to finance advisory services.

The Bank authorized \$15,000 in reimbursable technical assistance Sept. 12 to help the Ministry of Finance make a feasibility study of a cement plant. Another \$30,000 grant was authorized by the Bank Aug. 8 for technical assistance for the execution of activities preparatory to the possible fulfillment of the functions of the Bank as financial agent for Paraguay. A \$10,000 grant was authorized May 12 to finance the costs of the OAS-IDB-ECLA Tripartite Mission which advised Paraguayan authorities in development planning.

PERU

Three loans extended to Peru in 1966 included allocations for technical assistance services. They were \$300,000 of a \$20 million loan to the Republic of Peru authorized Jan. 27 for a community development program (page 58); up to \$80,000 of the

FUND FOR SPECIAL OPERATIONS

\$15 million loan extended May 26 for a farm settlement program (page 59), and up to \$161,000 of the \$1.8 million loan extended Dec. 8 to the *Universidad de Trujillo* for a project to improve training in basic sciences and chemical engineering (page 59).

The Bank extended a loan for \$3.1 million Sept. 29 to the Republic of Peru to help finance a program of preinvestment studies which will be carried out by a national planning agency. This was accompanied by a loan of 540,000 Canadian dollars from the Canadian resources which the Bank administers (page 140).

The Bank authorized \$17,000 in reimbursable technical assistance April 12 to help finance studies to improve the *Universidad Cayetano Heredia* and \$49,000, also reimbursable, Nov. 7 to help the Ministry of Public Works prepare various preinvestment studies pertaining to an irrigation project. A \$15,000 grant authorized Aug. 8 will provide advisory services to Peru's National Planning Institute.

URUGUAY

On May 12 the Bank authorized a \$1,370 grant to help finance the activities of the OAS-IDB-ECLA Tripartite Mission which advised Uruguay on development planning matters. A \$12,500 grant authorized Aug. 16 is financing technical assistance services connected with a possible Bank role as financial agent for the Government of Uruguay in mobilizing external resources needed to carry out the nation's development plan.

A \$1.5 million loan extended Sept. 1 is helping the *Banco de la República Oriental del Uruguay* to create a preinvestment fund (page 72).

VENEZUELA

On Aug. 4 the Bank authorized \$85,000 in reimbursable technical assistance to the Community Development Foundation to help finance studies related to urban development in Venezuela.

REGIONAL

On April 24 the Bank extended a \$3 million loan to the Central American Bank for Economic Integration to help finance a program of preinvestment studies for specific developments projects of a regional scope in the fields of industry, agriculture and infrastructure, both in the public and

private sectors, in its five member nations—Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua (page 72).

Other Activities

In addition to the technical assistance activities described above, the Bank in 1966 authorized \$861,002 in grant technical assistance for activities of a general nature in training, planning and research, and in the promotion of Latin America's integration. In many cases these grants were supplemented with others from the Social Progress Trust Fund.

TRAINING

During 1966 the Bank conducted two development training courses at its headquarters for 42 participants from 18 member countries. The courses acquaint officials with the organization, policies, methods and operations of the Bank, as well as of other international financing agencies. The Bank assigned \$45,000 Feb. 21 and \$15,000 Aug. 29 to finance the two courses. The Bank also authorized \$32,500 Dec. 5 for the acquisition of training material for future courses.

The training courses at the Bank's headquarters are supplemented by courses carried out in the member countries. To help organize the Ninth Course, carried out in association with the Latin American Center for Monetary Studies in Mexico City, the Bank authorized \$12,836 on April 12.

Other grants authorized for courses, seminars and similar activities included \$15,000 Feb. 14 to help the Inter-American Institute of International Legal Studies to carry out a training program on Central American integration; \$29,400 March 7 for a course on the preparation and evaluation of industrial projects carried out by the Secretariat of Central American Integration; \$2,000 April 4 for a seminar on agricultural credit in El Salvador; \$10,250 June 7 for a course on Central American development sponsored by the UN Economic Commission for Latin America; \$2,138 Aug. 4 for a seminar on development institutions sponsored by the Bank; \$20,440 Oct. 24 for a seminar to be carried out at the Bank's headquarters on industrial appraisal; \$15,000 Oct. 25 for a course on industrial projects in Guatemala; \$7,875 Dec. 19 for an evaluation of the Bank's training activities; \$5,062 Dec. 20 for fellowships for officials

of Paraguay's Planning Secretariat; \$10,500 Dec. 20 for fellowships on port administration, and \$25,000 Dec. 28 for a course on comparative law carried out by the Catholic University of Valparaiso (Chile).

PLANNING AND RESEARCH

In the planning and research fields, the Bank authorized three grants in Central America, as follows: \$122,000 May 19 for technical assistance on the preparation of rural development projects being carried out jointly by the Bank, the OAS and Israel in the five Central American Countries; \$35,000 June 2 to help finance the activities of the OAS-IDB-ECLA Tripartite Mission which provided advice on development planning in Central America, and \$25,000 Sept. 29 for a study of the operations and procedures of the Central American Bank for Economic Integration.

The Bank approved \$10,000 May 10 for a study of customs policies in Latin America carried out in cooperation with the World Bank; \$10,000 May 24 for a study regarding the creation of a common bond fund by the Latin American Central Banks carried out by the Latin American Center for Monetary Studies; \$50,000 April 12 to help the Central American Institute of Technological and Industrial Research finance the preparation of industrial projects and preinvestment studies in Guatemala, and \$6,000 Nov. 23 to contribute to a development library program sponsored by the Bank through the Latin American Center for Monetary Studies.

ECONOMIC INTEGRATION

In the integration field, the Bank approved \$250,000 April 7 from the Fund for Special Operations to finance a study to improve telecommunications systems in South America. On Oct. 15 the Bank substituted \$200,000 of this amount with the resources of the Social Progress Trust Fund which the United States Government assigned to the Preinvestment Fund for Latin American Integration (page 53).

The Bank authorized \$5,000 July 25 for a meeting on Latin American integration at the Bank's Institute for Latin American Integration in Buenos Aires.

On Oct. 24 the Bank approved \$50,000 for preliminary studies on the possibilities of developing the River Plate basin on an integrated basis.

The Bank authorized \$50,000 Nov. 3 for a study which the Bank has been carrying out jointly with ECLA and the Latin American Institute for Economic and Social Planning since 1964 to provide antecedents for the negotiation of integration agreements in the major industries in Latin America.

Financial Highlights

The net earnings of the Fund for Special Operations in 1966 totaled \$3,633,680, before deducting charges for technical assistance which amounted to \$1,258,600. These figures compared with net earnings of \$2,876,625 and technical assistance expenditures of \$899,104 in 1965.

Gross income for 1966 was \$6,310,513, compared with \$4,961,612 in 1965. The 1966 gross income from the Fund for Special Operations included \$3,593,103 derived from interest on loans, \$1,045,426 from commitment charges, \$5,686 from commissions on loans, \$1,649,784 from short-term investments and \$16,514 from other sources.

As of Dec. 31, 1966, the general reserve of the Fund for Special Operations had risen to \$5,783,110, compared with \$3,408,030 at the end of 1965.

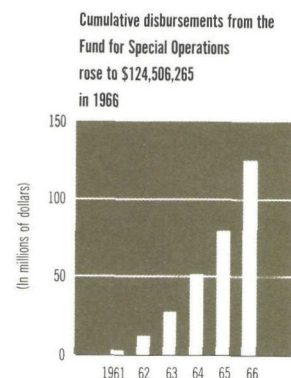
Total administrative expenses chargeable to the Fund for Special Operations in



LOAN PROJECTS ARE PREPARED IN Brazil with help of portions of various loans. In addition, one loan for \$5 million extended in 1966 is devoted solely to the preparation of preinvestment studies of new projects.

1966 were \$2,708,811, compared with \$2,084,987 in 1965. Disbursements on loans from the Fund for Special Operations amounted to \$44,625,944, compared with \$28,636,505 in 1965. These brought cumulative disbursements on such loans as of Dec. 31, 1966, to \$124,506,265.

Repayments on loans amounted to \$5,472,610. These brought total repayments at the end of the year to \$9,528,046. The audited financial statements of the Fund for Special Operations are contained in the following pages.



FUND FOR
SPECIAL OPERATIONS

FINANCIAL STATEMENTS
FUND FOR SPECIAL OPERATIONS

**OPINION OF INDEPENDENT AUDITOR
FUND FOR SPECIAL OPERATIONS**

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, 1966, 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 in the circumstances.


PRICE WATERHOUSE & CO.

Washington, D. C.
February 7, 1967

APPENDIX

Balance Sheet	II-1
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FUND FOR SPECIAL OPERATIONS

INTER-AMERICAN DEVELOPMENT BANK—FUND FOR SPECIAL OPERATIONS

APPENDIX II-1

BALANCE SHEET

DECEMBER 31, 1965 AND DECEMBER 31, 1966

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		\$ 362,868	
Member currencies other than United States dollars	52,831,412		66,971,181	

Restricted

United States dollars (Note E)			757,902	
Member currencies other than United States dollars (Note C)	17,956,796	\$ 71,274,458	23,807,750	\$ 91,899,701

Investments

United States Government obligations (at amortized cost—face amount 1965 \$11,000,000—1966 \$12,000,000)	10,979,300		11,980,780	
Time deposits—United States dollars	33,495,542		10,490,843	
Accrued interest	463,075	44,937,917	262,751	22,734,374

Loans outstanding held by Bank (Appendix II-4)

Total loans approved by Bank since inception, less cancellations	366,399,554		656,881,856	
Less principal repayments to Bank	3,856,660		8,958,217	
Less loans sold	1,645,058		1,645,058	
Approved loans held by Bank	360,897,836		646,278,581	
Less undisbursed balance of approved loans held by Bank	286,519,233	74,378,603	532,375,591	113,902,990

Accrued charges on loans held by Bank

677,858	1,349,727
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Due from members (Note D)

Contribution quotas receivable

United States dollars or gold	250,276,500			
Member currencies other than United States dollars	48,806,000			

Non-negotiable, non-interest-bearing demand obligations denominated in member's
currencies including 1965 US \$500,000,000—1966 US \$748,000,000 restricted
(Appendix II-6) (Note E)

632,292,233	931,374,733	898,781,174
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Other assets

412,176	740,147
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Total assets	\$1,123,055,745	\$1,129,408,113
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BALANCE SHEET

DECEMBER 31, 1965 AND DECEMBER 31, 1966

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

LIABILITIES AND FUND BALANCES**1965****1966****Liabilities**

Accrued expenses and accounts payable	\$ 105,758	\$ 129,036
Funds held in trust (Note J)	67,957	21,680
Special letters of credit (Note E)		4,000,287

Fund for special supervision and inspection of loans (Note K)**Fund balance**

Contribution quotas (Appendix II-5) (Notes D and F)				
Total quotas subscribed	\$1,119,474,000		\$1,119,474,000	
General reserve (Appendix II-2) (Notes H and I)	3,408,030	1,122,882,030	5,783,110	1,125,257,110
Total liabilities and Fund balances		<u>\$1,123,055,745</u>		<u>\$1,129,408,113</u>

FUND FOR SPECIAL OPERATIONS

INTER-AMERICAN DEVELOPMENT BANK—FUND FOR SPECIAL OPERATIONS

APPENDIX II-2

STATEMENT OF INCOME AND EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1965 AND DECEMBER 31, 1966

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

	1965	1966
Income		
From loans		
Interest	\$2,522,437	\$3,593,103
Commitment charges	116,523	1,045,426
Commissions	2,638,960	5,686
From investments	2,296,944	1,649,784
From other sources	25,708	16,514
Gross income	4,961,612	6,310,513
Expenses		
Administrative expenses (Note G) (See Appendix I-7, Note L)		
Board of Governors		
Annual meeting	57,661	39,384
Board of Executive Directors		
Salaries	71,148	71,602
Other compensation and benefits	16,395	19,324
Travel	14,583	25,454
Staff		
Salaries	1,070,487	1,324,486
Other compensation and benefits	373,001	458,334
Travel	146,297	213,294
Other administrative expenses		
Communications	83,213	102,362
Office occupancy	116,620	152,263
Publications and printing	40,303	33,794
Supplies and equipment	85,765	115,459
Miscellaneous	121,359	98,900
Field offices		
Salaries	101,066	69,153
Other	151,604	305,609
	2,449,502	3,029,418
Charge equivalent to depreciation (Note G)	32,763	33,292
	2,482,265	3,062,710
Less amounts charged to Social Progress Trust Fund for indirect and overhead expenses by Bank as Administrator (See Appendix III-6, Note B)	397,278	353,899
Total administrative expenses including depreciation	2,084,987	2,708,811
Income before special addition	2,876,625	3,601,702
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)		31,978
Net income	\$ 2,876,625	\$ 3,633,680

STATEMENT OF DISPOSITION OF NET INCOME AND CHANGES IN GENERAL RESERVE

	1965	1966
Net income	\$ 2,876,625	\$ 3,633,680
Disposition:		
Technical assistance (Appendix II-3) (Note I)	899,104	1,258,600
Addition to general reserve (Note H)	1,977,521	2,375,080
General reserve beginning of year	1,430,509	3,408,030
General reserve end of year (Note H)	\$ 3,408,030	\$ 5,783,110

STATEMENT OF TECHNICAL ASSISTANCE EXPENSE (NOTE I)

JANUARY 1 TO DECEMBER 31, 1966

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

Chile	\$ 19,738
Costa Rica	10,983
Dominican Republic	35,568
Ecuador	7,895
Guatemala	10,993
Haiti	19,229
Honduras	5,070
Paraguay	27,103
Peru	13,390
Uruguay	114
Central American Bank for Economic Integration	10,030
Central America-Tripartite Mission	47,002
Secretariat for Central America Economic Integration	10,000
Intern training in the Bank	44,111
Fellowships	37,237
Substantive studies	403,230
Institute for Latin American Integration (Note J)	119,000
Courses and seminars	445,646
Miscellaneous	75,129
	<u>1,341,468</u>
Less refunds and adjustments for prior years	82,868
	<u>\$1,258,600</u>

FUND FOR SPECIAL OPERATIONS

INTER-AMERICAN DEVELOPMENT BANK—FUND FOR SPECIAL OPERATIONS

APPENDIX II-4

SUMMARY STATEMENT OF LOANS

DECEMBER 31, 1966

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	Loans sold	Approved loans held by Bank			Currency in which disbursed portion of approved loans held by Bank is repayable	
				Total	Undisbursed	Outstanding	United States dollars (5)	Member's currency (6)
Argentina	\$ 48,578,128	\$ 14,824	\$ 67,740	\$ 48,495,564	\$ 47,354,569	\$ 1,140,995	\$ 628,204	\$ 512,791
Bolivia	44,760,000	4,029,877		40,730,123	21,876,983	18,853,140	11,527,085	7,326,055
Brazil	159,675,633	913,180		158,762,453	130,574,534	28,187,919	12,182,396	16,005,523
Chile	73,880,503	135,605	663,158	73,081,740	63,265,028	9,816,712	1,436,842	8,379,870
Colombia	34,905,103	33,173	115,384	34,756,546	31,333,109	3,423,437	744,693	2,678,744
Costa Rica	10,100,000			10,100,000	8,994,934	1,105,066		1,105,066
Dominican Republic	5,240,000			5,240,000	5,000,500	239,500		239,500
Ecuador	19,461,892	649,973		18,811,919	13,524,835	5,287,084	5,056,084	231,000
El Salvador	182,728			182,728		182,728	123,802	58,926
Guatemala	13,635,000			13,635,000	13,436,326	198,674	148,874	49,800
Haiti	7,160,000	268,763		6,891,237	5,137,271	1,753,966		1,753,966
Honduras	29,640,000	797,572	798,776	28,043,652	20,035,142	8,008,510	5,400,000	2,608,510
Mexico	63,680,000			63,680,000	57,680,617	5,999,383	1,829,804	4,169,579
Nicaragua	22,100,000			22,100,000	17,817,906	4,282,094		4,282,094
Panama	19,400,000	371,751		19,028,249	15,515,582	3,512,667	2,486,244	1,026,423
Paraguay	29,906,942	1,505,327		28,401,615	19,938,622	8,462,993	6,140,128	2,322,865
Peru	41,175,000	21,172		41,153,828	40,303,574	850,254	270,682	579,572
Uruguay	6,297,000	197,000		6,100,000	6,075,315	24,685		24,685
Venezuela	9,900,000	20,000		9,880,000	8,464,391	1,415,609		1,415,609
Central American Countries—								
Central American Bank for Economic Integration	17,203,927			17,203,927	6,046,353	11,157,574	8,060,892	3,096,682
Total	<u>\$656,881,856</u>	<u>\$8,958,217</u>	<u>\$1,645,058</u>	<u>\$646,278,581 (3)</u>	<u>\$532,375,591 (4)</u>	<u>\$113,902,990</u>	<u>\$56,035,730</u>	<u>\$57,867,260</u>

(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 \$317,883,581 had

become effective (i.e. eligible for disbursement) as of December 31, 1966 (see (2) above).

(4) The Bank has entered into irrevocable commitments to disburse \$6,557,369.

(5) Amounts include loan balances of \$2,250,000 which, subject to the Bank's approval may be repaid in members' currencies and \$7,461,017 which, at the option of the borrowers, may be repaid in members' currencies.

(6) Amounts include loan balances of \$17,682,085 which, at the option of the borrowers, may be repaid in United States dollars.

STATEMENT OF CONTRIBUTION QUOTAS

DECEMBER 31, 1966

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
Argentina	4.36	\$ 48,873,000	\$ 7,735,500	\$ 799,838	\$ 40,337,662
Bolivia .....	.35	3,924,000	621,000	971,000	2,332,000
Brazil	4.36	48,873,000	7,735,500	41,137,500	
Chile	1.20	13,419,000	2,124,000	11,295,000	
Colombia	1.20	13,410,000	2,122,500	11,287,500	
Costa Rica .....	.18	1,962,000	310,500	1,651,500	
Dominican Republic .....	.23	2,616,000	414,000	2,202,000	
Ecuador .....	.23	2,616,000	414,000	2,202,000	
El Salvador .....	.18	1,962,000	310,500	1,651,500	
Guatemala .....	.23	2,616,000	414,000	2,202,000	
Haiti .....	.18	1,962,000	310,500	310,500	1,341,000
Honduras .....	.18	1,962,000	310,500	1,651,500	
Mexico	2.80	31,419,000	4,972,500	26,446,500	
Nicaragua .....	.18	1,962,000	310,500	1,651,500	
Panama .....	.18	1,962,000	310,500	423,500	1,228,000
Paraguay .....	.18	1,962,000	310,500	757,500	894,000
Peru .....	.58	6,546,000	1,036,500	694,455	4,815,045
United States	80.39	900,000,000	77,000,000		823,000,000
Uruguay .....	.47	5,241,000	829,500	49,000	4,362,500
Venezuela	2.34	26,187,000	4,144,500	1,571,533	20,470,967
Total	100.00	\$1,119,474,000	\$111,737,000	\$108,955,826	\$898,781,174

FUND FOR SPECIAL OPERATIONS

INTER-AMERICAN DEVELOPMENT BANK—FUND FOR SPECIAL OPERATIONS
STATEMENT OF CURRENCIES AND DEMAND OBLIGATIONS HELD BY THE BANK
 DECEMBER 31, 1966

APPENDIX II-6

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	4,067,302	\$ 49,286	3,328,865,580	\$ 40,337,662	3,332,932,882	\$ 40,386,948
Argentina	Peso	172.34	452,394	2,625			452,394	2,625
Argentina	Peso	218.84	6,652,323	30,398			6,652,323	30,398
Bolivia	Peso Boliviano	11.875	47,771,922	4,022,556	27,692,500	2,332,000	75,464,422	6,354,556
Brazil	Cruzeiro	18.50	579,102,027	31,302,812			579,102,027	31,302,812
Brazil	Cruzeiro	2,075.40	885,167,504	426,504			885,167,504	426,504
Chile	Escudo	4.37	38,435,314	8,795,266			38,435,314	8,795,266
Colombia	Peso	9.00	89,766,466	9,974,052			89,766,466	9,974,052
Colombia	Peso	12.48	933,241	74,765			933,241	74,765
Costa Rica	Colon	6.62	6,012,515	907,989			6,012,515	907,989
Dominican Republic	Peso	1.00	2,047,754	2,047,754			2,047,754	2,047,754
Ecuador	Sucre	18.00	35,761,001	1,986,722			35,761,001	1,986,722
El Salvador	Colon	2.50	3,599,596	1,439,838			3,599,596	1,439,838
Guatemala	Quetzal	1.00	240	240			240	240
Guatemala (Note C)	Quetzal	1.00	1,788,000	1,788,000			1,788,000	1,788,000
Haiti	Gourde	5.00	2,953,306	590,661	6,705,000	1,341,000	9,658,306	1,931,661
Honduras	Lempira	2.00	2,890,826	1,445,413			2,890,826	1,445,413
Mexico (Note C)	Peso	12.50	275,246,869	22,019,750			275,246,869	22,019,750
Nicaragua	Cordoba	7.00	8,783,528	1,254,790			8,783,528	1,254,790
Panama	Balboa	1.00	56,556	56,556	1,228,000	1,228,000	1,284,556	1,284,556
Paraguay	Guarani	122.00	82,385,068	675,287	109,068,000	894,000	191,453,068	1,569,287
Paraguay	Guarani	126.00	215,739,450	1,712,218			215,739,450	1,712,218
Peru	Sol	27.65	1,076,880	38,946			1,076,880	38,946
Peru	Sol	26.99			129,941,226	4,815,045	129,941,226	4,815,045
United States	Dollar	1.00	362,868	362,868	75,000,000	75,000,000	75,362,868	75,362,868
United States (Note E)	Dollar	1.00	757,902	757,902	748,000,000	748,000,000	748,757,902	748,757,902
Uruguay	Peso	55.00	1,968,606	35,793	239,937,500	4,362,500	241,906,106	4,398,293
Venezuela	Bolivar	4.50	453,194	100,710	92,119,352	20,470,967	92,572,546	20,571,677
Total expressed in United States dollars				\$91,899,701		\$898,781,174		\$990,680,875

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1966

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, 1966. 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 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. All member countries have subscribed and paid the increase in their contribution quotas in full. The original and increased contribution quotas have been paid 50% in gold and/or United States dollars and 50% in the currency of the respective member except that non-negotiable, non-interest-bearing demand 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 provided that the additional contributions shall be paid by the members in their respective currencies in three equal annual installments. As of December 31, 1966 all member countries had paid their respective installments in full. 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.

NOTE E

In accordance with the provisions of Article V, Section 1 of the Agreement the United States has specified that the \$750,000,000 made available as of December 31, 1966 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. With respect to the use of funds for purchases in the countries where the projects are located the related dollars are disbursed under a special letter of credit procedure whereby the equivalent in local currency is provided to the borrowers for use under the loan contract and the dollars are utilized to purchase goods and services from the United States for export to the respective countries.

At the request of the Bank special letters of credit have been opened by commercial banks in the United States in favor of certain banks in member countries which have been designated to advance local currencies to borrowers. Advances have been made to borrowers by several banks in member countries upon receipt of advices that the relative special letters of credit had been opened without corresponding disbursements by the Bank to the appropriate commercial banks in the United States. Under the terms of the loan agreements these advances have been charged to the respective loans. As of December 31, 1966, the Bank is liable for \$4,000,287 of these advances made under the special letter of credit procedure.

NOTE F

In making ³¹decisions concerning operations of the Fund, the number of votes and percent of total vote for each member are the same as shown on Page ~~90~~, 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 1966 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 1965 and 1966 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.

In 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, a charge equivalent to depreciation has been made against 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, 1966 the amounts approved by the Bank for expenditures in the future for technical assistance projects were \$1,426,553. 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, 1966 include \$65,708 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 \$132,000 have been specified for seventeen 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 1966 received \$379,000 in behalf of the Institute from the following sources: \$119,000 of its own funds transferred to funds held in trust as the Bank's 1966 contribution, \$119,000 paid by the Social Progress Trust Fund as its 1966 contribution and \$141,000 paid by seventeen members of the Bank, not including Argentina and the United States, as their 1966 contributions. Of the amounts held as of January 1, 1966 plus the additional amounts received in behalf of the Institute in 1966, the Bank in 1966 disbursed directly to the Institute or in its behalf \$406,755 and the remaining \$21,680 is held for the Institute at December 31, 1966 and is included in the accompanying financial statements as funds held in trust.

NOTE K

In accordance with the loan contracts borrowers have agreed to special charges to cover costs of extraordinary supervision and inspection services performed in connection with projects financed under the loans. Beginning in 1966 the Bank established a special fund in each of the separate windows of the Bank (Ordinary Capital, Fund for Special Operations and Social Progress Trust Fund) to accumulate the amounts charged under the special provisions of the loans. Each loan is charged pursuant to the contract and the offsetting credit is accumulated in an account called "Fund for special supervision and inspection of loans" (Fund). Expenses associated with supervision and inspection of these loans which are over and above those normally and routinely performed by the Bank are charged each month to the Fund. There follows a summary of the transactions in the Fund (Fund for Special Operations) in the year ended December 31, 1966:

Charges against loans	\$42,285
Expenses incurred in special supervision and inspection of loan projects	42,285
	<hr/>
Unexpended balance December 31, 1966	<hr/> — 0 — <hr/>

FUND FOR SPECIAL OPERATIONS

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
ARGENTINA									
Republic of Argentina Public entity	Technical assistance for preparation of development projects and plans (\$3,733,000)	Advisory services provided; new loan for new phase approved	Pesos	25,000,000	25,000,000		25,000,000	2/28/62	4%
			U.S. dollars	500,000	456,240		456,240	(6/29/62)	(1967-70)
			Total in U.S. dollars	645,884	602,124		602,124		
Province of Rio Negro Public entity	Development and colonization of an agricultural project in the lower Viedma Valley, Province of Rio Negro (\$9,608,000)	Construction of main and secondary irrigation canals to be initiated shortly; agricultural studies under preparation; experimental station almost completed	Pesos ¹	2,845,000	366,907		366,907	7/31/62	4%
			U.S. dollars	2,683,000	106,284		106,284	(5/10/63)	(1968-83)
			Total in U.S. dollars	5,528,000	473,191		473,191		
Minera y Siderúrgica Patagónica Sierra Grande, S.A. (Acindar Industria Argentina de Aceros, S.A.; Minera Aluminé, S.A. and S.E.T., Sociedad de Responsabilidad Limitada) Private entity	Preinvestment studies for the establishment of a steel complex in the Province of Rio Negro (\$1,050,000)	Final feasibility study ready to be initiated	U.S. dollars	204,244	148,244	14,824	133,420	4/8/64 (6/1/64)	5¼% ² (1966-71)
Administración General de Obras Sanitarias de la Nación (Republic of Argentina) Public entity	Expansion of water supply system in Buenos Aires suburbs of Avellaneda and Lanus (\$3,818,000)	Project under construction	Pesos ¹	2,000,000				7/30/64 (10/7/64)	4% (1969-83)
Administración General de Obras Sanitarias de la Nación (Republic of Argentina) Public entity	Improvement of water systems of Buenos Aires, San Miguel de Tucumán, San Salvador de Jujuy, Córdoba and Mendoza (\$45,200,000)		Pesos ¹	6,500,000				12/9/65	2¼% ⁴
			U.S. dollars	12,000,000				(6/10/66)	(1970-86)
			Total in U.S. dollars	18,500,000					
Republic of Argentina Public entity	Continuation of technical assistance for studies of development projects and plans (\$508,000)		U.S. dollars	400,000				12/16/65 (5/23/66)	3¼% ⁵ (1969-70)
Republic of Argentina Public entity	Completion of a Hospital-School to improve teaching and research in medical sciences at University of Buenos Aires (\$10,500,000)		Pesos ¹	200,000				4/24/66	2¼% ⁴
			U.S. dollars	3,600,000					(1970-88)
			Total in U.S. dollars	3,800,000					
Republic of Argentina Public entity	Improvement in teaching and research in metallurgical sciences in Buenos Aires (\$1,490,000)		U.S. dollars	1,000,000				4/24/66 (8/19/66)	2¼% ⁴ (1970-86)

Republic of Argentina Public entity	Establishment of pre-investment fund for the preparation of specific projects and general studies (\$6,450,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	1,000,000 3,300,000 <u>4,300,000</u>				9/15/66	3¼% ⁵ (1970-82)
Municipalidad de la Ciudad de Buenos Aires (Republic of Argentina) Public entity	Construction of 6,800 housing units and respective services as part of an urban renewal project in Buenos Aires (\$18,170,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	1,800,000 10,400,000 <u>12,200,000</u>				11/3/66	2¼% ⁴ (1971-98)
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				48,578,128	1,223,559	14,824	1,208,735		
Less: Participations				67,740	67,740		67,740		
Net total loans to Argentina expressed in U.S. dollars				<u>48,510,388</u>	<u>1,155,819</u>	<u>14,824</u>	<u>1,140,995</u>		
BOLIVIA									
Corporación Boliviana de Fomento (Banco Central de Bolivia) Public entity	Industrial, agricultural and electric power credits (\$10,000,000)	66 industrial credits for \$2,550,623, 117 agricultural credits for \$1,956,220, and 17 mining credits for \$1,186,383 authorized; \$2,279,557 in loans for 5 electric power projects approved	U.S. dollars	<u>10,000,000</u>	<u>10,000,000</u>	<u>2,099,478</u>	<u>7,900,522</u>	2/24/61 (5/11/61)	4½% (1964-74)
Corporación Minera de Bolivia (Banco Central de Bolivia) Public entity	First phase of project to rehabilitate Bolivia's tin mines (\$25,350,000)	First phase completed	U.S. dollars	<u>4,500,000</u>	<u>4,500,000</u>	<u>1,285,714</u>	<u>3,214,286</u>	7/14/61 (8/31/61)	4% (1965-71)
Banco Agrícola de Bolivia (Banco Central de Bolivia) Public entity	Agricultural credits for farm settlement projects in the Departments of Cochabamba, Santa Cruz and La Paz (\$6,128,000)	8 credits for \$178,125 authorized	U.S. dollars	<u>2,600,000</u>	<u>185,325</u>		<u>185,325</u>	12/28/62 (1/24/63)	4% (1968-80)
Corporación Minera de Bolivia (Banco Central de Bolivia) Public entity	Second phase of project to rehabilitate Bolivia's tin mines (\$18,040,000)	Second phase virtually completed	Pesos ¹ U.S. dollars Total in U.S. dollars	400,000 4,460,000 <u>4,860,000</u>	393,989 4,438,962 <u>4,832,951</u>	52,532 592,153 <u>644,685</u>	341,457 3,846,809 <u>4,188,266</u>	2/14/63 (3/15/63)	4% (1967-79)
Republic of Bolivia Public entity	Agricultural credits to support rural development bases (\$1,567,000)	Credits of \$146,750 extended to 13 cooperatives with 1,100 members	U.S. dollars	<u>1,100,000</u>	<u>100,000</u>		<u>100,000</u>	10/31/63 (1/16/64)	4% (1966-79)
Republic of Bolivia Public entity	Construction of first stage of 27,000-kilowatt hydroelectric plant at Corani, along with transmission and distribution facilities (\$15,500,000)	Project virtually completed	Pesos ¹ U.S. dollars Total in U.S. dollars	400,000 3,100,000 <u>3,500,000</u>	399,903 2,001,461 <u>2,401,364</u>		399,903 2,001,461 <u>2,401,364</u>	7/23/64 (7/24/64)	4% (1969-89)
Universidad Mayor de San Simon (Republic of Bolivia) Public entity	Academic and administrative improvements in teaching agricultural sciences in Cochabamba (\$754,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	128,000 372,000 <u>500,000</u>				12/21/65 (4/1/66)	2¼% ⁴ (1969-86)

FUND FOR SPECIAL OPERATIONS

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
BOLIVIA (Cont'd.)									
Universidad Técnica de Oruro (Republic of Bolivia) Public entity	Academic and administrative improvements in College of En- gineering in Oruro (\$800,000)	Some equipment and technical assistance provided	Pesos ¹	161,000	6,450		6,450	12/21/65	2¼% ⁴
			U.S. dollars	239,000	43,550		43,550	(4/1/66)	(1969-86)
			Total in U.S. dollars	400,000	50,000		50,000		
Universidad Autónoma Gabriel René Moreno (Republic of Bolivia) Public entity	Academic and administrative improvements in College of Veterinary Medicine in Santa Cruz (\$600,000)		Pesos ¹	146,000				12/21/65	2¼% ⁴
			U.S. dollars	254,000				(4/1/66)	(1969-86)
			Total in U.S. dollars	400,000					
Corporación Minera de Bolivia (Banco Central de Bolivia) Public entity	Third stage of project to reha- bilitate Bolivia's tin mines (\$10,000,000)	Third stage well advanced; stress being placed on explora- tion of new ore sources	Pesos ¹	41,000	28,513		28,513	2/10/66	3¼% ⁵
			U.S. dollars	2,459,000	784,864		784,864	(3/11/66)	(1969-79)
			Total in U.S. dollars	2,500,000	813,377		813,377		
Fábrica Nacional de Cemento, S.A. (Corporación Boliviana de Fomento) Public entity	Expansion of cement plant in Sucre (\$780,000)		U.S. dollars	500,000				6/23/66 (9/7/66)	3¼% ⁵ (1969-81)
Banco Industrial, S.A. (Banco Central de Bolivia) Private entity	Industrial credits (\$1,500,000)		U.S. dollars	1,000,000				6/23/66 (7/29/66)	3¼% ⁵ (1970-81)
Republic of Bolivia Public entity	Establishment of preinvest- ment fund for the preparation of specific projects and gener- al studies (\$3,150,000)		Pesos ¹	400,000				9/1/66	3¼% ⁵
			U.S. dollars	1,700,000				(9/30/66)	(1970-82)
			Total in U.S. dollars	2,100,000					
Corporación Boliviana de Fomento (Republic of Bolivia) Public entity	Industrial and mining credits (\$17,298,000)		Pesos ¹	2,000,000				11/10/66	3¼% ⁵
			U.S. dollars	8,800,000					(1971-82)
			Total in U.S. dollars	10,800,000					
TOTAL LOANS TO BOLIVIA EXPRESSED IN U.S. DOLLARS				<u>44,760,000</u>	<u>22,883,017</u>	<u>4,029,877</u>	<u>18,853,140</u>		
BRAZIL									
Banco do Nordeste do Brasil Public entity	Industrial credits for Brazil's Northeast (\$20,000,000)	38 credits for \$9,721,000 author- ized	U.S. dollars	10,000,000	6,590,637	861,013	5,729,624	4/9/61 (8/3/61)	4½% (1965-77)
Fundação Comissão de Planejamento Econômico da Bahia (State of Bahia) Public entity	Preparation of specific indus- trial, infrastructure and social projects in State of Bahia (\$810,000)	Studies on 6 projects concluded	Cruzeiros ¹	135,633	135,633	52,167	83,466	2/21/62 (8/9/62)	4% (1964-70)
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Expansion and improvement in the water system of Rio de Janeiro (\$25,653,000)	Project 80% complete	Cruzeiros ¹	2,500,000	2,500,000		2,500,000	3/13/62	4%
			U.S. dollars	9,000,00	8,823,961		8,823,961	(5/5/62)	(1967-92)
			Total in U.S. dollars	11,500,000	11,323,961		11,323,961		

Departamento Municipal de Agua e Es- gotos (Banco do Estado de Rio Grande do Sul) Public entity	Expansion and improvement in water and sewage system of Porto Alegre (\$6,973,000)	Project nearly half complete	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	1,500,000 1,650,000 <u>3,150,000</u>	1,119,517 163,697 <u>1,283,214</u>	1,119,517 163,697 <u>1,283,214</u>	12/19/63 (9/17/64)	4% (1969-89)
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Expansion and improvement in water system of Rio de Jan- eiro (\$12,484,000)	Project 80% complete	Curzeiros ¹ U.S. dollars Total in U.S. dollars	3,000,000 4,000,000 <u>7,000,000</u>	2,499,637 1,613,017 <u>4,112,654</u>	2,499,637 1,613,017 <u>4,112,654</u>	12/24/64 (12/31/64)	4% (1968-85)
Usina Siderurgica de Bahia S.A. (United States of Brazil) Public entity	Feasibility study for construc- tion of steel mill at Salvador, Bahia, in Brazil's Northeast (\$382,000)	Study nearly complete	U.S. dollars	<u>200,000</u>	<u>120,000</u>	<u>120,000</u>	7/1/65 (12/1/65)	4% (1968-72)
United States of Brazil Public entity	Establishment of preinvest- ment fund for the preparation of specific projects and gener- al studies (\$7,500,000)		Cruzeiros ¹ U.S. dollars Total in U.S. dollars	1,500,000 3,500,000 <u>5,000,000</u>			9/27/65 (10/1/65)	4% ² (1970-80)
United States of Brazil Public entity	Agricultural credits (\$40,500,000)		Cruzeiros ¹ U.S. dollars Total in U.S. dollars	3,000,000 17,500,000 <u>20,500,000</u>			12/9/65 (4/1/66)	2¼% ⁴ (1969-86)
Departamento Nacional de Estradas de Rodagem (United States of Brazil) Public entity	Construction of 411 miles of highway between Port of Par- anaguá and Foz de Iguacu on Paraguayan border (\$40,000,000)	Project 45% complete	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	4,000,000 16,000,000 <u>20,000,000</u>	3,500,000 2,035,000 <u>5,535,000</u>	3,500,000 2,035,000 <u>5,535,000</u>	12/21/65 (4/1/66)	3¼% ⁵ (1969-86)
Departamento Nacional de Portos e Vias Navegáveis (United States of Brazil) Public entity	Improvement in port installa- tion at Paranaguá (\$11,860,000)		U.S. dollars	<u>5,640,000</u>			12/21/65 (4/1/66)	3¼% ⁵ (1969-86)
United States of Brazil Public entity	Improvement of water system of Salvador and water supply projects for 200 other Brazil- ian communities (\$29,303,000)		Cruzeiros ¹ U.S. dollars Total in U.S. dollars	3,100,000 11,900,000 <u>15,000,000</u>			12/21/65 (7/28/66)	2¼% ⁴ (1971-86)
Banco Nacional da Habitação (United States of Brazil) Public entity	Construction of 18,700 housing units in 40 Brazilian communi- ties (\$44,000,000)		Cruzeiros ¹ U.S. dollars Total in U.S. dollars	5,000,000 15,000,000 <u>20,000,000</u>			8/4/66 (10/10/66)	2¼% ⁴ (1970-96)
Conpanhia Hidro Elétrica do São Fran- cisco (United States of Brazil) Public entity	Expansion of Paulo Afonso hy- droelectric plant by 300,000 kilowatts and related facilities in Brazil's Northeast (\$24,370,000)	First stage being carried out with ordinary capital resources loan	Cruzeiros ¹ U.S. dollars Total in U.S. dollars	3,600,000 5,500,000 <u>9,100,000</u>			8/25/66 (11/3/66)	3¼% ⁵ (1972-84)
Banco do Nordeste do Brasil (United States of Brazil) Public entity	Expansion of water supply sys- tems in Northeast cities of Aracujú, Fortaleza and Joao Pessoa (\$28,900,000)		Cruzeiros ¹ U.S. dollars Total in U.S. dollars	3,000,000 11,450,000 <u>14,450,000</u>			11/29/66	2¼% ⁴ (1971-93)

FUND FOR SPECIAL OPERATIONS

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Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
BRAZIL (Cont'd.)									
Departamento Municipal de Aguas e Esgotos de Belo Horizonte (Caixa Econômica do Estado de Minas Gerais and State of Minas Gerais) Public entity	Expansion of water system of Belo Horizonte (\$25,170,000)		Cruzeiros ¹	4,000,000				12/22/66	3¼% ⁵ (1971-88)
			U.S. dollars	8,000,000					
			Total in U.S. dollars	<u>12,000,000</u>					
Banco do Nordeste do Brasil S.A. (United States of Brazil) Public entity	Industrial credits for Brazil's Northeast (\$24,000,000)		Cruzeiros ¹	50,000				12/28/66	3¼% ⁵ (1971-84)
			U.S. dollars	5,950,000					
			Total in U.S. dollars	<u>6,000,000</u>					
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				<u>159,675,633</u>	<u>29,101,099</u>	<u>913,180</u>	<u>28,187,919</u>		
CHILE									
Corporación de Fomento de la Producción Public entity	Resettlement in 8 projects in South-Central Chile (\$13,860,000)	34 houses built, 275 in construc- tion; 617 farm structures built; 90% of project's fences and 20% of its access roads in- stalled	Escudos	1,470,000	1,470,000	52,040	1,417,960	12/21/61 (5/2/62)	4% (1966-79)
			U.S. dollars	<u>5,657,000</u>	<u>3,222,452</u>	<u>82,962</u>	<u>3,139,490</u>		
			Total in U.S. dollars	<u>6,265,503</u>	<u>3,830,955</u>	<u>104,862</u>	<u>3,726,093</u>		
Corporación de Fomento de la Producción Corporación de la Reforma Agraria Public entities	Technical assistance for above resettlement project (\$265,000)	Assistance provided	U.S. dollars	<u>265,000</u>	<u>107,600</u>	<u>30,743</u>	<u>76,857</u>	12/21/61 (5/2/62)	4% (1965-68)
Corporación de Fomento de la Producción Public entity	Aerophotogrammetric survey in Central Chile (\$5,380,000)	Project completed	U.S. dollars	<u>2,100,000</u>	<u>2,100,000</u>	<u>221,053</u>	<u>1,878,947</u>	10/18/62 (12/20/62)	4% (1966-75)
Corporación de Fomento de la Producción Public entity	Establishment of preinvestment fund for the preparation of specific projects and general studies (\$4,500,000)	Program in initial phase	Escudos ¹	1,090,000	145,434		145,434	8/12/65 (11/26/65)	4% ² (1968-80)
			U.S. dollars	<u>1,910,000</u>	<u>154,566</u>		<u>154,566</u>		
			Total in U.S. dollars	<u>3,000,000</u>	<u>300,000</u>		<u>300,000</u>		
Universidad de Concepción (Corporación de Fomento de la Producción) Private entity	Buildings and other improve- ments for Schools of Educa- tion and Sociology in Concepción (\$2,920,000)	Construction initiated	Escudos ¹	450,000	30,000		30,000	11/4/65 (1/20/66)	2¼% ⁴ (1970-86)
			U.S. dollars	<u>750,000</u>	<u>7,000</u>		<u>7,000</u>		
			Total in U.S. dollars	<u>1,200,000</u>	<u>37,000</u>		<u>37,000</u>		
Republic of Chile Public entity	Expansion and improvement in water systems in 39 cities (\$26,006,000)		U.S. dollars	<u>15,500,000</u>				12/14/65 (3/25/66)	2¼% ⁴ (1970-86)

Universidad Técnica Federico Santa María (Corporación de Fomento de la Producción) Private entity	Buildings and other improve- ments at technological univer- sity in Valparaíso (\$4,100,000)	Construction initiated	Escudos ¹ U.S. dollars Total in U.S. dollars	900,000 1,600,000 2,500,000	139,920 139,920	139,920 139,920	1/6/66 (6/20/66)	2¼% ⁴ (1970-91)
Corporación de Servicios Habitacio- nales (Republic of Chile) Public entity	Construction of 10,700 housing units in 75 communities (\$24,000,000)		Escudos ¹ U.S. dollars Total in U.S. dollars	3,050,000 9,000,000 12,050,000			4/24/66 (10/6/66)	2¼% ⁴ (1969-96)
Universidad de Chile (Corporación de Fomento de la Producción) Public entity	Improvements in teaching agri- cultural sciences at University of Chile in Santiago (\$6,400,000)		Escudos ¹ U.S. dollars Total in U.S. dollars	2,200,000 2,800,000 5,000,000			5/12/66 (10/11/66)	2¼% ⁴ (1970-91)
Republic of Chile Public entity	Construction on 127 miles of the Chilean section of Trans- Andean highway between Val- paraíso, Chile, and Mendoza, Argentina (\$27,000,000)	About 20% of the project car- ried out	Escudos ¹ U.S. dollars Total in U.S. dollars	1,500,000 13,500,000 15,000,000	1,000,000 2,000,000 3,000,000	1,000,000 2,000,000 3,000,000	6/16/66 (10/6/66)	3¼% ² (1971-86)
Instituto de Desarrollo Agropecuario (Corporación de Fomento de la Producción) Public entity	Agricultural credits (\$33,610,000)	657 credits for 4,153,266 escu- dos extended	Escudos ¹ U.S. dollars Total in U.S. dollars	2,500,000 8,500,000 11,000,000	1,100,000 1,100,000	1,100,000 1,100,000	9/15/66 (10/6/66)	2¼% ⁴ (1969-86)
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				73,880,503	10,615,475	356,658	10,258,817	
Less: Participations				663,158	663,158	221,053	442,105	
Net total loans to Chile expressed in U.S. dollars				73,217,345	9,952,317	135,605	9,816,712	

COLOMBIA

Corporación Autónoma Regional de los Valles del Magdalena y del Sinú (Republic of Colombia) Public entity	Preinvestment studies for development of Sinú River watershed (\$1,586,000)	Some 66% of studies carried out	Pesos U.S. dollars Total in U.S. dollars	3,300,000 380,000 655,103	2,305,893 55,042 256,509	255,014 8,742 33,173	2,050,879 46,300 223,336	5/11/62 (7/17/62)	4% (1966-71)
Instituto Nacional de Fomento Municipal (Republic of Colombia) Public entity	Construction of first stage of projects to build water and sewage systems in 367 communities (\$5,680,000)	149 projects under construction; 62% completed	Pesos ¹ U.S. dollars Total in U.S. dollars	1,000,000 1,500,000 2,500,000	537,124 813,777 1,350,901		537,124 813,777 1,350,901	7/12/62 (8/21/62)	(4% (1967-92)
Empresas Públicas de Medellín (Republic of Colombia) Public entity	Second stage in project to expand water system of Medellín (\$7,550,000)	Project entering final phases of construction	Pesos ¹ U.S. dollars Total in U.S. dollars	800,000 3,950,000 4,750,000	547,215 1,116,815 1,664,030		547,215 1,116,815 1,664,030	4/15/65 (9/30/65)	4% ² (1970-89)
Establecimiento Público Empresas Municipales de Cali (Republic of Colombia) Public entity	Expansion of electric power distribution system of Cali (\$8,263,000)	Project under construction	U.S. dollars	3,300,000	300,554		300,554	10/21/65 (4/19/66)	3¼% ⁵ (1969-81)
Universidad de los Andes (Republic of Colombia) Private entity	Expansion and improvements of the School of Engineering of the Universidad de Los Andes in Bogotá (\$1,948,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	470,000 530,000 1,000,000				12/16/65 (8/6/66)	2¼% ⁴ (1970-86)

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COLOMBIA (Cont'd.)									
Instituto Colombiano de la Reforma Agraria (Republic of Colombia) Public entity	Execution of two irrigation and farm settlement projects—one near Cartagena, the other north of Cali (\$22,532,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	4,300,000 5,400,000 <u>9,700,000</u>				4/24/66 (11/1/66)	2¼% ⁴ (1969-91)
Universidad de Antioquia (Republic of Colombia) Public entity	Construction of new university campus in Medellin (\$9,650,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	1,600,000 3,700,000 <u>5,300,000</u>				7/21/66 (10/25/66)	2¼% ⁴ (1971-85)
Universidad Nacional de Colombia (Republic of Colombia) Public entity	Improvement of facilities at campuses at Bogota, Medellin, Manizales and Palmira (\$18,400,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	3,200,000 4,500,000 <u>7,700,000</u>				12/8/66	2¼% ⁴ (1971-88)
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				34,905,103	3,571,994	33,173	3,538,821		
Less: Participations				115,384	115,384		115,384		
Net total loans to Colombia expressed in U.S. dollars				<u>34,789,719</u>	<u>3,456,610</u>	<u>33,173</u>	<u>3,423,437</u>		
COSTA RICA									
Banco Nacional de Costa Rica Public entity	Credits for agricultural cooperatives (\$2,000,000)	Credits totaling \$372,749 extended to 6 cooperatives	U.S. dollars	<u>1,000,000</u>	<u>423,696</u>		<u>423,696</u>	4/4/63 (5/15/64)	4% (1967-85)
Banco Nacional de Costa Rica (Republic of Costa Rica) Public entity	Credits to rehabilitate farms damaged by Irazu Volcano and settle farmers in other areas (\$11,872,000)	8 credits for 1,466,820 colones approved	Colones ¹ U.S. dollars Total in U.S. dollars	400,000 4,800,000 <u>5,200,000</u>	300,000 200,000 <u>500,000</u>		300,000 200,000 <u>500,000</u>	8/26/65 (11/23/65)	4% (1970-85)
Servicio Nacional de Acueductos y Alcantarillado (Republic of Costa Rica) Public entity	Construction or improvements of 60 rural and 2 urban water systems (\$2,300,000)	7 systems finished; 11 under construction	Colones ¹ U.S. dollars Total in U.S. dollars	70,000 1,230,000 <u>1,300,000</u>	70,000 18,500 <u>88,500</u>		70,000 18,500 <u>88,500</u>	10/21/65 (12/1/65)	2¼% (1969-95)
Banco de Costa Rica (Republic of Costa Rica) Public entity	Industrial credits (\$3,771,000)		U.S. dollars	<u>2,200,000</u>				12/21/65 (6/8/66)	3¼% (1970-82)
Banco Nacional de Costa Rica Public entity	Livestock credits (\$400,000)	26 credits for \$357,423 authorized	Colones ¹	<u>400,000</u>	<u>92,870</u>		<u>92,870</u>	8/2/66 (8/29/66)	3¼% (1968-74)
TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				<u>10,100,000</u>	<u>1,105,066</u>		<u>1,105,066</u>		

DOMINICAN REPUBLIC

Banco Central de la República Dominicana Public entity	Industrial credits (\$10,000,000)	3 credits approved for \$210,965 Recommendations being implemented	Pesos ¹ U.S. dollars Total in U.S. dollars	150,000 4,850,000 5,000,000				4/15/65 (5/19/66)	4% ² (1970-81)
Corporación Azucarera Dominicana (Dominican Republic) Public entity	Technical assistance to carry out improvements in operations of state sugar corporation (\$343,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	72,000 168,000 240,000	71,849 167,651 239,500	71,849 167,651 239,500		12/2/65 (6/28/66)	3¼% ⁵ (1969-74)
TOTAL LOANS TO DOMINICAN REPUBLIC EXPRESSED IN U.S. DOLLARS				5,240,000	239,500	239,500			

ECUADOR

Banco Nacional de Fomento (Republic of Ecuador) Public entity	Credits for oil palm cultivation in area of Santo Domingo de los Colorados (\$4,944,000)	13 credits for \$902,695 authorized	Sucres ¹ U.S. dollars Total in U.S. dollars	276,000 1,089,000 1,365,000	276,000 503,576 779,576	45,000 60,000 105,000	231,000 443,576 674,576	7/13/61 (10/31/61)	5% (1964-74)
Banco Nacional de Fomento Public entity	Technical assistance for administrative and accounting improvements of development bank (\$187,000)	Project completed	U.S. dollars	96,892	96,892	96,892		7/5/62 (9/20/62)	4% (Repaid)
Banco Nacional de Fomento (Republic of Ecuador) Public entity	Industrial and agricultural credits (\$12,000,000)	49 industrial credits for \$8,277,339 and 985 agriculture credits for \$8,228,795 authorized	U.S. dollars	6,000,000	5,060,589	448,081	4,612,508	10/25/62 (11/7/62)	4% (1966-75)
Municipalidad de Quito (Republic of Ecuador) Public entity	Expansion of water system for Quito (\$17,555,000)		Sucres ¹ U.S. dollars Total in U.S. dollars	1,300,000 10,700,000 12,000,000				7/14/66 (10/21/66)	2¼% ⁴ (1970-89)
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				19,461,892	5,937,057	649,973	5,287,084		

EL SALVADOR

Banco Central de Reserva (Republic of El Salvador) Mixed entity	Expansion of electric power distribution system for 11 communities (\$225,000)	Project completed; 68 miles of transmission lines built	Colones U.S. dollars Total in U.S. dollars	147,317 123,802 182,728	147,317 123,802 182,728	147,317 123,802 182,728		8/10/61 (11/17/61)	4% (1970-86)
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				182,728	182,728	182,728			

GUATEMALA

Instituto Nacional de Electrificación (Republic of Guatemala) Mixed entity	Preinvestment study of electric power project (\$500,000)		U.S. dollars	300,000				12/31/63 (6/18/64)	4% (1966-71)
Republic of Guatemala Public entity	Preinvestment study for water system of Guatemala City (\$350,000)	Project 90% complete	Quetzales ¹ U.S. dollars Total in U.S. dollars	49,800 185,200 235,000	49,800 148,874 198,674	49,800 148,874 198,674		7/30/64 (8/26/64)	4% (1967-69)
Banco de Guatemala Public entity	Agricultural and industrial credits (\$3,333,000)		Quetzales ¹ U.S. dollars Total in U.S. dollars	700,000 1,300,000 2,000,000				8/9/66 (12/1/66)	2¼% ⁴ (1970-84)

FUND FOR SPECIAL OPERATIONS

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
GUATEMALA (Cont'd.)									
Republic of Guatemala Public Entity	Industrial and agricultural credits (\$1,333,000)		Quetzales ¹	800,000				8/9/66 (12/1/66)	3¼% ⁵ (1970-84)
Republic of Guatemala Public entity	Construction of water supply systems for 100 communities (\$2,100,000)		Quetzales ¹ U.S. dollars Total in U.S. dollars	100,000 1,200,000 1,300,000				9/22/66 (9/30/66)	2¼% ⁴ (1970-96)
Republic of Guatemala Public entity	Construction of 21 access roads 294 miles long and im- provements of 14 others 198 miles long (\$14,000,000)		U.S. dollars	9,000,000				12/28/66	3¼% ⁵ (1971-92)
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				13,635,000	198,674		198,674		
HAITI									
Banque Nationale de la République d'Haiti (Republic of Haiti) Public entity	Agricultural and industrial credits (\$5,000,000)	119 credits for \$3,112,153 ap- proved	U.S. dollars	3,500,000	1,738,729	268,763	1,469,966	4/9/61 (8/17/61)	4% (1965-76)
Banque Nationale de la République d' Haiti (Republic of Haiti) Public entity	Expansion of water system of Port-au-Prince (\$2,710,000)	Construction plans completed	Gourdes ¹ U.S. dollars Total in U.S. dollars	190,000 2,170,000 2,360,000	50,610 233,390 284,000		50,610 233,390 284,000	3/5/64 (9/1/64)	2% (1972-91)
Banque Nationale de la République d'Haiti (Republic of Haiti) Public entity	Improvements in teaching agri- cultural sciences and medicine (\$2,700,000)		U.S. dollars	1,300,000				11/17/66	2¼% ⁴ (1972-97)
TOTAL LOANS TO HAITI EXPRESSED IN U.S. DOLLARS				7,160,000	2,022,729	268,763	1,753,966		
HONDURAS									
Republic of Honduras Public entity	Construction of 5 highways 178 miles long in Northwest Honduras (\$13,250,000)	Project 90% complete	U.S. dollars	2,250,000	1,998,114	185,901	1,812,213	5/11/61 (8/11/61)	4% (1966-81)
Republic of Honduras Public entity	Highway and air transportation preinvestment studies (\$1,660,000)	Project 84% complete	U.S. dollars	960,000	810,447	810,447		11/9/61 (3/30/62)	4% (Repaid)

Banco Nacional de Fomento (Banco Central de Honduras) Public entity	Agricultural and industrial credits (\$11,635,000)	1,419 agricultural credits and 20 industrial credits authorized	U.S. dollars	<u>6,000,000</u>	<u>6,000,000</u>	<u>150,000</u>	<u>5,850,000</u>	4/12/62 (6/8/62)	4% (1966-78)
Republic of Honduras Public entity	Pulp and paper mill preinvest- ment study (\$200,000)		U.S. dollars	<u>200,000</u>				11/19/64 (1/7/65)	4% (1966-75)
Republic of Honduras Public entity	Construction of a 128-mile section of the Northern High- way from Puerto Cortes to Te- gucigalpa (\$24,500,000)	Project under construction	U.S. dollars	<u>10,130,000</u>	<u>631,297</u>		<u>631,297</u>	3/25/65 (7/22/65)	4% ² (1971-90)
Republic of Honduras Public entity	Preparation of specific invest- ment projects within nation's development plan (\$546,000)		U.S. dollars	<u>375,000</u>				12/21/65 (4/22/66)	3¼% ⁵ (1969-76)
Instituto de Vivienda (Republic of Honduras) Public entity	Construction of 2,800 housing units in Tegucigalpa (\$4,170,000)	Project initiated	Lempiras ¹ U.S. dollars Total in U.S. dollars	<u>500,000</u> <u>2,225,000</u> <u>2,725,000</u>	<u>165,000</u> <u>165,000</u>		<u>165,000</u> <u>165,000</u>	4/7/66 (4/22/66)	2¼% ⁴ (1969-96)
Banco Nacional de Fomento (Banco Central de Honduras) Public entity	Industrial and agricultural credits (\$10,050,000)		Lempiras ¹ U.S. dollars Total in U.S. dollars	<u>1,450,000</u> <u>5,550,000</u> <u>7,000,000</u>				10/27/66 (12/5/66)	2¼% 3¼% (1970-86)
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				29,640,000	9,604,858	1,146,348	8,458,510		
Less: Participations				798,776	798,776	348,776	450,000		
Net total loans to Honduras expressed in U.S. dollars				<u>28,841,224</u>	<u>8,806,082</u>	<u>797,572</u>	<u>8,008,510</u>		

MEXICO

Nacional Financiera, S.A. (United Mexican States) Public entity	Preinvestment studies for the development of the Lerma- Chapala-Santiago Basin in West Central Mexico (\$5,000,000)	21 agricultural development projects approved; 31 projects prepared and under considera- tion	Pesos ¹ U.S. dollars Total in U.S. dollars	<u>3,415,000</u> <u>385,000</u> <u>3,800,000</u>	<u>3,240,445</u> <u>323,064</u> <u>3,563,509</u>		<u>3,240,445</u> <u>323,064</u> <u>3,563,509</u>	4/4/63 (9/19/63)	4% (1967-78)
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of 9 irrigation systems in the Lerma-Chapala- Santiago Basin in West Central Mexico (\$19,600,000)	Work initiated on 8 projects	Pesos ¹ U.S. dollars Total in U.S. dollars	<u>500,000</u> <u>9,300,000</u> <u>9,800,000</u>	<u>474,571</u> <u>1,370,033</u> <u>1,844,604</u>		<u>474,571</u> <u>1,370,033</u> <u>1,844,604</u>	10/22/64 (10/30/64)	4% ² (1968-89)
Asociación Civil Enseñanza e Investigación Superior de Monterrey (Cervecería Cuauhtemoc, S.A.; Hojalata y Lámina, S.A.; Vidriería Monterrey, S.A.) Private entity	Expansion and improvement of a technological institute in Monterrey (\$2,988,000)		U.S. dollars	<u>1,000,000</u>	<u>136,707</u>		<u>136,707</u>	10/21/65 (1/7/66)	3% ³ (1970-86)
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction or improvements of 224 feeder roads 5,500 miles long (\$55,000,000)	Loan being used jointly with or- dinary resources loan for \$21 million. Project underway	Pesos ¹ U.S. dollars Total in U.S. dollars	<u>8,500,000</u> <u>24,500,000</u> <u>33,000,000</u>	<u>454,563</u> <u>454,563</u>		<u>454,563</u> <u>454,563</u>	12/30/65 (3/7/66)	4% ² (1971-91)

FUND FOR SPECIAL OPERATIONS

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
MEXICO (Cont'd.)									
Nacional Financiera, S.A. (United Mexican States)	Irrigation project in El Carrizo Valley in State of Sinaloa		Pesos ¹	7,080,000				12/15/66	4% ²
Public entity	(\$22,155,000)		U.S. dollars	4,000,000					(1971-93)
			Total in U.S. dollars	<u>11,080,000</u>					
Nacional Financiera, S.A. (United Mexican States)	Establishment of preinvestment fund for preparation of specif- ic projects and general studies		Pesos ¹	3,000,000				12/28/66	4% ²
Public entity	(\$7,273,000)		U.S. dollars	2,000,000					(1972-84)
			Total in U.S. dollars	<u>5,000,000</u>					
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				<u>63,680,000</u>	<u>5,999,383</u>		<u>5,999,383</u>		
NICARAGUA									
Banco Nacional de Nicaragua (Republic of Nicaragua)	Livestock credits (\$9,608,000)	Used jointly with ordinary capi- tal resources loan for \$4.6 mil- lion; under both loans 3,280 credits for \$2,363,000 have been extended and technical assist- ance for \$355,000 granted	U.S. dollars	4,500,000	3,905,094		3,905,094	12/21/64 (4/6/65)	4% ² (1968-80)
Public entity									
Instituto de Fomento Nacional (Republic of Nicaragua)	Feasibility studies of specific industrial projects (\$448,000)		Cordobas ¹	100,000				8/5/65	4% ²
Public entity			U.S. dollars	100,000				(12/13/65)	(1969-81)
			Total in U.S. dollars	<u>200,000</u>					
Republic of Nicaragua	Construction of 20 access roads 388 miles long	Work progressing on 1 road; construction on 8 others sched- uled in 1967	Cordobas ¹	350,000	350,000		350,000	9/27/65	4% ²
Public entity	(\$17,152,000)		U.S. dollars	11,650,000	27,000		27,000	(10/25/65)	(1969-90)
			Total in U.S. dollars	<u>12,000,000</u>	<u>377,000</u>		<u>377,000</u>		
Instituto Agrario de Nicaragua (Republic of Nicaragua)	Feasibility studies of a project to settle 4,500 farm families on new lands at Rigoberto Cabezas in the Department of Zelaya (\$498,000)		Cordobas ¹	100,000				3/17/66	2¼% ⁴
Public entity			U.S. dollars	200,000				(9/14/66)	(1969-73)
			Total in U.S. dollars	<u>300,000</u>					
Banco Nacional de Nicaragua (Republic of Nicaragua)	Agricultural credit (\$11,045,000)		Cordobas ¹	1,050,000				11/10/66	2¼% ⁴
Public entity			U.S. dollars	4,050,000				(12/21/66)	(1970-87)
			Total in U.S. dollars	<u>5,100,000</u>					
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS				<u>22,100,000</u>	<u>4,282,094</u>		<u>4,282,094</u>		
PANAMA									
Instituto de Fomento Económico (Republic of Panama)	Agricultural credit (\$11,112,000)	Loan totally committed in 9,515 credits	Balboas	186,000	186,000	23,250	162,750	12/7/61	4%
Public entity			U.S. dollars	<u>2,714,000</u>	<u>2,714,000</u>	<u>334,296</u>	<u>2,379,704</u>	(1/10/62)	(1965-77)
			Total in U.S. dollars	<u>2,900,000</u>	<u>2,900,000</u>	<u>357,546</u>	<u>2,542,454</u>		

Republic of Panama Public entity	Feasibility study of an 80-mile highway linking Penonomé and Colón (\$400,000)	Project 40% complete	U.S. dollars	300,000	120,745	14,205	106,540	12/31/63 (4/17/64)	4% (1966-74)
Banco Nacional de Panama (Republic of Panama) Public entity	Industrial credit (\$2,350,000)	31 credits for a total investment of \$1,411,155 authorized	U.S. dollars	1,000,000	503,138		503,138	12/10/64 (1/19/65)	4% (1969-79)
Instituto de Vivienda y Urbanismo (Republic of Panama) Public entity	Construction of 6,000 housing units in Panama City, Colon, and other cities (\$12,000,000)	Project initiated; 30 units built; 670 under construction	Balboas ¹ U.S. dollars Total in U.S. dollars	500,000 8,500,000 9,000,000	183,000 56,286 239,286		183,000 56,286 239,286	12/2/65 (2/17/66)	2¼% ⁴ (1971-96)
Republic of Panama Public entity	Establishment of loan fund for university students and post-graduates (\$1,000,000)	Project being implemented	U.S. dollars	700,000	121,249		121,249	3/17/66 (3/21/66)	2¼% ⁴ (1970-86)
Banco Nacional de Panamá (Republic of Panama) Public entity	Credits for development of livestock, pork and poultry production (\$3,473,000)		Balboas ¹ U.S. dollars Total in U.S. dollars	300,000 1,700,000 2,000,000				9/22/66 (9/27/66)	3¼% ⁵ (1970-86)
Republic of Panama Public entity	Construction of 16 farm-access roads 126 miles long (\$7,050,000)		U.S. dollars	3,500,000				11/3/66	2¼% ⁴ (1970-87)
TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS				<u>19,400,000</u>	<u>3,884,418</u>	<u>371,751</u>	<u>3,512,667</u>		

PARAGUAY

Banco Nacional de Fomento (Republic of Paraguay) Public entity	Industrial and agricultural credit (\$5,500,000)	176 agricultural credits for \$1,677,553 and 68 industrial credits for \$1,398,412 authorized	U.S. dollars	2,946,942	2,946,942	973,193	1,973,749	3/24/61 (7/28/61)	5¾% (1963-69)
Republic of Paraguay Public entity	Development of a pilot land colonization project at Puerto Presidente Stroessner in Eastern Paraguay (\$1,050,000)	Project carried out	U.S. dollars	250,000	250,000	111,111	138,889	5/26/61 (7/28/61)	4% (1963-71)
Republic of Paraguay Public entity	Land settlement studies (\$879,000)	Project completed	U.S. dollars	800,000	231,250	21,023	210,227	4/5/62 (12/3/62)	4% (1966-71)
Administración Nacional de Electricidad (Banco Central del Paraguay) Public entity	Preparation of design and construction plans for 45,000-kilo-watt hydroelectric plant on Acaray River (\$400,000)	Plans completed	U.S. dollars	400,000	400,000	400,000		12/6/62 (12/7/62)	4% (Repaid)
Administración Nacional de Electricidad (Republic of Paraguay) Public entity	Construction of a 45,000-kilo-watt hydroelectric plant on Acaray River; 195 miles of transmission lines to Asunción, and other improvements (\$29,800,000)	Project under construction	U.S. dollars	14,150,000	5,459,556		5,459,556	4/18/63 (8/17/64)	4% (1970-89)
Banco Nacional de Fomento (Republic of Paraguay) Public entity	Industrial credit (\$9,000,000)	13 credits for a total of \$1,946,296 authorized	Guaraníes ¹ U.S. dollars Total in U.S. dollars	500,000 3,500,000 4,000,000	680,572 680,572		680,572 680,572	7/30/64 (8/17/64)	4% (1968-79)

FUND FOR SPECIAL OPERATIONS

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
PARAGUAY (Cont'd.)									
Republic of Paraguay Public entity	Expansion of agricultural colo- nization project at Puerto Pre- sidente Stroessner in Eastern Paraguay (\$1,415,000)		Guaraníes ¹ U.S. dollars Total in U.S. dollars	400,000 260,000 660,000				5/27/65 (1/21/66)	4% ² (1970-81)
Republic of Paraguay Public entity	Establishment of a preinvest- ment fund for preparation of specific projects and general studies (\$1,000,000)		U.S. dollars	700,000				6/9/66 (9/30/66)	3¼% ⁵ (1970-82)
Banco Nacional de Fomento (Republic of Paraguay) Public entity	Agricultural and industrial credit (\$8,000,000)		Guaraníes ¹ U.S. dollars Total in U.S. dollars	1,600,000 4,400,000 6,000,000				11/10/66	2¼% ⁴ (1971-93)
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				29,906,942	9,968,320	1,505,327	8,462,993		
PERU									
Republic of Peru Public entity	Preinvestment studies of 66- mile Jaén-San Ignacio road in Northern Peru and 115-mile road between Inambari and Puerto Maldonado in Southeast Peru (\$560,000)	Feasibility studies completed	Soles ¹ U.S. dollars Total in U.S. dollars	115,000 360,000 475,000	103,570 286,350 389,920	5,504 15,668 21,172	98,066 270,682 368,748	8/20/64 (11/6/64)	4% (1966-74)
Republic of Peru Public entity	Integrated development of In- dian communities in the Sierra (\$39,542,000)	Agricultural credit phase of pro- gram initiated	Soles ¹ U.S. dollars Total in U.S. dollars	2,400,000 17,600,000 20,000,000	481,506 481,506		481,506 481,506	1/27/66 (3/4/66)	2¼% ⁴ (1970-96)
Corporación Financiera de la Reforma Agraria (Republic of Peru) Public entity	Settlement of 5,125 farm fami- lies in the Huallaga River Bas- in in the Departments of Huanuco and San Martin (\$25,000,000)		Soles ¹ U.S. dollars Total in U.S. dollars	1,500,000 13,500,000 15,000,000				5/26/66 (9/30/66)	2¼% ⁴ (1971-91)
Republic of Peru Public entity	Establishment of preinvestment fund for preparation of specif- ic projects and general studies (\$5,167,000)		Soles ¹ U.S. dollars Total in U.S. dollars	500,000 2,600,000 3,100,000				9/29/66	3¼% ⁵ (1970-82)
Universidad Nacional de Trujillo (Republic of Peru) Public entity	Expansion and improvement of Schools of General Studies and Chemical Engineering (\$3,100,000)		Soles ¹ U.S. dollars Total in U.S. dollars	100,000 1,700,000 1,800,000				12/8/66	2¼% ⁴ (1971-93)

Republic of Peru Public entity	Construction of dam to irrigate 17,000 acres and improve irrigation for 25,000 more at Aguada Blanca near Arequipa (\$1,130,000)		Soles ¹	800,000				12/28/66	3¼% ⁵ (1970-88)
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				<u>41,175,000</u>	<u>871,426</u>	<u>21,172</u>	<u>850,254</u>		
URUGUAY									
Establecimientos Frigorificos del Cerro, S.A. Private entity	Soap manufacturing plant (\$640,000)	Project completed	U.S. dollars	<u>197,000</u>	<u>197,000</u>	<u>197,000</u>		8/3/61 (11/30/61)	5¼% (Repaid)
Cooperativa Nacional de Productos de Leche (Banco de la República Oriental del Uruguay) Mixed entity	Expansion of dairy industry (\$5,900,000)	Project initiated	U.S. dollars	<u>3,600,000</u>	<u>24,685</u>		<u>24,685</u>	11/5/64 (3/9/65)	4% ² (1969-81)
Republic of Uruguay Public entity	Expansion of water supply services in eastern coastal cities (\$1,778,000)		U.S. dollars	<u>1,000,000</u>				6/10/65 (8/19/65)	4% ² (1969-85)
Banco de la República Oriental del Uruguay Public entity	Establishment of preinvestment fund for the preparation of specific projects and general studies (\$2,150,000)		Pesos ¹ U.S. dollars Total in U.S. dollars	<u>150,000</u> <u>1,350,000</u> <u>1,500,000</u>				9/1/66	3¼% ⁵ (1971-83)
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				<u>6,297,000</u>	<u>221,685</u>	<u>197,000</u>	<u>24,685</u>		
VENEZUELA									
Instituto Agrario Nacional (Republic of Venezuela) Public entity	Settlement of 800 farm families (\$21,621,000)	Project 63% complete	Bolivares ¹	<u>2,700,000</u>	<u>1,435,609</u>	<u>20,000</u>	<u>1,415,609</u>	11/8/62 (12/19/62)	4% (1966-85)
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) Public entity	Expansion of water systems for Cumaná, Puerto Cabello and Puerto Ordaz and of sewage system for Maracaibo (\$19,814,000)		Bolivares ¹	<u>7,200,000</u>				11/29/66	4% (1970-85)
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				<u>9,900,000</u>	<u>1,435,609</u>	<u>20,000</u>	<u>1,415,609</u>		

FUND FOR SPECIAL OPERATIONS

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved Signed	Interest (Maturity)
REGIONAL									
Central American Bank for Economic Integration Public entity	Industrial and infrastructure credit (\$9,004,000)	22 industrial loans for \$8,812,636 authorized	Colones (Costa Rica)	1,350,000	1,112,210		1,112,210	4/4/63	4%
			Colones (El Salvador)	350,000	350,000		350,000	(4/26/63)	(1967-83)
			Quetzales	270,000	270,000		270,000		
			Lempiras	380,000	131,740		131,740		
			Cordobas	1,400,000	350,000		350,000		
			U.S. dollars	5,000,000	4,926,279		4,926,279		
			Total in U.S. dollars	6,003,927	5,620,157		5,620,157		
Central American Bank for Economic Integration Public entity	Industrial and infrastructure credit (\$13,160,000)	17 industrial loans for \$12,050,057 authorized	Colones (Costa Rica) ¹	80,000	80,000		80,000	12/24/64	4%
			Colones (El Salvador) ¹	100,000	16,000		16,000	(3/26/65)	(1969-85)
			Quetzales ¹	120,000	56,804		56,804		
			Cordobas ¹	100,000					
			U.S. dollars	7,800,000	5,384,613		5,384,613		
			Total in U.S. dollars	8,200,000	5,537,417		5,537,417		
Central American Bank for Economic Integration Public entity	Preparation of preinvestment studies of specific projects of regional interest (\$4,300,000)		Colones (Costa Rica) ¹	60,000				4/24/66	3¼% ⁵
			Colones (El Salvador) ¹	60,000				(9/29/66)	(1972-86)
			Quetzales ¹	60,000					
			Lempiras ¹	60,000					
			Cordobas ¹	60,000					
			U.S. dollars	2,700,000					
			Total in U.S. dollars	3,000,000					
TOTAL REGIONAL LOANS EXPRESSED IN U.S. DOLLARS				17,203,927	11,157,574		11,157,574		
TOTAL LOANS EXPRESSED IN U.S. DOLLARS				656,881,856	124,506,265	9,528,046	114,978,219		
Less: Participations				1,645,058	1,645,058	569,829	1,075,229		
Net total loans expressed in U.S. dollars				655,236,798	122,861,207	8,958,217	113,902,990		

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) The Bank has entered into irrevocable commitments to disburse \$6,557,339.

¹ Expressed in U.S. dollar equivalent.

² In addition to the interest rate shown, also subject to a commitment fee of $\frac{3}{4}\%$ on the undisbursed balance.

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

⁶ In addition to the interest rate shown, also subject to commitment fees of $\frac{3}{4}\%$ and $\frac{1}{2}\%$, according to the subprograms to be financed, and a service charge of $\frac{3}{4}\%$.



Part III Activities

SOCIAL PROGRESS TRUST FUND

Operations/Fiscal Year 1966

(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)

The Inter-American Bank has administered the Social Progress Trust Fund since June 19, 1961, within the framework of the Alliance for Progress under an agreement with the United States Government.

Originally, the United States assigned \$394 million to the Trust Fund and subsequently on Feb. 17, 1964, it increased that sum by \$131 million to \$525 million. The Trust Fund was established as 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.

Under the agreement, the Trust Fund is designed "to provide capital resources and technical assistance on flexible terms and conditions, including repayment in local currency and the relending of repaid funds and interest, in accordance with appropriate and selective criteria in the light of the resources available, 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 resources of the Fund were to be utilized in making loans in the fields of land settlement and improved land use, housing for low-income groups, community water supply and sanitation facilities, and advanced education and training.

In addition the Bank was authorized

to use the resources of the Trust Fund in providing technical assistance related to projects in the above four fields as well as that related to the mobilization of domestic financial resources and the strengthening of financial institutions in Latin America.

On July 21, 1966, the Bank established the "Preinvestment Fund for Latin American Integration." Shortly thereafter the United States Government and the Bank signed an amendment to the Trust Fund Agreement under which such amounts of the resources of the Trust Fund as may be agreed upon from time to time may be allotted to the Preinvestment Fund for Latin American Integration (page 53). The same day through an exchange of letters the United States Government assigned an initial \$1.5 million from the Trust Fund to the Preinvestment Fund.

As indicated in the 1965 Annual Report virtually all of the resources allotted to the Trust Fund by the United States Government were committed in loans and technical assistance by the end of 1965. As of Dec. 31, 1966, such loan commitments stood at 117 totaling \$501,233,534, and technical assistance grants had reached \$8.6 million. The latter included grant technical assistance for \$1,922,249 extended by the Bank from the Social Progress Trust Fund in 1966.

The Bank's lending activities with the resources of the Social Progress Trust Fund in the future will depend on repayments on loans made up to 1965. The amortization periods on these loans, including grace periods, has varied from 20 to 30 years. Thus

such activities will be limited for some time due to the long terms.

However, the Bank's authorizations of social development loans are continuing at an undiminished rate since the Bank is now making such loans with the expanded resources of the Fund for Special Operations.

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

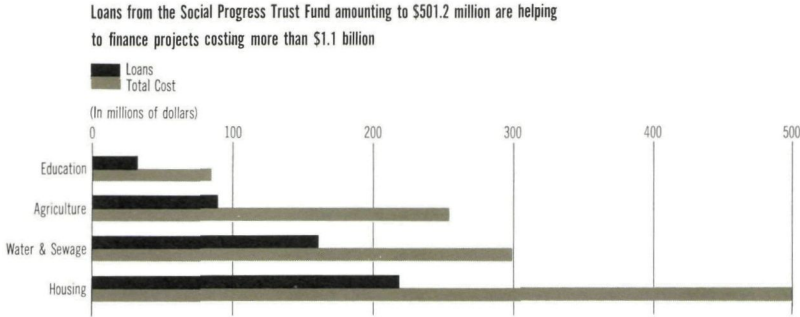
Technical Assistance

The technical assistance extended by the Bank in 1966 from the Social Progress Trust Fund amounted to \$1,982,249, of which \$1,922,249 was grant and \$60,000 was reimbursable assistance.¹

The 1966 commitments brought net cumulative technical assistance authorizations from the Trust Fund to \$13,716,564 as of Dec. 31, 1966. Of this sum \$8,629,603 was grant aid and \$5,086,961 was reimbursable assistance. The major portion of the reimbursable assistance consisted of parts of Trust Fund loans allocated to the technical services required in projects.

The 1966 commitments included the initial two authorizations made from the \$1.5 million which the United States assigned from the resources of the Social Progress Trust Fund to the Preinvestment Fund

¹ In 1966 the Bank also authorized \$25,210,032 in technical assistance from its own resources (page 73) and \$2,440,740 from the Canadian resources which it administers (page 139).



for Latin American Integration which the Bank established in July 1966 (page 53). The two authorizations included \$200,000 used to help finance a feasibility study of a telecommunications system in South America, and \$50,000 to help finance a survey of multinational investment possibilities within the framework of Latin American integration (page 53).

Following is a summary of the technical assistance commitments made from the Trust Fund in 1966 and a description of each of the individual operations.

Reimbursable	
In Ecuador	\$ 60,000
Non-Reimbursable	
In Bolivia, Brazil, Chile, the Dominican Republic, Ecuador, Haiti, Mexico, Paraguay and Uruguay	
Uruguay	\$ 735,800
Other	
Activities	1,186,449
Total Non-Reimbursable	1,922,249
GRAND TOTAL	<u>\$1,982,249</u>

Country Activities

BOLIVIA

The Bank approved a \$37,500 grant March 28 to finance a study designed to help Bolivia's Ministry of Agriculture to prepare a project for the settlement and development of an area known as Mosetones. The Bank extended a \$10,000 grant Dec. 8 to help Bolivia's *Consejo Nacional de Vivienda* carry out a housing program.

BRAZIL

The Bank extended a \$24,650 grant July 5 to the Government of Brazil for studies to improve various universities.

CHILE

The *Cooperativa de Consumidores Unidos*, a consumer cooperative, was given a \$30,000 grant April 14 to finance advisory services related to the execution of a project supported by a Bank loan to establish supermarkets in low- and medium-income neighborhoods in Santiago.

DOMINICAN REPUBLIC

On May 12 the Bank authorized a \$32,000 grant to help finance the activities of the OAS-IDB-ECLA Tripartite Mission which has been advising the nation on planning. The tripartite activities ended Dec. 31, 1966. However, to continue providing advisory services during 1967 to the Do-

minican Republic for the formulation of a national development program the Bank authorized an additional \$159,000 from the Trust Fund Nov. 3.

On Dec. 27 the Bank approved a \$50,000 grant to enable the Ministry of Public Health to carry out a study of rural water supply services and a \$10,000 grant to finance a study to improve the Engineering School of the *Universidad Católica* in Santiago de los Caballeros.

ECUADOR

On Aug. 19 the Bank authorized the use of up to \$60,000 of a \$3 million loan extended from the Trust Fund in 1965 to the *Centro de Reconversión Económica del Azuay, Cañar y Morona-Santiago* for a feasibility study of a road included in the land settlement program to which the loan was devoted. The Bank authorized a \$19,150 grant Dec. 19 to assist the *Conferencia Episcopal de la Iglesia Católica* of Ecuador to carry out an agrarian reform study in the country.

HAITI

Along with a \$1.3 million loan from the Fund for Special Operations extended Nov. 17 to the *Banque Nationale de la République d'Haiti* to help finance a program to improve teaching in agricultural and medical sciences in Haiti (page 69), the Bank authorized a \$125,000 grant from the Trust Fund to finance technical services related to the program's execution.

MEXICO

The Bank authorized a \$50,000 grant Sept. 26 to help the *Banco Nacional Hipotecario Urbano y Obras Públicas* to finance technical assistance services related to the preparation of a community development plan in Northwest Mexico.

PARAGUAY

The Bank extended four technical assistance grants in Paraguay in 1966 including \$25,000 May 12 to help finance the advisory services on planning of the OAS-IDB-ECLA Tripartite Mission; \$10,000 Aug. 29 to the *Banco Nacional de Fomento (BNF)* for advisory services on agricultural credit; \$8,000 May 29 for general advisory services to the BNF, and \$90,000 Aug. 8 for technical services for the execution of preparatory activities connected

MORE THAN 6,500 NEW HOMES for families of modest incomes in Ecuador are being constructed with the aid of a \$10.6 million loan. This development is located in Quito, the capital.





BREAKING NEW LAND for Venezuelan settlers. Over \$12 million worth of Bank loans have gone to help open up new farm lands for Venezuelan farm settlers.

with a role as financial agent of the Government of Paraguay for the purposes of mobilizing external resources to meet the goals of the nation's development plan.

URUGUAY

The Bank authorized a \$3,000 grant May 12 to help finance the activities of the OAS-IDB-ECLA Tripartite Mission which has been advising Uruguay on planning matters. The Bank authorized a \$15,000 grant Aug. 8 to help the Ministry of Agriculture carry out aerophotogrammetric surveys needed for the preparation of a plan for small irrigation projects throughout the country.

On Aug. 16 the Bank approved a \$37,500 grant to finance technical services connected with a role as financial agent for the Government of Uruguay in mobilizing external resources needed to carry out the nation's development plan.

Other Activities

In addition to the technical assistance authorized in individual countries, the Bank in 1966 authorized \$1,186,449 in grant technical assistance from the Trust Fund for various other activities. About 30 per cent of this amount was devoted to training, 45 per cent to planning, research and studies, and 25 per cent to activities related to the Latin American integration process. In many cases these grants supplemented amounts provided from the Fund for Special Operations.

TRAINING

The Bank authorized \$45,000 Feb. 21 to help finance the training courses which it carries out at its headquarters to familiarize Latin American officials with the organization, policies, methods and operations of the Bank, as well as other international financing agencies. A total of 42 officials from 18 member countries participated in the courses carried out in 1966.

On April 12 the Bank authorized \$12,836 as its contribution to the Ninth Training Course for Latin American officials which it sponsors in Mexico jointly with the Latin American Center for Monetary Studies.

The Bank also approved various grants for fellowships in courses carried out by other institutions, including \$15,000 March 7 to the *Fundação Getulio Vargas*, a study center in Rio de Janeiro, for a course on customs policy and administration given for students from throughout Latin America; \$30,000 Aug. 29 to the *Facultad Latinoamericana de Ciencias Sociales*, a social sciences training center in Santiago, Chile, for a course on public administration; \$27,000 June 7 for the Fifth Course of the Latin American Institute for Economic and Social Planning in Santiago; \$6,000 April 4 to the Inter-American Housing and Planning Center in Bogota, and \$10,500 Feb. 8 to the Latin American Demographic Center for a training program in Santiago.

Two grants were also authorized for fellowships for courses in Paraguay: \$8,000

April 19 for a training course on planning carried out under the auspices of the OAS-IDB-ECLA Tripartite Mission in Paraguay and \$5,063 Dec. 20 for a similar training program to be conducted by Paraguay's Planning Secretariat in 1967.

In 1966 the Bank authorized various grants for training activities in the fields of agrarian reform and agricultural development, including \$20,000 April 12 for the Fifth Course on Agricultural Credit carried out in Mexico by the Inter-American Institute of Agricultural Sciences; \$31,000 Sept. 19 for fellowships to a course on agrarian reform conducted by the Chilean Institute of Agrarian Reform; \$47,000 Sept. 27 to finance agricultural development courses in Colombia, Chile, Guatemala, Nicaragua, Panama and Paraguay; \$10,000 Feb. 14 and \$5,300 Nov. 23 for a seminar on agricultural credit conducted in Guatemala, and \$12,000 Sept. 26 for an agricultural training program carried out by the *Instituto Superior de Agricultura* of the Dominican Republic.

The Bank authorized a \$45,000 grant June 27 for a training program on sanitary engineering carried out in various Latin American countries jointly with the Pan American Health Organization and a \$15,000 grant Dec. 19 for a seminar on public administration which will be held at the Bank's headquarters in 1967.

PLANNING AND RESEARCH

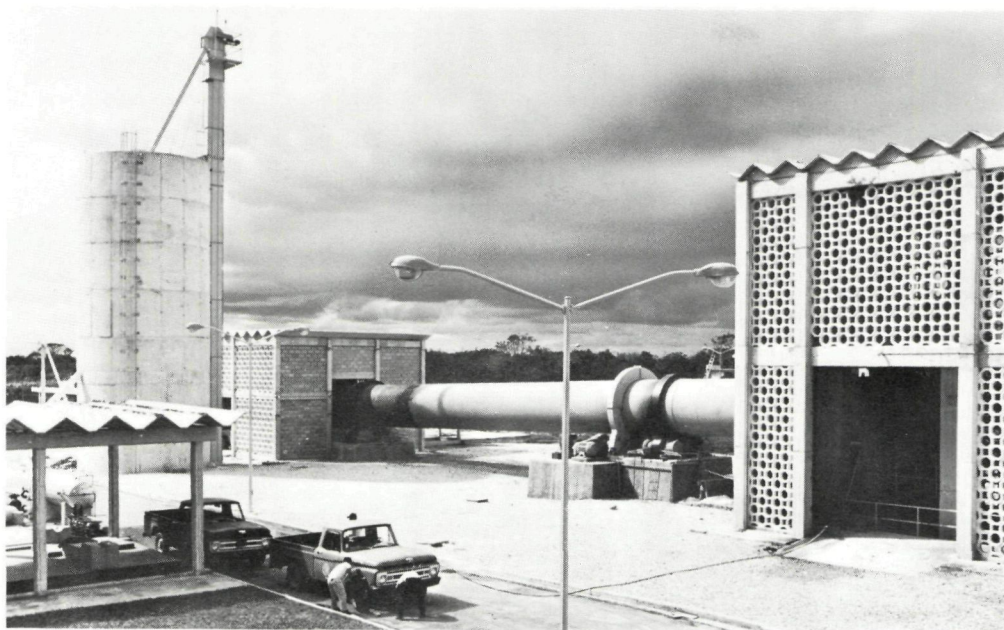
Three grants were authorized by the Bank in 1966 for planning activities and studies in Central America: \$90,000 June 2 for the OAS-IDB-ECLA Tripartite Mission which conducted planning activities in the countries of the area; \$75,000 Sept. 29 for an evaluation of the operations of the Central American Bank for Economic Integration, and \$10,250 June 7 for a course on Central American development conducted by the UN Economic Commission for Latin America in Mexico.

The Bank contributed financing for various studies in the field of agriculture including a \$100,000 grant approved March 10 to help the Inter-American Committee on Agricultural Development continue studies on agrarian reform in Mexico, Bolivia and Venezuela, and a \$100,000 grant authorized June 16 to assist in a general study on agricultural credit.

A \$20,000 grant was made July 19 to help finance a statistical study on housing costs in Latin America carried out in cooperation with ECLA and a \$30,000 grant was authorized Oct. 27 for the publication jointly with the OAS of studies on Latin American tax systems and a model fiscal code. On Sept. 7 the Bank authorized \$50,000 for a study of financial aspects of agrarian reform in Latin America which is being carried out by FAO.

TAPPING WATER NEAR CUZCO, PERU. This rural system is part of a nation-wide plan to bring an adequate supply of potable water to Peru's rural inhabitants. It is being aided with Bank financing.





MORE WATER FOR MERIDA and 11 other Mexican cities on the Yucatan Peninsula has been provided with the help of a \$9.2 million loan from the Social Progress Trust Fund.

The School of Law and Social Sciences of the University of Chile received a \$17,000 grant June 7 to help finance the second Latin American Meeting on Political and Social Sciences. The Chilean Chamber of Construction received a \$27,000 grant July 5 to help organize the First Inter-American Congress on Housing and carry out a study on the Hemisphere's housing problems.

The Bank assigned \$15,000 Nov. 7 to the publication of the Roundtable on Community Development, which took place in Mexico during the Bank's Seventh Annual Meeting in April.

INTEGRATION ACTIVITIES

On Oct. 14 the Bank allocated \$200,000 from the \$1.5 million which the United States assigned to the Preinvestment Fund for Latin American Integration from the Social Progress Trust Fund (page 106) for a study on a telecommunications system in South America. The same day the Bank allotted \$50,000 to help finance a survey of multinational investment possibilities within the framework of Latin America's economic integration.

The Bank authorized \$50,000 from the Trust Fund Nov. 3 for a study which the Bank has been carrying out since 1964 in cooperation with ECLA and the Latin American Institute for Economic and Social Planning of the possibility of developing certain major industries in Latin America on an integrated regional basis. The Bank devoted \$7,500 March 7 to a Colloquium on Latin

American Integration held at Georgetown University in Washington.

Financial Highlights

During 1966 the Social Progress Trust Fund had earnings of \$3,714,523 in excess of expenses before deducting charges for technical assistance costs, which amounted to \$1,799,800; currency adjustments which amounted to \$157,430, and special charges which amounted to \$139,033. These figures compared with \$1,837,481 in earnings for 1965, \$1,541,433 in technical assistance expenditures and \$282,320 in currency adjustments in 1965.

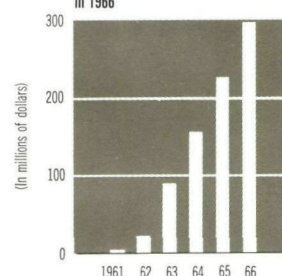
Gross income for the year amounted to \$6,178,097, of which \$4,354,852 was derived from interest on loans and \$1,823,245 was derived from service charges on loans.

Administrative expenses chargeable to the Trust Fund during 1966 amounted to \$2,463,574, compared with \$2,770,845 in 1965. Disbursements on loans from the Social Progress Trust Fund in 1966 amounted to \$69,975,634, compared with \$70,607,416 in 1965. These brought disbursements on such loans as of Dec. 31, 1966, to \$296,073,206.

Repayments by borrowers on such loans as of Dec. 31, 1966, amounted to \$6,176,585, compared with \$4,301,895 in 1965. These brought total repayments at the end of the year to \$15,126,527.

The audited financial statements of the Trust Fund are contained in the following pages.


Cumulative disbursements from the Social Progress Trust Fund rose to \$296,073,206 in 1966



OPINION OF INDEPENDENT AUDITOR
SOCIAL PROGRESS TRUST FUND

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, 1966, 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 in the circumstances.


PRICE WATERHOUSE & CO.

February 7, 1967
Washington, D. C.

APPENDIX

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

SOCIAL PROGRESS TRUST FUND

SOCIAL PROGRESS TRUST FUND
ADMINISTERED BY INTER-AMERICAN DEVELOPMENT BANK

APPENDIX III-1

BALANCE SHEET

DECEMBER 31, 1965 AND DECEMBER 31, 1966

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		\$ 232,120	
Currencies other than United States dollars	9,048,838	\$ 9,142,708	4,394,456	\$ 4,626,576

Loans outstanding (Appendix III-4)

Total loans approved since inception, less cancellations	501,233,534		501,233,534	
Less principal repayments	8,949,942		15,126,527	
Approved loans held by Trust Fund	492,283,592		486,107,007	
Less undisbursed balance	275,135,962	217,147,630	205,160,328	280,946,679

Accrued charges on loans		1,132,052		1,516,160
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Available from United States Government (Note B)		291,505,000		233,840,000
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Other assets		170,704		120,443
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Total assets		<u>\$519,098,094</u>		<u>\$521,049,858</u>
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LIABILITIES AND FUND BALANCES

Liabilities

Accrued expenses and accounts payable		\$ 728,055		\$ 876,946
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Fund for special supervision and inspection of loans (Note E)				184,613
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Fund balance

Fund established by United States Government (Note B)	\$525,000,000		\$525,000,000	
Accumulated excess of expenses over income at beginning of year	6,643,689		6,629,961	
Less excess of income over expenses during the year (Appendix III-2)	13,728	518,370,039	1,618,260	519,988,299
Total liabilities and Fund balances		<u>\$519,098,094</u>		<u>\$521,049,858</u>

SOCIAL PROGRESS TRUST FUND
ADMINISTERED BY INTER-AMERICAN DEVELOPMENT BANK

APPENDIX III-2

STATEMENT OF INCOME AND EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1965 AND DECEMBER 31, 1966

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

	1965	1966
Income from loans		
Interest	\$ 3,253,152	\$ 4,354,852
Service charges	1,355,174	1,823,245
Gross income	4,608,326	6,178,097
Administrative expenses		
Salaries (Note B)	\$ 596,118	\$ 495,955
Professional services	28,082	43,113
Travel	110,786	72,031
Printing	79,061	98,852
Field offices (includes salaries 1965 \$203,556—1966 \$187,909)	229,114	214,590
Miscellaneous	388	340
Indirect and overhead expenses (Note B)		
Paid or payable to Bank—Ordinary		
Capital (See Appendix I-2)	1,330,018	1,184,794
Paid or payable to Bank-Fund for		
Special Operations (See Appendix II-2)	397,278	353,899
Total administrative expenses	2,770,845	2,463,574
Excess of income over administrative expenses	1,837,481	3,714,523
Technical assistance and special charges		
Technical assistance (Appendix III-3) (Note C)	1,541,433	1,799,800
Decrease in United States dollar equivalents of Latin American currencies held by the Trust Fund (Note A)	282,320	157,430
Special charge arising from retroactive adjustment of rate allowed in charging indirect and overhead expenses (Note B)		139,033
Excess of income over expenses	\$ 13,728	\$ 1,618,260

SOCIAL PROGRESS TRUST FUND

SOCIAL PROGRESS TRUST FUND ADMINISTERED BY INTER-AMERICAN DEVELOPMENT BANK STATEMENT OF TECHNICAL ASSISTANCE EXPENSE (NOTE C)

JANUARY 1 TO DECEMBER 31, 1966

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

APPENDIX III-3

Bolivia	\$ 69,053
Brazil	49,795
Chile	84,366
Costa Rica	1,798
Dominican Republic	69,547
Ecuador	25,539
El Salvador	8,095
Honduras	4,116
Nicaragua	17,808
Panama	2,610
Paraguay	189,092
Peru	10,101
Uruguay	252
Central America-Tripartite Mission	88,947
Bolivarian Marginal Jungle Highway Project	2,557
Intern training in the Bank	37,845
Fellowships	183,427
Substantive studies	312,408
Institute for Latin American Integration	119,000
Preinvestment studies	200,882
Courses and seminars	206,462
Miscellaneous	133,603
	<u>1,817,303</u>
Less refunds and adjustments for prior years	17,503
	<u>\$1,799,800</u>

SOCIAL PROGRESS TRUST FUND
ADMINISTERED BY INTER-AMERICAN DEVELOPMENT BANK

APPENDIX III-4

SUMMARY STATEMENT OF LOANS

DECEMBER 31, 1966

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

Countries in which loans have been made (1)	Total loans approved since inception less cancellations (2)	Principal repayments (Note D)	Approved loans held by Trust Fund		
			Total	Undisbursed	Outstanding (Note D)
Argentina	\$ 43,500,000	\$ 671,486	\$ 42,828,514	\$ 33,898,499	\$ 8,930,015
Bolivia	14,600,000	273,749	14,326,251	7,711,625	6,614,626
Brazil	62,060,000	1,077,564	60,982,436	17,385,423	43,597,013
Chile	35,438,000	896,250	34,541,750	10,036,402	24,505,348
Colombia	49,937,000	1,304,081	48,632,919	17,667,155	30,965,764
Costa Rica	12,639,652	232,152	12,407,500	6,862,779	5,544,721
Dominican Republic	10,285,000	355,000	9,930,000	5,606,319	4,323,681
Ecuador	27,783,000	448,750	27,334,250	10,436,055	16,898,195
El Salvador	22,040,000	489,800	21,550,200	6,398,415	15,151,785
Guatemala	14,320,000	153,938	14,166,062	8,436,025	5,730,037
Honduras	7,635,000	230,000	7,405,000	2,316,742	5,088,258
Mexico	35,524,000	734,338	34,789,662	18,719,105	16,070,557
Nicaragua	13,135,000	372,282	12,762,718	4,395,325	8,367,393
Panama	12,862,000	535,050	12,326,950	2,025,774	10,301,176
Paraguay	7,800,000	65,000	7,735,000	4,809,742	2,925,258
Peru	45,250,000	1,055,194	44,194,806	15,305,723	28,889,083
Uruguay	10,500,000	53,000	10,447,000	8,106,232	2,340,768
Venezuela	72,999,882	6,054,851	66,945,031	22,948,466	43,996,565
Central American Countries—					
Five universities	2,925,000	124,042	2,800,958	2,094,522	706,436
Total	<u>\$501,233,534</u>	<u>\$15,126,527</u>	<u>\$486,107,007 (3)</u>	<u>\$205,160,328(4)</u>	<u>\$280,946,679</u>

(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 \$451,749,807 had become effective (i.e. eligible for disbursement) as of December 31, 1966 (see (2) above).

(4) The Bank as Administrator has entered into irrevocable commitments to disburse \$7,028,467.

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, 1966

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	246.80	111,533,850	\$ 451,920
Bolivia	Peso Boliviano	11.875	3,207,465	270,102
Brazil	Cruzeiro	2,200.00	1,507,771,346	685,351(2)
Chile	Escudo	5.00	144,618	28,923
Colombia	Peso	13.50	5,785,413	428,549
Costa Rica	Colon	6.65	773,907	116,371
Dominican Republic	Peso	1.00	496,068	496,068
Ecuador	Sucre	20.45	3,548,817	173,536
El Salvador	Colon	2.50	111,813	44,725
Guatemala	Quetzal	1.00	328,005	328,005
Honduras	Lempira	2.00	151,784	75,892
Mexico	Peso	12.50	1,705,557	136,445
Nicaragua	Cordoba	7.00	399,231	57,033
Panama	Balboa	1.00	37,276	37,276
Paraguay	Guarani	125.56	6,278	50
Peru	Sol	26.84	4,875,404	181,647
United States	Dollar	1.00	232,120	232,120
Uruguay	Peso	76.20	3,759,531	49,338
Venezuela	Bolivar	4.50	3,749,514	833,225
Total expressed in United States dollars				\$4,626,576

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

(2) In February 1967 Brazil devalued the cruzeiro from 2200 to the United States dollar to 2700 to the dollar. The effect of this devaluation is to decrease by approximately

\$127,000 the dollar equivalent of Brazilian cruzeiros held by the Trust Fund at December 31, 1966.

SOCIAL PROGRESS TRUST FUND
ADMINISTERED BY INTER-AMERICAN DEVELOPMENT BANK

APPENDIX III-6

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1966

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, 1966 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, 1966, \$291,160,000 had been received by the Bank from the United States. The remainder of \$233,840,000 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.

In 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. The \$2.16 increased rate was also used in charging indirect and overhead expenses of the Bank for the years 1964 and 1965. By letter dated February 14, 1966 the Government of the United States agreed to a further increase of the rate from \$2.16 to \$2.25 to be applied retroactively to January 1, 1964; accordingly \$107,055 and \$31,978 respectively, were paid on February 28, 1966 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 years 1964 and 1965.

The Bank has continued to use the adjusted rate (\$2.25) in charging indirect and overhead expenses for 1966. The rate used in 1965 and 1966 is subject to review by either the Bank or the Government of the United States. The amount of the adjustment, if any, and the period to which it may be applied 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, 1966 the amount approved by the Bank as Administrator for technical assistance projects but not yet disbursed was \$2,524,415. The accumulated technical assistance expenditures made by the Bank as Administrator as of December 31, 1966 include \$220,566 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.

SOCIAL PROGRESS TRUST FUND

NOTE E

In accordance with the loan contracts borrowers have agreed to special charges to cover costs of extraordinary supervision and inspection services performed in connection with projects financed under the loans. Beginning in 1966 the Bank established a special fund in each of the separate windows of the Bank (Ordinary Capital, Fund for Special Operations and Social Progress Trust Fund) to accumulate the amounts charged under the special provisions of the loans. Each loan is charged pursuant to the contract and the offsetting credit is accumulated in an account called "Fund for special supervision and inspection of loans" (Fund). Expenses associated with supervision and inspection of these loans which are over and above those normally and routinely performed by the Bank are charged each month to the Fund. There follows a summary of the transactions in the Fund (Social Progress Trust Fund) in the year ended December 31, 1966:

Charges against loans	\$390,016
Expenses incurred in special supervision and inspection of loan projects	205,403
Unexpended balance December 31, 1966	<u>\$184,613</u>

STATEMENT OF LOANS

SOCIAL PROGRESS TRUST FUND

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
ARGENTINA									
Republic of Argentina Public entity	Re-equipping Universities of Buenos Aires, Tucumán, Córdoba, La Plata, Cuyo, del Litoral, del Norte and del Sur (\$10,000,000)	60% of the project equipment purchased; another 30% on order	U.S. dollars	5,000,000	3,011,885	221,486	2,790,399	3/22/62 (5/4/62)	1¼% (1963-77)
Banco Hipotecario Nacional Public entity	Construction of 15,200 housing units throughout Argentina (\$60,000,000)	1,010 houses built; 8,225 under construction	U.S. dollars	30,000,000	6,589,616	450,000	6,139,616	11/29/62 (1/24/63)	1¼% (1964-88)
Administración General de Obras Sanitarias de la Nación (Republic of Argentina) Public entity	Expansion of water systems for Buenos Aires suburbs of Avellaneda and Lanus (\$6,682,000)	Project under construction	U.S. dollars	3,500,000				7/30/64 (10/7/64)	2¾% (1967-85)
Republic of Argentina Public entity	Construction or expansion of water systems in rural communities (\$10,000,000)		U.S. dollars	5,000,000				8/12/65 (8/26/65)	2¾% (1967-92)
TOTAL LOANS TO ARGENTINA EXPRESSED IN U.S. DOLLARS				<u>43,500,000</u>	<u>9,601,501</u>	<u>671,486</u>	<u>8,930,015</u>		
BOLIVIA									
Corporación Boliviana de Fomento (Banco Central de Bolivia) Public entity	Settlement of 8,000 farm families on public lands in East Central Bolivia (\$15,321,000)	2,571 farm families settled; 3,538 farm plots subdivided; 218 miles of access roads built; 17,600 acres of land cleared and under cultivation; other settlement activities carried out	U.S. dollars	6,500,000	3,385,563	113,749	3,271,814	12/28/62 (1/24/63)	1¼% (1964-88)
Consejo Nacional de Vivienda (Banco Central de Bolivia) Public entity	Construction of 3,870 housing units in La Paz, Cochabamba, Potosí, Oruro and Santa Cruz (\$5,429,000)	1,254 houses built; 1,076 under construction	U.S. dollars	4,000,000	2,811,066	120,000	2,691,066	3/21/63 (6/14/63)	1¼% (1964-93)
Republic of Bolivia Public entity	Establishment of 5 rural development bases (\$620,000)	Health, road, housing, school and irrigation works carried out for bases of Pillapi, Paracaya, Otavi and Llica	U.S. dollars	435,000	361,146	20,000	341,146	10/31/63 (1/16/64)	1¼% (1965-89)
Republic of Bolivia Public entity	Laboratory and other equipment to improve the Instituto Tecnológico Boliviano in La Paz (\$510,000)	Project initiated	U.S. dollars	325,000	25,000	8,000	17,000	5/7/64 (5/7/64)	1¼% (1965-84)
Republic of Bolivia Public entity	Expansion of water system of Oruro (\$3,082,000)	New source of water tapped for the project	U.S. dollars	2,600,000	235,600	12,000	223,600	3/4/65 (6/4/65)	2¾% (1966-90)

Universidad Mayor de San Andres (Republic of Bolivia) Public entity	Establishment of an Institute of Basic Sciences in the Uni- versidad Mayor de San Andrés (\$1,000,000)	Bids for construction of insti- tute building approved	U.S. dollars	740,000	70,000		70,000	5/20/65 (1/21/66)	1¼% (1967-86)
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TOTAL LOANS TO BOLIVIA EXPRESSED IN U.S. DOLLARS

14,600,000 6,888,375 273,749 6,614,626

BRAZIL									
Superintendência de Aguas e Esgotos do Reconcavo (State of Bahia) Public entity	Expansion of water system of Salvador in State of Bahia (\$8,127,000)	Project virtually complete	U.S. dollars	4,120,000	4,120,000	135,000	3,985,000	11/30/61 (3/1/62)	2¼% (1963-85)
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Expansion of water system of Rio de Janeiro (\$27,884,000)	Project 80% complete	U.S. dollars	12,500,000	12,500,000	185,000	12,315,000	3/13/62 (5/5/62)	2¼% (1963-92)
Banco do Estado da Guanabara S.A. (State of Guanabara) Public entity	Expansion of sewage system of Rio de Janeiro (\$22,437,000)	Project 55% complete	U.S. dollars	11,000,000	8,324,981	237,314	8,087,667	3/13/62 (5/5/62)	2¼% (1963-92)
Banco do Nordeste do Brasil S.A. (United States of Brazil) Public entity	Expansion of water and sew- age systems in Recife, Maceió and Natal and water system in Teresina, São Luiz and Cam- pina Grande, all in Brazil's Northeast (\$18,535,000)	Projects 60% complete in São Luiz; 77% in Teresina; 86% in Natal; 62% in Campina Grande; 50% in Recife and 23% in Ma- ceió	U.S. dollars	12,990,000	9,204,496	144,000	9,060,496	4/5/62 (5/2/63)	2¼% (1964-93)
Caixa Econômica do Estado de Minas Gerais (State of Minas Gerais) Public entity	Supervised farm credit and 1,350 rural houses in the State of Minas Gerais (\$13,000,000)	12,972 farm credits and 488 housing credits approved	U.S. dollars	6,400,000	6,081,629	192,000	5,889,629	4/12/62 (10/31/62)	1¼% (1963-82)
Banco do Nordeste do Brasil S.A. Public entity	Construction of 8,500 housing units in Recife and other cit- ies in State of Pernambuco (\$7,059,000)	202 houses built; 1,136 under construction	U.S. dollars	3,850,000	579,338	19,250	560,088	8/16/62 (12/13/63)	1¼% (1966-91)
Banco de Crédito Agrícola do Espírito Santo S.A. (State of Espírito Santo) Public entity	Farm credit to help diversify agriculture in the State of Espírito Santo (\$3,421,000)	1,690 credits for \$1,885,777 ex- tended to individual farmers and \$746,319 lent to 72 cooperatives	U.S. dollars	2,000,000	1,840,768	45,000	1,795,768	1/24/63 (6/10/63)	1¼% (1964-83)
Departamento de Aguas e Esgotos (State of Pará) Public entity	Expansion of water and sew- age system of Belem in the State of Pará (\$4,829,000)	Project 27% complete	U.S. dollars	2,500,000	1,430,858	20,000	1,410,858	11/21/63 (2/20/64)	2¼% (1965-94)
United States of Brazil Public entity	Equipment for Brazilian re- search and teaching centers in the basic and applied sciences (\$7,630,000)	15% of the project's equipment purchased	Cruzeiros ¹ U.S. dollars	4,000,000	{ 374,911 } { 217,596 }	100,000	492,507	7/30/64 (12/22/64)	1¼% (1966-85)

SOCIAL PROGRESS TRUST FUND

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
BRAZIL (Cont'd.)									
Superintendência do Desenvolvimento do Nordeste (United States of Brazil) Public entity	Supervised farm credit for agricultural cooperative in Brazil's Northeast (\$19,067,000)		U.S. dollars	2,700,000				7/30/64 (5/3/65)	1¼% (1966-85)
TOTAL LOANS TO BRAZIL EXPRESSED IN U.S. DOLLARS				<u>62,060,000</u>	<u>44,674,577</u>	<u>1,077,564</u>	<u>43,597,013</u>		
CHILE									
Republic of Chile Public entity	Expansion of water system of Concepción and Talcahuano (\$4,248,000)	Project 75% complete	U.S. dollars	2,470,000	1,679,030	70,000	1,609,030	11/22/61 (5/16/62)	2¾% (1963-82)
Corporación de Fomento de la Producción Corporación de la Reforma Agraria Public entity	Construction of 1,800 houses on 8 government farm proper- ties being settled (\$2,490,000)	529 housing units completed; 1,149 under construction	U.S. dollars	1,268,000	360,275	20,000	340,275	12/21/61 (5/2/62)	1¼% (1963-92)
Corporación de Fomento de la Producción Public entity	Supervised farm credit (\$21,770,000)	184,442 credits for 87,022,725 escudos authorized	U.S. dollars	6,500,000	6,500,000	243,750	6,256,250	12/21/61 (5/16/62)	1¼% (1963-82)
Caja Central de Ahorros y Préstamos (Republic of Chile) Public entity	Construction of 2,300 houses for members of cooperatives (\$7,697,000)	Project completed; 3,087 housing units built	U.S. dollars	5,000,000	5,000,000	150,000	4,850,000	5/17/62 (6/13/62)	1¼% (1963-89)
Promotora de Viviendas Económicas Li- mitada y Compañía, C.P.A. (Corporación de la Vivienda) Private entity	Construction of 1,900 housing units in Viña del Mar (\$7,643,000)	1,349 housing units built	U.S. dollars	2,000,000	1,724,498	30,000	1,694,498	7/26/62 (1/22/63)	1¼% (1964-84)
Universidad de Chile (Corporación de Fomento de la Producción) Public entity	Facilities for five regional col- leges of the Universidad de Chile at Temuco, La Serena, Antofagasta, Talca and Osorno (\$6,847,000)	Construction program completed; 80% of equipment purchased	U.S. dollars	2,300,000	1,943,275	57,500	1,885,775	11/15/62 (12/19/62)	1¼% (1963-77)
Cooperativa de Consumidores Unidos "UNICOOP" Santiago Ltda. (Corporación de Fomento de la Producción) Public entity	Construction of four markets and a food warehouse for low- income districts of Santiago (\$1,175,000)	Project completed	U.S. dollars	600,000	600,000	45,000	555,000	1/31/63 (4/26/63)	1¼% (1964-76)
Corporación de la Vivienda Public entity	Construction of 2,400 homes at Viña del Mar (\$5,600,000)	2,164 housing units built	U.S. dollars	2,000,000	1,289,821	50,000	1,239,821	10/24/63 (11/5/63)	1¼% (1964-93)

Republic of Chile Public entity	Construction of water systems in 300 rural communities (\$5,000,000)	45 systems completed; 50 under construction; studies of others in progress	Escudos ¹ U.S. dollars	2,500,000	{ 85,000 736,144 }	40,000	781,144	3/12/64 (3/17/64)	2¾% (1965-94)
Caja Central de Ahorros y Préstamos (Republic of Chile) Public entity	Construction of 2,500 additional homes for members of co-operatives (\$7,700,000)	1,279 housing units built; 1,194 in construction	Escudos ¹ U.S. dollars	5,000,000	{ 926,576 4,073,424 }	150,000	4,850,000	7/30/64 (8/12/64)	1¼% (1965-91)
Universidad de Chile (Corporación de Fomento de la Producción) Public entity	Expansion of facilities of School of Public Health of Universidad de Chile (\$2,300,000)	Project initiated	U.S. dollars	1,250,000	120,000	10,000	110,000	10/1/64 (10/31/64)	1¼% (1966-85)
Universidad Católica de Chile (Corporación de Fomento de la Producción) Private entity	Expansion of basic sciences facilities of Universidad Católica de Chile (\$3,800,000)	30 per cent of project equipment purchased; 54% of construction work completed	U.S. dollars	1,050,000	363,555	30,000	333,555	10/22/64 (11/2/64)	1¼% (1965-84)
Instituto de Viviendas Populares Caristas (Corporación de la Vivienda) Private entity	Construction of 600 housing units for members of co-operatives (\$2,500,000)		U.S. dollars	2,000,000				3/11/65	1¼% (1968-88)
Instituto de Promoción Agraria (Republic of Chile) Private entity	Subdivision of estates in Central Chile for 600 farm families (\$3,700,000)		U.S. dollars	1,500,000				11/4/65 (3/7/66)	1¼% (1967-86)
TOTAL LOANS TO CHILE EXPRESSED IN U.S. DOLLARS				<u>35,438,000</u>	<u>25,401,598</u>	<u>896,250</u>	<u>24,505,348</u>		

COLOMBIA

Establecimiento Público Empresas Municipales de Cali (Republic of Colombia) Public entity	Expansion of water system of Cali (\$4,780,000)	Project completed	U.S. dollars	2,454,000	2,454,000	361,081	2,092,919	10/26/61 (4/16/62)	2¾% (1963-82)
Instituto de Crédito Territorial (Republic of Colombia) Public entity	Construction of 13,824 housing units in various cities (\$29,340,000)	Project completed; 13,981 housing units built	U.S. dollars	15,200,000	15,200,000	304,000	14,896,000	11/16/61 (2/2/62)	1¼% (1963-82)
Empresas Municipales de Cúcuta (Republic of Colombia) Public entity	Expansion of water and sewage system of Cucuta (\$9,161,000)	Project 71% complete	U.S. dollars	5,183,000	4,091,733	264,000	3,827,733	11/22/61 (2/3/62)	2¾% (1963-92)
Instituto Nacional de Fomento Municipal (Republic of Colombia) Public entity	Expansion of water and sewage systems in 367 communities (\$19,312,000)	149 projects under construction; program 62% complete	U.S. dollars	8,500,000	5,237,052	170,000	5,067,052	7/12/62 (8/21/62)	2¾% (1963-92)
Universidad Nacional (Republic of Colombia) Public entity	Establishment of Institute of Basic Sciences and equipping School of Agriculture (\$2,446,000)	Construction 80% complete; 60% of equipment purchased	U.S. dollars	1,100,000	682,518	20,000	662,518	4/30/64 (6/12/64)	1¼% (1965-84)

SOCIAL PROGRESS TRUST FUND

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
COLOMBIA (Cont'd.)									
Fondo de Desarrollo y Diversificación de Zonas Cafeteras Federación Nacional de Cafeteros Private entities	Farm credit program for agricultural diversification program in Department of Caldas (\$16,830,000)	2,195 credits for \$5,384,160 authorized	Pesos ¹ U.S. dollars	7,000,000	{ 300,000 } { 2,763,654 }	175,000	2,888,654	5/21/64 (6/10/64)	1¼% (1965-84)
Instituto de Crédito Territorial (Republic of Colombia) Public entity	Construction of 7,965 homes in 28 Colombian cities (\$17,700,000)	351 houses built; 2,919 under construction	Pesos ¹ U.S. dollars	7,500,000	{ 521,578 } { 666,148 }	10,000	1,177,726	10/8/64 (9/30/65)	1¼% (1966-85)
Instituto de Crédito Territorial (Republic of Colombia) Public entity	Construction of 1,400 homes for members of labor unions (\$4,250,000)	280 houses in construction	Pesos ¹ U.S. dollars	2,500,000	{ 296,912 } { 5,000 }		301,912	12/24/64 (9/30/65)	1¼% (1966-85)
Universidad del Valle (Republic of Colombia) Public entity	Preinvestment designs and plans for new university campus in Cali (\$660,000)	10% of project completed	Pesos ¹ U.S. dollars	500,000	{ 50,000 } { 1,250 }		51,250	6/10/65 (12/13/65)	1¼% (1967-73)
TOTAL LOANS TO COLOMBIA EXPRESSED IN U.S. DOLLARS				49,937,000	32,269,845	1,304,081	30,965,764		
COSTA RICA									
Instituto Nacional de Vivienda y Urbanismo de Costa Rica Public entity	Construction of 5,725 housing units in San José, Heredia, Limón and Alajuela (\$16,000,000)	3,062 houses built; 436 under construction	U.S. dollars	3,499,652	3,499,652	87,152	3,412,500	8/10/61 (10/31/61)	1¼% (1962-86)
Servicio Nacional de Acueductos y Alcantarillado Public entity	Preinvestment studies for water and sewage projects in various communities (\$150,000)	Studies carried out	U.S. dollars	100,000	100,000	15,000	85,000	12/12/63 (12/13/63)	2¾% (1965-71)
Republic of Costa Rica Public entity	Construction or improvement of 50 feeder roads 392 miles long (\$8,051,359)	30% of project carried out	Colones ¹ U.S. dollars	4,000,000	{ 250,000 } { 1,331,286 }	120,000	1,461,286	5/21/64 (6/2/64)	1¼% (1965-84)
Servicio Nacional de Acueductos y Alcantarillado Public entity	Preinvestment study of project to expand sewage system of San José (\$215,000)	Studies completed	U.S. dollars	140,000	140,000	5,000	135,000	6/30/64 (7/2/64)	2¾% (1966-72)
Instituto de Tierras y Colonización (Republic of Costa Rica) Public entity	Settlement of 600 farm families in the Province of Limón (\$2,587,000)	179 families settled on 3,580 acres	U.S. dollars	1,300,000	102,406	5,000	97,406	10/1/64 (2/26/65)	1¼% (1966-85)
Instituto Nacional de Vivienda y Urbanismo (Republic of Costa Rica) Public entity	Construction of 2,816 homes in rural and urban areas (\$6,463,000)	240 houses built	Colones ¹ U.S. dollars	3,600,000	{ 71,492 } { 282,037 }		353,529	12/24/64 (2/25/65)	1¼% (1967-91)

TOTAL LOANS TO COSTA RICA EXPRESSED IN U.S. DOLLARS				12,639,652	5,776,873	232,152	5,544,721		
DOMINICAN REPUBLIC									
Banco Agrícola (Dominican Republic) Public entity	Farm credit (\$5,790,000)	7,000 credits for \$5,323,688 au- thorized	U.S. dollars	3,000,000	3,000,000	240,000	2,760,000	8/23/62 (10/12/62)	1¼% (1963-82)
Dominican Republic Public entity	Construction of 3,805 houses in 6 cities and 26 rural com- munities (\$6,375,000)	976 houses built; 470 in con- struction	U.S. dollars	3,500,000	1,407,799	105,000	1,302,799	12/28/62 (2/28/63)	1¼% (1964-90)
Dominican Republic Public entity	Expansion of water systems in La Romana and San Pedro de Macorís and installation of new ones at Pimentel, Castillo and Hostos (\$2,200,000)	Equipment purchased; construc- tion initiated	U.S. dollars	1,150,000	270,882	10,000	260,882	7/30/64 (8/7/64)	2¾% (1966-91)
Universidad Autónoma de Santo Domin- go (Dominican Republic) Public entity	Establishment of a General Studies Center and improve- ment in Schools of Engineering and Architecture, Agriculture and Veterinary Medicine, and Economics (\$2,900,000)	Project 40% complete	U.S. dollars	900,000				12/24/64 (4/8/65)	1¼% (1967-86)
Instituto Nacional de la Vivienda (Dominican Republic) Public entity	Construction of 750 homes for members of labor cooperatives (\$3,709,000)		U.S. dollars	1,735,000				4/15/65	1¼% (1968-95)
TOTAL LOANS TO DOMINICAN REPUBLIC EXPRESSED IN U.S. DOLLARS				10,285,000	4,678,681	355,000	4,323,681		
ECUADOR									
Banco Ecuatoriano de la Vivienda (Republic of Ecuador) Public entity	Construction of 6,537 housing units throughout the country (\$16,415,000)	4,207 houses built; 1,004 in con- struction	U.S. dollars	10,600,000	9,544,148	200,000	9,344,148	2/28/62 (7/23/62)	1¼% (1963-92)
Municipalidad de Quito (Republic of Ecuador) Public entity	Expansion of sewage system of Quito (\$3,925,000)	Project 94% complete	U.S. dollars	3,000,000	2,688,834	60,000	2,628,834	2/28/62 (7/10/62)	2¾% (1963-81)
Republic of Ecuador Public entity	Farm credit, home construc- tion, access roads and other facilities for 220 rural com- munities in the Sierra Andina (\$5,451,000)	679 credits for \$1,985,292 au- thorized; agricultural extension services provided; 56 miles of irrigation canals built; 285 miles of farm access roads construct- ed; 502 housing credits extend- ed; project 40% complete	U.S. dollars	1,815,000	701,427	45,000	656,427	1/31/63 (10/24/63)	1¼% (1964-93)
Instituto Ecuatoriano de la Reforma Agraria y Colonización (Republic of Ecuador) Public entity	Settlement of 1,600 farm fami- lies in Santo Domingo de los Colorados (\$4,000,000)	661 farm credits for 14,650,000 sucres authorized; 34 housing credits extended; 51% of roads built	U.S. dollars	2,600,000	1,452,766	50,000	1,402,766	1/31/63 (10/1/63)	1¼% (1964-83)

SOCIAL PROGRESS TRUST FUND

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
ECUADOR (Cont'd.)									
Republic of Ecuador Public entity	Construction of water and sewage systems in 18 com- munities (\$6,224,000)	Project 37% complete	U.S. dollars	5,500,000	2,475,256	68,750	2,406,506	2/19/63 (10/1/63)	2¾% (1964-93)
Universidad de Guayaquil (Republic of Ecuador) Public entity	Establishment of Institute of Basic Sciences (\$800,000)	Construction work completed; 20% of technical assistance plan fulfilled	U.S. dollars	600,000	110,000	20,000	90,000	12/31/63 (2/6/64)	1¼% (1965-84)
Universidad Central de Quito (Republic of Ecuador) Public entity	Establishment of Institute of Basic Sciences (\$840,000)	Construction work initiated	Sucres ¹ U.S. dollars	400,000	$\left\{ \begin{array}{l} 2,800 \\ 25,064 \end{array} \right\}$	5,000	22,864	12/31/63 (6/1/64)	1¼% (1966-85)
Municipalidad de Guayaquil (Republic of Ecuador) Public entity	Feasibility study of project to expand sewage system of Guayaquil (\$452,000)	Project underway	U.S. dollars	268,000	46,650		46,650	7/30/64 (8/7/64)	2¾% (1966-73)
Centro de Reconversión Económica del Azuay, Cañar y Morona—Santiago (Republic of Ecuador) Public entity	Facilities for colonization project in the Province of Morona-Santiago (\$5,300,000)	Road construction phase initiat- ed	U.S. dollars	3,000,000	300,000		300,000	8/19/65 (2/2/66)	1¼% (1967-86)
TOTAL LOANS TO ECUADOR EXPRESSED IN U.S. DOLLARS				27,783,000	17,346,945	448,750	16,898,195		
EL SALVADOR									
Banco Central de Reserva de El Salva- dor (Republic of El Salvador) Public entity	Farm credit through rural co- operatives (\$2,800,000)	10,421 credits for \$4,719,028 authorized	U.S. dollars	2,000,000	2,000,000	60,000	1,940,000	8/3/61 (11/24/61)	1¼% (1962-81)
Banco Central de Reserva de El Salva- dor (Republic of El Salvador) Public entity	Expansion and improvement of sewage systems for San Salva- dor, Santa Tecla, Santa Ana, San Miguel and Sonsonate (\$1,400,000)	Projects completed	U.S. dollars	840,000	840,000	58,800	781,200	8/10/61 (11/17/61)	2¾% (1962-92)
Banco Central de Reserva de El Salva- dor (Republic of El Salvador) Public entity	Water supply and sewage sys- tems for 34 communities (\$3,830,000)	Project completed; some sys- tems, not built because water sources were not suitable, will be included in \$4,400,000 loan listed below	U.S. dollars	2,700,000	2,700,000	189,000	2,511,000	10/12/61 (11/17/61)	2¾% (1962-92)
Instituto de Vivienda Urbana (Republic of El Salvador) Public entity	Construction of 5,000 housing units throughout the country (\$12,231,316)	5,060 houses built	U.S. dollars	6,100,000	5,404,667	122,000	5,282,667	3/29/62 (6/7/62)	1¼% (1963-92)

Administración Nacional de Acueductos y Alcantarillados (Republic of El Salvador) Public entity	Expansion of water systems in 99 towns; of sewage systems in another 8, and of water systems for 68 rural communities (\$6,410,000)	Project revised to provide for water systems for 149 communities and sewage systems for 9; 20 water and 4 sewage systems completed; 43 water and 5 sewage systems under construction	Colones ¹ U.S. dollars	4,400,000	$\left\{ \begin{array}{l} 675,048 \\ 2,799,553 \end{array} \right\}$	50,000	3,424,601	10/1/64 (4/28/65)	2¾% (1966-91)
Instituto de Vivienda Urbana (Republic of El Salvador) Public entity	Construction of 4,415 housing units in San Salvador and other cities (\$11,100,000)	448 houses built; 846 under construction	Colones ¹ U.S. dollars	6,000,000	$\left\{ \begin{array}{l} 356,471 \\ 865,846 \end{array} \right\}$	10,000	1,212,317	4/22/65 (10/7/65)	1¼% (1967-96)
TOTAL LOANS TO EL SALVADOR EXPRESSED IN U.S. DOLLARS				<u>22,040,000</u>	<u>15,641,585</u>	<u>489,800</u>	<u>15,151,785</u>		
GUATEMALA									
Banco de Guatemala Public entity	Construction of water and sewage systems in various cities (\$5,150,000)	23 water and 18 sewage systems completed; 12 sewage systems under construction; project 96% complete	U.S. dollars	3,500,000	3,498,909	40,000	3,458,909	3/8/62 (8/3/62)	2¾% (1963-84)
Republic of Guatemala Public entity	Construction of 5,795 housing units (\$10,764,000)	561 houses built; 1,719 under construction	U.S. dollars	5,300,000	708,119	51,438	656,681	8/2/62 (10/1/62)	1¼% (1966-92)
Republic of Guatemala Public entity	Farm credit (\$3,500,000)	2,124 credits for \$1,260,648 authorized	U.S. dollars	2,500,000	1,676,947	62,500	1,614,447	2/14/63 (10/4/63)	1¼% (1964-88)
Republic of Guatemala Public entity	Construction of 23 water and 7 sewage systems in various cities (\$4,530,000)		U.S. dollars	3,020,000				12/24/64 (8/11/66)	2¾% (1967-91)
TOTAL LOANS TO GUATEMALA EXPRESSED IN U.S. DOLLARS				<u>14,320,000</u>	<u>5,883,975</u>	<u>153,938</u>	<u>5,730,037</u>		
HONDURAS									
Banco Nacional de Fomento (Banco Central de Honduras) Public entity	Farm credit (\$3,575,000)	14,425 credits for \$3,705,332 authorized; 114 houses built; project completed	U.S. dollars	2,500,000	2,500,000	100,000	2,400,000	8/30/62 (12/1/62)	1¼% (1963-83)
Instituto de la Vivienda (Republic of Honduras) Public entity	Construction of 716 housing units in Tegucigalpa (\$1,469,000)	752 housing units built; project completed	U.S. dollars	1,000,000	1,000,000	30,000	970,000	12/6/62 (5/7/63)	1¼% (1964-90)
Servicio Autónomo Nacional de Acueductos y Alcantarillados (Republic of Honduras) Public entity	Expansion of water system of Tegucigalpa (\$2,700,000)	Project ready to be initiated	U.S. dollars	2,150,000	821,199	50,000	771,199	3/7/63 (4/8/63)	2¾% (1964-88)
Republic of Honduras Public entity	Farm access roads with a length of 70 miles in the Sula Valley (\$2,087,000)	Project 50% complete	Lempiras ¹ U.S. dollars	1,585,000	$\left\{ \begin{array}{l} 254,220 \\ 375,237 \end{array} \right\}$	40,000	589,457	12/31/63 (6/30/64)	1¼% (1965-84)
Servicio Autónomo Nacional de Acueductos y Alcantarillados (Republic of Honduras) Public entity	Improvement of water systems for 6 communities (\$500,000)	4 systems under construction; project 42% complete	U.S. dollars	400,000	367,602	10,000	357,602	10/8/64 (10/23/64)	2¾% (1966-89)
TOTAL LOANS TO HONDURAS EXPRESSED IN U.S. DOLLARS				<u>7,635,000</u>	<u>5,318,258</u>	<u>230,000</u>	<u>5,088,258</u>		

SOCIAL PROGRESS TRUST FUND

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
MEXICO									
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of water supply projects for Merida and 11 other towns in Yucatán and a sewage system in Chetumal in territory of Quintana Roo (\$15,280,000)	Water projects completed; sewage system in final stage; project 97% finished	U.S. dollars	9,200,000	8,516,175	393,246	8,122,929	3/15/62 (6/15/62)	2¾% (1964-81)
Nacional Financiera, S.A. (United Mexican States) Public entity	Irrigation of 12,500 acres of new lands in Southern Yucatán (\$2,448,000)	Project 46% complete	U.S. dollars	1,000,000	778,969	60,671	718,298	4/19/62 (6/15/62)	1¼% (1964-81)
Instituto Mexicano de Investigaciones Tecnológicas, A.G. (Nacional Financiera, S.A.) Public entity	Purchase of laboratory and other equipment for applied research center in Mexico City (\$400,000)	Project completed	U.S. dollars	400,000	400,000	97,500	302,500	4/19/62 (8/30/62)	1¼% (1963-77)
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of 555 irrigation and drainage works in the Lerma-Chapala-Santiago Basin in West Central Mexico (\$6,000,000)	89 studies made; 24 projects completed; 11 under construction; 6 wells built	U.S. dollars	3,000,000	1,600,099	114,000	1,486,099	12/28/62 (6/6/63)	1¼% (1964-82)
Nacional Financiera, S.A. (United Mexican States) Public entity	Housing, water and sewage facilities for a land settlement program known as El Limón in State of Tabasco (\$10,230,000)	Project initiated in two localities; 24 houses built; 57 under construction	U.S. dollars	5,000,000	277,412		277,412	6/20/63 (9/19/63)	1¼% (1968-92)
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of 23,000 housing units throughout Mexico (\$60,000,000)	7,146 houses built; 2,200 under construction	U.S. dollars	10,000,000	3,432,089	20,000	3,412,089	8/27/63 (2/28/64)	1¼% (1965-94)
Nacional Financiera, S.A. (United Mexican States) Public entity	Construction of buildings and acquisition of equipment for national agricultural center at Chapingo near Mexico City (\$9,426,000)	Library building completed; projects at regional centers 60% complete	Pesos ¹ U.S. dollars	2,100,000	{ 494,236 } { 777,240 }	8,921	1,262,555	12/31/63 (4/15/64)	1¼% (1966-85)
Nacional Financiera, S.A. (United Mexican States) Public entity	Expansion of water supply and sewage systems of Querétaro and Durango (\$8,040,000)	Project 50% complete	Pesos ¹ U.S. dollars	4,824,000	{ 208,699 } { 319,976 }	40,000	488,675	2/18/65 (3/23/65)	2¾% (1966-85)
TOTAL LOANS TO MEXICO EXPRESSED IN U.S. DOLLARS				35,524,000	16,804,895	734,338	16,070,557		

NICARAGUA

Instituto Nicaragüense de la Vivienda (Republic of Nicaragua) Public entity	Construction of 2,910 housing units throughout Nicaragua (\$7,789,000)	3,123 housing units built; project completed	U.S. dollars	5,200,000	5,100,000	104,000	4,996,000	3/29/62 (8/2/62)	1¼% (1963-87)
Banco Nacional de Nicaragua Public entity	Farm credit (\$4,033,000)	18,388 credits for \$6,005,671 authorized; project completed	U.S. dollars	2,500,000	2,500,000	171,600	2,328,400	6/14/62 (9/20/62)	1¼% (1963-82)
Republic of Nicaragua Public entity	Preinvestment study for con- struction of sewage system for Managua (\$235,000)	Study concluded	U.S. dollars	185,000	185,000	46,682	138,318	6/28/63 (9/27/63)	2¾% (1964-70)
Instituto Nicaragüense de la Vivienda (Republic of Nicaragua) Public entity	Construction of 3,774 housing units throughout Nicaragua (\$10,162,000)	919 housing units built; 130 under construction	Cordobas ¹ U.S. dollars	5,250,000	{ 576,234 378,441 }	50,000	904,675	12/31/64 (5/27/65)	1¼% (1966-90)
TOTAL LOANS TO NICARAGUA EXPRESSED IN U.S. DOLLARS				<u>13,135,000</u>	<u>8,739,675</u>	<u>372,282</u>	<u>8,367,393</u>		

PANAMA

Instituto de Vivienda y Urbanismo (Republic of Panama) Public entity	Construction of 3,000 housing units in Panama City (\$10,445,000)	3,000 housing units built; project completed	U.S. dollars	7,600,000	7,600,000	456,000	7,144,000	8/3/61 (8/22/61)	1¼% (1962-88)
Instituto de Acueductos y Alcantarilla- dos Nacionales (Republic of Panama) Public entity	Expansion of water supply sys- tems for 8 towns in the interi- or of Panama (\$3,835,000)	Project completed	U.S. dollars	2,762,000	2,698,539	69,050	2,629,489	5/31/62 (6/14/62)	2¾% (1963-89)
Instituto de Fomento Económico (Republic of Panama) Public entity	Farm credit (\$4,000,000)	2,656 credits for \$966,915 au- thorized	Balboas ¹ U.S. dollars	2,500,000	{ 537,687 }	10,000	527,687	4/22/65 (8/12/65)	1¼% (1966-85)
TOTAL LOANS TO PANAMA EXPRESSED IN U.S. DOLLARS				<u>12,862,000</u>	<u>10,836,226</u>	<u>535,050</u>	<u>10,301,176</u>		

PARAGUAY

Banco Nacional de Fomento (Republic of Paraguay) Public entity	Farm credit (\$4,338,000)	8,004 credits for \$3,880,915 au- thorized; project completed	U.S. dollars	2,900,000	2,900,000	60,000	2,840,000	12/20/62 (2/1/63)	1¼% (1964-83)
Republic of Paraguay Public entity	Construction of 3,810 housing units throughout Paraguay (\$6,022,000)	123 housing units under con- struction	Guaraníes ¹ U.S. dollars	3,400,000	{ 51,800 28,458 }	5,000	75,258	9/10/64 (12/1/64)	1¼% (1966-95)
Universidad Nacional de Asunción (Republic of Paraguay) Public entity	Construction and equipment for national university (\$2,150,000)	Technical assistance initiated	Guaraníes ¹ U.S. dollars	1,500,000	{ 10,000 }		10,000	4/8/65 (4/29/65)	1¼% (1967-86)
TOTAL LOANS TO PARAGUAY EXPRESSED IN U.S. DOLLARS				<u>7,800,000</u>	<u>2,990,258</u>	<u>65,000</u>	<u>2,925,258</u>		

SOCIAL PROGRESS TRUST FUND

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
PERU									
Republic of Peru Public entity	Construction of 22,800 homes and installation of water services in 27,343 existing homes (\$48,700,000)	Project in final stage	U.S. dollars	22,800,000	22,800,000	570,000	22,230,000	10/19/61 (11/24/61)	1¼% (1962-81)
Cooperativa de Crédito Central del Perú (Republic of Peru) Private entity	Farm, housing and water supply credits (\$2,000,000)	742 housing, 51 sanitation and 151 farm credits approved; project completed	U.S. dollars	1,000,000	1,000,000	200,000	800,000	10/19/61 (10/27/61)	1¼% (1962-82)
Asociación Mutual de Crédito para la Vivienda "El Pueblo" (Republic of Peru) Public entity	Construction of some 400 houses in Lima (\$2,069,000)	362 housing units built; project completed	U.S. dollars	1,000,000	1,000,000	125,000	875,000	3/15/62 (5/1/62)	1¼% (1963-83)
Universidad Nacional Mayor de San Marcos (Republic of Peru) Public entity	Establishment of a postgraduate Department of Basic Sciences (\$3,002,000)	Construction work completed; 12.5% of equipment acquired; 51% of bibliographic material on order; technical assistance completed	U.S. dollars	1,500,000	428,902	75,194	353,708	11/15/62 (12/17/62)	1¼% (1963-77)
Republic of Peru Public entity	Installation of water supply systems for 150 rural communities throughout Peru (\$5,000,000)	Project 95% completed; 113 systems in operation and 40 systems due to be completed in 1967	Soles ¹ U.S. dollars	1,650,000	$\left\{ \begin{array}{l} 355,598 \\ 1,230,378 \end{array} \right\}$	40,000	1,545,976	3/19/64 (3/24/64)	2¾% (1965-94)
Universidad Agraria (Republic of Peru) Public entity	Construction and equipment for expansion of agricultural university (\$8,700,000)	Construction 35% complete	Soles ¹ U.S. dollars	2,000,000	$\left\{ \begin{array}{l} 476,456 \\ 205,861 \end{array} \right\}$	20,000	662,317	4/30/64 (5/1/64)	1¼% (1965-84)
Republic of Peru Public entity	Construction of 7 irrigation projects in Peruvian Sierra with an area of 42,500 acres (\$5,500,000)	Project nearly 50% complete	Soles ¹ U.S. dollars	3,500,000	$\left\{ \begin{array}{l} 496,943 \\ 1,176,246 \end{array} \right\}$	15,000	1,658,189	10/8/64 (11/6/64)	1¼% (1965-89)
Universidad Nacional de Ingeniería (Republic of Peru) Public entity	Construction of buildings, acquisition of equipment and expansion of library to amplify and improve national engineering university (\$9,158,000)	Project initiated	Soles ¹ U.S. dollars	2,500,000	$\left\{ \begin{array}{l} 10,000 \\ 190,000 \end{array} \right\}$	10,000	190,000	10/8/64 (11/5/64)	1¼% (1965-84)
Asociación Mutual de Crédito para la Vivienda "El Pueblo" Private entity	Construction of 425 housing units in Lima-Callao area (\$1,680,000)	425 housing units in construction	Soles ¹ U.S. dollars	1,200,000	$\left\{ \begin{array}{l} 38,000 \\ 3,000 \end{array} \right\}$		41,000	7/8/65 (8/19/65)	1¼% (1967-86)

Republic of Peru Public entity	Construction or expansion of water and sewage systems in 100 Peruvian communities (\$13,667,000)	27 systems in construction; studies on others underway	Soles ¹ U.S. dollars	8,100,000	{ 200,427 } { 332,466 }		532,893	9/9/65 (2/21/66)	2¾% (1967-91)
TOTAL LOANS TO PERU EXPRESSED IN U.S. DOLLARS				<u>45,250,000</u>	<u>29,944,277</u>	<u>1,055,194</u>	<u>28,889,083</u>		
URUGUAY									
Gobierno del Departamento de Monte- video Public entity	Expansion of sewage system in Montevideo (\$12,000,000)	Project 23% complete	U.S. dollars	2,500,000	381,516	12,500	369,016	12/7/61 (5/21/63)	2¾% (1966-86)
Republic of Uruguay Public entity	Construction of 4,100 housing units in Departments of Montevideo and Soriano (\$15,301,000)	506 houses built; 1745 under construction	U.S. dollars	8,000,000	2,012,252	40,500	1,971,752	9/20/62 (5/21/63)	1¼% (1966-91)
TOTAL LOANS TO URUGUAY EXPRESSED IN U.S. DOLLARS				<u>10,500,000</u>	<u>2,393,768</u>	<u>53,000</u>	<u>2,340,768</u>		
VENEZUELA									
Banco Obrero de Venezuela (Republic of Venezuela) Public entity	Construction of 21,000 rural houses throughout Venezuela (\$45,950,000)	22,703 houses built; project completed	U.S. dollars	12,000,000	12,000,000	2,332,000	9,668,000	8/3/61 (11/15/61)	1¼% (1962-81)
Republic of Venezuela Public entity	Construction of water systems for 330 rural communities of under 5,000 inhabitants (\$20,000,000)	Project completed	U.S. dollars	9,999,882	9,999,882	1,489,882	8,510,000	12/7/61 (5/3/62)	2¾% (1963-82)
Instituto Nacional de Obras Sanitarias (Republic of Venezuela) Public entity	Construction of water systems for 59 cities of from 5,000 to 10,000 inhabitants (\$21,000,000)	53 systems completed; 6 more under construction; project 94% complete	U.S. dollars	10,000,000	9,324,906	1,253,333	8,071,573	12/14/61 (5/3/62)	2¾% (1963-82)
Banco Obrero de Venezuela (Republic of Venezuela) Public entity	Construction of 5,710 housing units in Caracas and other main cities in Venezuela (\$14,925,000)	4,885 housing units built; 816 under construction	U.S. dollars	10,000,000	7,486,862	501,241	6,985,621	3/29/62 (6/8/62)	1¼% (1963-84)
Instituto Agrario Nacional (Republic of Venezuela) Public entity	Construction of facilities for 124 land settlement projects in 18 Venezuelan states (\$80,078,000)	8 settlement projects whose to- tal cost is \$7,075,739 author- ized; construction going forward on 3 of these	U.S. dollars	10,000,000	1,009,371	268,395	740,976	11/8/62 (12/19/62)	1¼% (1963-82)
Universidad de Oriente (Corporación Venezolana de Fomento) Public entity	Improvement of instruction in basic sciences at Cumaná, Jusepín and Barcelona centers of Universidad de Oriente (\$2,400,000)	29% of equipment acquired; 96% of bibliographic material on order; 11% of technical as- sistance plan completed	U.S. dollars	1,000,000	597,265	50,000	547,265	4/18/63 (10/17/63)	1¼% (1964-78)

SOCIAL PROGRESS TRUST FUND

Statement of Loans as of Dec. 31, 1966

Country and Borrower (Guarantor)	Purpose (Project Cost)	Progress Achieved	Currency	Amount	Disbursed	Status of Loans Repaid	Outstanding	Approved (Signed)	Interest (Maturity)
VENEZUELA (Cont'd.)									
Republic of Venezuela	Construction of water systems	55 water systems completed; 25	Bolivares ¹	2,000,000	277,302		277,302	12/24/64	2¾%
Public entity	for 300 rural communities	water systems expanded	U.S. dollars	8,000,000	2,462,875	80,000	2,382,875	(4/29/65)	(1966-85)
	(\$20,000,000)		Total in U.S. dollars	10,000,000	2,740,177	80,000	2,660,177		
Republic of Venezuela	Construction of 18,000 rural	13,830 housing units built; 1,320	Bolivares ¹	10,000,000	{ 4,332,737 } 2,560,216 }	80,000	6,812,953	4/22/65	1¼%
Public entity	houses throughout Venezuela	under construction	U.S. dollars					(7/30/65)	(1966-85)
	(\$31,356,000)								
TOTAL LOANS TO VENEZUELA EXPRESSED IN U.S. DOLLARS				72,999,882	50,051,416	6,054,851	43,996,565		
REGIONAL									
Universities of:	Expansion of facilities for	Project in Costa Rica 50% com-						12/20/62	1¼%
	teaching basic sciences at five	plete; in Guatemala 15%; in							
	Central American universities	Honduras 50%, and in Nicaragua							
	(\$10,410,000)	60%							
Costa Rica			U.S. dollars	765,000	383,083	52,403	330,680	(6/17/63)	(1948-81)
(Republic of Costa Rica)									
El Salvador			U.S. dollars	675,000				(12/16/64)	(1966-83)
(Republic of El Salvador)									
Guatemala			U.S. dollars	785,000	121,840	20,887	100,953	(6/17/63)	(1965-82)
(Republic of Guatemala)									
Honduras			U.S. dollars	350,000	135,783	23,277	112,506	(6/17/63)	(1964-81)
(Republic of Honduras)									
Nicaragua			U.S. dollars	350,000	189,772	27,475	162,297	(6/17/63)	(1964-81)
(Republic of Nicaragua)									
TOTAL REGIONAL LOANS EXPRESSED IN U.S. DOLLARS				2,925,000	830,478	124,042	706,436		
NET TOTAL LOANS EXPRESSED IN U.S. DOLLARS				501,233,534	296,073,206	15,126,527	280,946,679		

Notes:

- A) In addition to the interest rate shown, all loans have a service charge of $\frac{3}{4}$ 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 \$7,029,020.
 - ¹ Expressed in U.S. dollar equivalent.



Part IV

OTHER RESOURCES

Operations/Fiscal Year 1966

Resources

In 1966 the Bank made substantial progress in its efforts to mobilize additional resources for Latin America's economic and social development from non-member countries. As a result of these efforts the Bank borrowed or arranged to borrow \$53,433,798 from non-member countries and agreed to administer an additional \$27,359,099 in trust for non-member countries.

In addition the Bank carried out various discussions at both the bilateral and the multilateral level in its continuing efforts to get even more support for Latin America's development efforts from non-member countries. A highlight in this connection was the visit by the President of the Bank to the headquarters of the European Economic Community (EEC) in Brussels in November 1966.

As it had in similar contacts with the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), the Bank outlined a variety of mechanisms to the EEC through which greater European cooperation for Latin America's development might be achieved utilizing the services of the Inter-American Bank. These techniques included readier access for the Bank's securities in European capital markets, parallel financial operations with the Bank in selected development projects, the establishment of a European Investment Fund for Latin America to be administered by the Bank; participation by European countries in providing funds for the Bank's Preinvestment Fund

for Latin American Integration, and closer cooperation in the training, research, technical and informational activities of the Bank's Institute for Latin American Integration in Buenos Aires.

The Bank's borrowings in non-member countries included long-term bond issues equivalent to \$24 million in Italy and to \$11.4 million in Switzerland; short-term bond sales of \$3 million in Israel and \$5 million in Spain, and a loan of \$10 million arranged in Japan. These resources are incorporated into the Bank's ordinary capital resources for use in making ordinary loans and are described on pages 13 and 14.

The funds which the Bank received in administration included:

- An additional 10 million Canadian dollars (equivalent to \$9,259,259) provided by Canada.
- A fund of 4,142,800 pounds sterling (\$11,599,840) which the Bank agreed to administer for the United Kingdom.
- A \$5 million fund which the Bank agreed to administer for Sweden.
- A loan of \$1.5 million from Germany which the Bank is administering for the third and final phase of the program to rehabilitate Bolivia's national tin mines.

As of Dec. 31, 1966, the Bank had made arrangements to administer funds or to cooperate in parallel or independent financing operations with the Governments of Canada, the Netherlands, Sweden, the United Kingdom and Germany. These arrangements are described below:

**FINANCIAL ARRANGEMENTS
WITH NON-MEMBER COUNTRIES
(1961-66)**

Country	Arrangement	Date	Amount and Currency	Dollar Equivalent
Canada	Administration	12/4/64	C\$10,000,000	\$ 9,259,259
Canada	Administration	9/30/65	C\$10,000,000	9,259,259
Canada	Administration	7/22/66	C\$10,000,000	9,259,259
Canada	Parallel or Independent	6/28/65	C\$15,000,000	13,888,889
Germany	Financial Agency	8/10/61	8,000,000 marks	2,000,000
Germany	Financial Agency	10/30/62	7,000,000 marks	1,750,000
Germany	Financial Agency	2/19/64	11,920,000 marks	2,980,000
Germany	Financial Agency	6/21/66	6,000,000 marks	1,500,000
Germany	Bond Issue	7/7/64	60,000,000 marks	15,000,000
Israel	Short-Term Bonds	4/15/66	\$3,000,000	3,000,000
Italy	Bond Issue	4/5/62	15,000,000,000 lire	24,000,000
Italy	Bond Issue	1/28/66	15,000,000,000 lire	24,000,000
Japan	Direct Loan	6/27/66	3,600,000,000 yen	10,000,000
Spain	Direct Loan	3/30/65	\$12,500,000	12,500,000
Spain	Loan Participation	3/30/65	\$ 7,500,000	7,500,000
Spain	Short-Term Bonds	4/15/66	\$5,000,000	5,000,000
Sweden	Administration	12/27/66	\$5,000,000	5,000,000
Switzerland	Bond Issue	8/19/66	50,000,000 Swiss francs	11,433,798
The Netherlands	Parallel or Independent	9/30/65	36,000,000 guilders	10,000,000
United Kingdom	Bond Issue	9/2/64	£ 3,000,000	8,400,000
United Kingdom	Administration	4/18/66	£ 4,142,800	11,599,840
TOTAL				\$197,330,304

CANADA

IN ADMINISTRATION: Under an agreement signed between Canada's External Aid Office and the Bank Dec. 4, 1964, the Bank began administering initial resources of 10 million Canadian dollars to finance economic, technical and educational assistance projects in Latin America. These were increased to 20 million Canadian dol-

lars Sept. 30, 1965, and to 30 million Canadian dollars July 22, 1966.

The Bank uses these resources to make loans for periods ranging up to 50 years. Loans may be extended free of interest or on such other concessional terms as are agreed to by both parties. The Bank charges a commission of 1/2 of 1 per cent annually, payable in Canadian currency, on

OTHER RESOURCES

amounts committed or outstanding, to compensate it for services rendered. The resources of the loans are used to purchase goods and services in Canada. 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. During 1966 the Bank approved five loans from the Canadian resources which it administers. These are described in the section beginning on page 139.

PARALLEL OR INDEPENDENT FINANCING: Under another agreement entered into June 28, 1965, Canada's Export Credits Insurance Corporation (ECIC) agreed to make available 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 involve parallel financing by the Bank and ECIC of projects proposed by the Bank or ECIC and independent financing by ECIC of projects proposed or approved by the Bank. These funds will be employed by ECIC in extending credits for terms ranging up to 20 years at commercial rates of interest.

THE NETHERLANDS

On Sept. 30, 1965, the Bank entered into an agreement with the Netherlands under which that nation pledged to make available 36 million guilders (equivalent to \$10 million) for financing economic development projects in Latin America in cooperation with the Bank. Projects subject to financing with these funds involve parallel financing by the Bank and the Netherlands of projects proposed by the Bank or the Netherlands and independent financing by the Netherlands of projects proposed or approved by the Bank.

The funds are loaned for terms of up to 25 years, at interest rates not exceeding those applicable to loans made by the Bank from its ordinary capital resources. The loans are extended by the Netherlands Investment Bank for Developing Countries (*De Nederlandse Investeringsbank voor Ontwikkelingslanden N.V.*). Up to 80 per cent of the resources may 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.

Under this agreement, the Netherlands Government in 1966 independently extended four loans for a total of \$3,320,000 in guilders. Two of these loans, totaling \$2.1 million, were extended to *Bruynzeel Madeiras S.A. Brasil* for a plywood mill located in the Amazon region of that nation; one for \$1 million was extended to the Ministry of Agriculture in Peru for the development of livestock and dairy herds, and another for \$220,000 was made to the University of Montevideo in Uruguay for the acquisition of equipment for the hospital center of its School of Medicine.

GERMANY

Under an agreement signed in 1961, and supplemented by subsequent protocols, the Federal Republic of Germany is participating with the United States and the Bank in financing a program to rehabilitate Bolivia's national tin mines. The German funds, which are provided through the *Kreditanstalt für Wiederaufbau*, the agency in charge of the nation's foreign aid programs, are administered by the Bank as financial agent.

During 1966 the German Government provided an additional \$1.5 million for the program (page 60) bringing its total commitments as of Dec. 31, 1966, to \$8.2 million. The German resources have been loaned by the Bank without its guarantee for terms of up to 10 years at interest rates of 4 per cent per annum.

UNITED KINGDOM

On April 18, 1966, the Government of the United Kingdom signed an agreement with the Bank to place 4,142,000 pounds sterling (equivalent to \$11,599,840) under Bank administration to finance economic assistance projects in Latin America. The Bank will use these resources in pounds sterling for projects requiring amortization terms ranging from 15 to 25 years at interest rates approximating 6 to 7 per cent, the precise figure to be set in each case. The Bank will charge $\frac{1}{2}$ of one per cent annually as commitment fee and service charge. The proceeds will be used to purchase goods and services in the United Kingdom. The Bank will have the primary responsibility for selecting, processing and approving loan projects but will consult with the British Government during the various stages of project consideration.

PORT OF ACAJUTLA in El Salvador is being modernized and expanded with help of loan extended from the Canadian resources which the Bank administers.



SWEDEN

On Dec. 27, 1966, the Bank entered into an agreement with the Government of Sweden to administer a \$5 million Swedish Development Fund for Latin America. The Bank will use the Fund to extend loans, jointly with loans from its own ordinary capital resources, to finance specific projects of high development priority to foster the economic and social development of the Bank's Latin American member countries.

Loans from these resources will be made to national governments or governmental agencies and, with the guarantee of a national government, to government-owned corporations and municipal entities as well as to development institutions or similar agencies. Loans will be used to cover between 25 and 50 per cent of the external financing extended in foreign currencies for specific projects, the remaining foreign currency costs being covered by loans from the Bank's ordinary capital resources. Limited portions of the Fund may be used for the payment of local costs.

Loans will be extended in dollars and will be repayable in dollars. Loan terms will generally be the same as those applied by the Swedish Government to development credits. These currently provide for maturities of 20 years, grace periods of 5 years, and interest of 2 per cent per annum. The Bank may also charge a commission of up to $\frac{1}{2}$ of 1 per cent per annum. The loans will be untied and may be used for international procurement in accordance with the Bank's regular lending policies. Swedish suppliers will be given adequate opportunities of bidding for goods and services supplied for these projects.

Loans

During 1966 the Bank authorized five loans equivalent to \$3,940,741 (4,256,000 Canadian dollars) with the resources which it administers for the Canadian Government. This brought the cumulative total extended from those resources to seven loans aggregating the equivalent of \$8,107,407 (8,756,000 Canadian dollars).

The five loans authorized in 1966 included one for \$1.5 million (along with another for \$10.8 million from the Fund for Special Operations) extended to the *Corporacion Boliviana de Fomento* for lending in Bolivia; three, \$700,000, \$500,000 and \$500,000, to help establish preinvest-

ment funds respectively in Argentina, Mexico and Peru (all accompanied by similar loans from the Fund for Special Operations), and one for \$741,000 to the Republic of Paraguay to finance highway feasibility studies in Paraguay.

The loan for industrial credit was extended for a term of 30 years; the others for 50 years. In each case the loans, which were made in Canadian dollars, carried a service charge payable to Canada of $\frac{3}{4}$ of 1 per cent per annum on principal amounts outstanding. In addition, a commission of $\frac{1}{2}$ of 1 per cent, payable to the Bank, was charged.

Three of the loans were extended directly to governments; the other two were extended to governmental agencies and carried governmental guarantees.

INDUSTRY

BOLIVIA

INDUSTRIAL AND MINING CREDIT

\$1.5 million 30-year loan of Nov. 10, 1966
(1,620,000 Canadian dollars)

Borrower: **CORPORACION BOLIVIANA DE FOMENTO**

This loan, along with another for \$10.8 million from the Fund for Special Operations (page 61), will enable the *Corporación Boliviana de Fomento* to extend credits to establish new or enlarge existing industrial and mining projects designed to raise Bolivia's production by some \$48 million annually.

Most of the industrial loans will be devoted to the chemical, wood and construction industries. This loan will be used to pay for goods and services obtained in Canada. It is guaranteed by the Republic of Bolivia.

PREINVESTMENT

ARGENTINA

\$700,000 50-year loan of Sept. 15, 1966
(756,000 Canadian dollars)

Borrower: **REPUBLIC OF ARGENTINA**

This loan, along with another for \$4.3 million extended from the Fund for Special Operations (page 70), will cover 67 per cent of the \$7.5 million total cost of a preinvestment study program being carried out by Argentina's national planning agency, the *Comisión Nacional de Desarrollo*.

The program calls for the execution of general sectoral and economic studies, as well as the preparation of feasibility studies

OTHER RESOURCES

for specific programs and projects included in Argentina's National Development Plan. The resources of this loan will be used to pay for the services of Canadian consultants.

MEXICO

\$500,000 50-year loan of Dec. 28, 1966
(540,000 Canadian dollars)
Borrower: **NACIONAL FINANCIERA, S.A.**

During the last 15 years, Mexico has experienced one of the highest rates of sustained economic growth in Latin America. Its gross national product more than doubled between 1950 and 1965 and during this period the value of agricultural production at constant prices rose by 85 per cent and that of industrial production by 200 per cent.

This record was made possible, in large measure, by sizable public investments in such economic infrastructure as highways, hydroelectric power and irrigation systems and by public and private investments in manufacturing and in farm production for export. This effort was accompanied by large internal investments for the preparation of preinvestment studies. Nevertheless, additional investments must be made in the preinvestment field if Mexico's economic and social development is to continue at a rapid rate.

This loan, along with one for \$5 million from the Fund for Special Operations (page 71), will provide external resources to accelerate the preparation of preinvestment studies in priority fields. This loan will be used to pay for Canadian equipment and services involved in the preparation of such preinvestment studies. The loan is guaranteed by the United Mexican States.

PERU

\$500,000 50-year loan of Sept. 29, 1966
(540,000 Canadian dollars)
Borrower: **REPUBLIC OF PERU**

Canadian funds
finance
road feasibility study
in Paraguay

Highway projects
being studied



This loan supplements another for \$3.1 million extended from the Fund for Special Operations (page 72) in helping the Republic of Peru to establish a fund to finance preinvestment studies. The project is being carried out by the *Fondo de Financiamiento de Elaboración de Proyectos de Inversión (FINEPI)*, a governmental agency established in 1965 to foster preinvestment activities.

FINEPI will utilize the proceeds of this loan to extend credit to state agencies, autonomous organizations and private enterprises to finance the performance of feasibility studies on specific projects and sectoral studies for economic and social development to be carried out by Canadian consultants or consulting firms.

PARAGUAY

HIGHWAY STUDIES
\$740,740 50-year loan of June 23, 1966
(800,000 Canadian dollars)
Borrower: **REPUBLIC OF PARAGUAY**

The lack of adequate transportation facilities has been one of the principal handicaps to the economic development of Paraguay. To overcome this handicap, the Government of Paraguay has placed high priority in recent years on the transportation sector, spending some 40 per cent of its national budget on highway construction.

In 1938 there were only 136 miles of roads in the country, a figure which rose to 734 in 1956 and to 2,594 in 1966. Of the latter only 261 miles are paved.

This loan will enable Paraguay to carry out feasibility and design studies to convert sections of two of its principal trans-country roads into first-class highways. One is a 124-mile stretch, immediately beyond Asunción, of the Trans-Chaco Highway, which penetrates the western part of the nation into Bolivia; the other is a 133-mile route from Concepción, some 62 miles north of Asunción, to Pedro Juan Caballero on the Brazilian border.

The vast Chaco area, which is virtually uninhabited, contains great forest reserves and vast stock raising areas. The eastern part of Paraguay through which the Concepción-Pedro Juan Caballero road passes contains rich farming, ranching and forestry lands. The studies are also significant in terms of Paraguay's communications with its neighboring countries.

Statement of Loans as of Dec. 31, 1966

CANADIAN RESOURCES

Country and Borrower (Guarantor)	Purpose (Project Cost)	Currency	Amount	Approved (Signed)	Maturity
ARGENTINA					
Republic of Argentina Public entity	Establishment of pre-investment fund for preparation of specific projects and general studies (\$1,100,000)	Canadian dollars Expressed in U.S. dollars	756,000 700,000	9/15/66	1977-2017
BOLIVIA					
Corporación Boliviana de Fomento (Republic of Bolivia) Public entity	Industrial and mining credits (\$2,594,000)	Canadian dollars Expressed in U.S. dollars	1,620,000 1,500,000	11/10/66	1974-97
ECUADOR					
Republic of Ecuador Public entity	Preinvestment studies for development of Guayas River Basin (\$1,870,000)	Canadian dollars Expressed in U.S. dollars	1,260,000 1,166,667	11/24/65 (8/5/66)	1976-2016
EL SALVADOR					
Comisión Ejecutiva Portuaria Autónoma de El Salvador (Republic of El Salvador) Public entity	Expansion of port facilities of Acajutla (\$6,654,000)	Canadian dollars Expressed in U.S. dollars	3,240,000 3,000,000	6/10/65 (5/5/66)	1971-2001
MEXICO					
Nacional Financiera, S.A. (United Mexican States) Public entity	Establishment of pre-investment fund for preparation of specific projects and general studies (\$785,000)	Canadian dollars Expressed in U.S. dollars	540,000 500,000	12/28/66	1977-2017
PARAGUAY					
Republic of Paraguay Public entity	Highway feasibility studies (\$1,000,000)	Canadian dollars Expressed in U.S. dollars	800,000 740,740	6/23/66 (11/9/66)	1977-2016
PERU					
Republic of Peru Public entity	Establishment of pre-investment fund for preparation of specific projects and general studies (\$900,000)	Canadian dollars Expressed in U.S. dollars	540,000 500,000	9/29/66	1977-2017
TOTAL LOANS IN CANADIAN DOLLARS			8,756,000		
TOTAL LOANS EXPRESSED IN U.S. DOLLARS			8,107,407		

Notes:

- A. 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.
- B. All of the loans have been extended interest free, but carry a service charge of $\frac{3}{4}$ of 1% and a commission of $\frac{1}{2}$ of 1%, both payable in Canadian dollars.

GOVERNORS AND
ALTERNATE GOVERNORS *

COUNTRY

GOVERNOR

ALTERNATE

ARGENTINA

Pedro Eduardo Real

Carlos Santiago Brignone

BOLIVIA

Rolando Pardo Rojas

Julio Sanjinés Goytia

BRAZIL

Antonio Delfim Neto

Ruy Aguiar da Silva Leme

CHILE

Sergio Molina

José Zabala

COLOMBIA

Abdón Espinosa Valderrama

Eduardo Arias Robledo

COSTA RICA

Rodolfo Lara

Raúl Hess

DOMINICAN REPUBLIC

Diógenes H. Fernández

Luis María Guerrero Gómez

ECUADOR

Galo Pico Mantilla

José A. Correa

EL SALVADOR

Manuel Rafael Arce

Guillermo Hidalgo Qüehl

GUATEMALA

Roberto Barrillas Izaguirre

Alberto Fuentes Mohr

HAITI

Marcel Daumec

HONDURAS

Manuel Acosta Bonilla

Roberto Ramírez

MEXICO

Antonio Ortíz Mena

Rodrigo Gómez

NICARAGUA

Ernesto Navarro Richardson

Francisco J. Lainez

PANAMA

David Samudio A.

Berardo Q. Gallol

PARAGUAY

César Barrientos

César Romeo Acosta

PERU

Sandro Mariátegui

Ramón Remolina Serrano

UNITED STATES

Henry H. Fowler

William S. Gaud

URUGUAY

Carlos Vegh Garzón

Gervasio Posadas Belgrano

VENEZUELA

Benito Raúl Lozada

Héctor Hurtado

* As of March 27, 1967.

GENERAL APPENDIX 2

		NUMBER OF VOTES	PER- CENTAGE
Diego Calle Restrepo	Elected by:		
COLOMBIA	CHILE	6,299	3.50
Carlos Pérez de la Cova (Alternate)	COLOMBIA	6,294	3.50
VENEZUELA	VENEZUELA	12,162	6.77
		<u>24,755</u>	<u>13.77</u>
Francisco Norberto Castro	Elected by:		
ARGENTINA	ARGENTINA	22,583	12.57
Alfonso Grados (Alternate)	PERU	3,143	1.75
PERU		<u>25,726</u>	<u>14.32</u>
True Davis	Appointed by:		
UNITED STATES	UNITED STATES	76,311	42.47
Reuben Sternfeld (Alternate)			
UNITED STATES			
Julio C. Gutiérrez	Elected by:		
PARAGUAY	BOLIVIA	1,937	1.08
Alberto Ibáñez Gonzáles (Alternate)	PARAGUAY	1,036	0.58
BOLIVIA		<u>2,973</u>	<u>1.66</u>
José Juan de Olloqui	Elected by:		
MEXICO	COSTA RICA	1,036	0.58
Arturo Calventi (Alternate)	DOMINICAN REPUBLIC	1,337	0.74
DOMINICAN REPUBLIC	HAITI	1,036	0.58
	HONDURAS	1,036	0.58
	MEXICO	14,565	8.10
	NICARAGUA	1,036	0.58
	PANAMA	1,036	0.58
	URUGUAY	2,542	1.41
		<u>23,624</u>	<u>13.15</u>
Carlos Enrique Peralta Méndez	Elected by:		
GUATEMALA	EL SALVADOR	1,036	0.58
Mario Dalponte (Alternate)	GUATEMALA	1,337	0.74
EL SALVADOR		<u>2,373</u>	<u>1.32</u>
Victor da Silva	Elected by:		
BRAZIL	BRAZIL	22,583	12.57
Federico Intriago (Alternate)	ECUADOR	1,337	0.74
ECUADOR		<u>23,920</u>	<u>13.31</u>
	TOTAL	<u>179,682</u>	<u>100.00</u>

EXECUTIVE DIRECTORS
AND ALTERNATES*

* As of March 27, 1967.

PRINCIPAL OFFICERS
OF THE BANK*

President
Executive Vice President

Felipe Herrera
T. Graydon Upton

FINANCIAL-ADMINISTRATIVE DEPARTMENT

Financial Manager
Deputy Manager

Ignacio Copete-Lizarralde
Alexander Rosenson

Treasurer
Secretary
Director, Division of Administration
Director, Personnel Division
Director, Division of Information

Santiago Martinucci
Jorge Hazera
Fausto Ruggiero
Victor Alamo
Joaquín E. Meyer

OPERATIONS DEPARTMENT

Operations Manager
Deputy Manager

Ewaldo Correia Lima
Guillermo Moore

Director, Loan Division, Northern Zone
Director, Loan Division, Southern Zone
Director, Project Analysis Division
Director, Division of Loan Administration

Enrique Pérez Cisneros
James A. Lynn
Alfredo E. Hernández
Hawthorne Arey

TECHNICAL DEPARTMENT

Technical Manager

Francisco Aquino

Director, Economic and Social
Development Division
Director, Training Division
Technical Assistance Coordinator

Pedro Irañeta
Leonel Torres
Milton Messina

LEGAL DEPARTMENT

General Counsel

Elting Arnold

OTHERS

Financial Advisor
Program Advisor
Integration Advisor
Controller of Operations
Representative in Europe

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 27, 1967.

MEMBER COUNTRY	CHANNEL OF COMMUNICATION	DEPOSITORY
ARGENTINA	Banco Central de la República Argentina	Banco Central de la República Argentina
BOLIVIA	Banco Central de Bolivia	Banco Central de Bolivia
BRAZIL	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

**CHANNELS OF COMMUNICATIONS
AND DEPOSITORIES***

* As of March 27, 1967.

**INSTITUTE FOR
LATIN AMERICAN INTEGRATION**

The Institute for Latin American Integration, which was established by the Bank to foster Latin America's integration, completed its first full year of activity in 1966. The Institute is a unit of the Bank which answers directly to the President of the Bank. The Bank's Integration Advisor acts as liaison between the President and the Institute. The Institute, which is located in Buenos Aires, is devoted to the study of the economic, technical, legal and institutional means of promoting closer integration in Latin America.

In April 1966 the Second Meeting of the Institute's Advisory Council took place in Mexico City during the Seventh Annual Meeting of the Board of Governors of the Inter-American Bank. The Council approved the Institute's work program for 1966-67 and made the following recommendations:

- The Institute should provide advisory services to improve national governmental systems related to the integration process. It should also carry out research on pooling multinational scientific and technological information and the integration of educational systems in Latin America.
- In training and research activities, the Institute should work closely with Latin American universities in sponsoring seminars for leaders in education, establishing study centers on university campuses, and should pay special attention to studying requirements for the juridical and legal basis for Latin America's integration.

Training

The training, advisory, information and research activities carried out by the Institute in 1966 included three conferences, three study courses, and

four seminars held in 12 Latin American countries. A total of 623 public officials, businessmen, labor leaders, educators and other professionals participated in the activities which included:

- A second course on Latin American Integration held in Buenos Aires, Montevideo and Central America from May 2 to July 26 with the participation of 38 persons.
- A course on Venezuela and Latin American Integration held in Caracas Oct. 3-21 in which 45 persons participated.
- A course on customs policy and administration, held in Rio de Janeiro June 1-Aug. 31, attended by 28 officials.
- A seminar on Colombian-Venezuelan border integration held in Merida, Venezuela, Oct. 21-28 for 51 participants.
- The First Seminar on Integration for Labor Leaders, held in Lima, Aug. 21-Sept. 2 in which 22 persons participated.
- A Seminar on Latin American Integration for businessmen held in São Paulo, Brazil, Nov. 21-26 for 52 business leaders.
- An International Seminar on Latin American Integration for Labor Leaders held in Talcahuano, Chile, Nov. 20-26 attended by 88 participants.
- A conference series, included as part of a course on the Legal and Institutional Problems of Central American Integration, held in San Salvador, El Salvador, June 13-July 29 with 40 persons taking part.

A series of conferences on Latin American integration, part of the 18th International Summer School of the Federico Santa María Technical University, held in Valparaíso, Chile, Jan. 5-26 for 89 participants.

Conferences, as part of the Doctoral Course on Comparative Law offered by the International School of Strasburg, held in Concepción, Chile, Jan. 15-Feb. 20 for 170 participants.

Research

Seventy-five specialists of international and regional agencies and from Western Europe joined with the Institute's regular staff in pursuing research activities in 1966. During the year, a comparative analysis of the institutional bases of the Latin American Free Trade Association, the Central American Common Market and the European Common Market was completed.

The Institute also undertook during the year a research project on the legal aspects of integration and a separate study on the sociological, political and economic aspects of integration. A public opinion survey on various questions regarding integration was conducted at universities in Brazil, Chile, Peru and Uruguay in cooperation with the School of Sociology of the Latin American Faculty of Social Sciences. Also initiated was a general study of the status and trends of integration, to be updated annually, and an investigation of obstacles to intraregional trade.

The Institute also organized two study teams, one in Europe and the other in Latin America, to analyze legal aspects of integration, and assigned tasks to more than 30 specialists for research on integration theory.

Advisory Services

Among the Institute's 1966 advisory activities was the completion of draft legislation requested by the Latin American Parliament. The Parliament has

been interested in model documents which will be useful references in standardizing Latin American commercial law.

In answer to a request by the Governments of Argentina, Bolivia, Brazil, and Paraguay, the Institute is initiating work on a preliminary study regarding development of the River Plate Basin.

A work program is under way to provide advisory services to labor organizations, regarding integration problems. This study grew out of a seminar for labor leaders in Lima, and is to be done in cooperation with the Inter-American Regional Workers Organization and the Latin American Confederation of Christian Unions.

Information

The Institute participated in more than 40 meetings, seminars, and round table discussions to provide information on its activities and the various aspects of Latin American integration. Members of the Institute's staff organized conferences at these meetings for universities, development institutions labor and business groups, and regional and international agencies.

Early in October the Institute sponsored the Second Coordination Meeting of institutions which participated in the integration process, which was attended by representatives of the Bank, LAFTA, the Central American Common Market, and other regional and international agencies interested in the Latin American integration process.

In 1966 the Institute prepared seven books on economic, sociological, political and legal aspects of integration. Also published was an editorial series including two books, begun jointly during the year by the Bank and LAFTA.

