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Talking Points for Telephone Calls to Congressmen  
on Proposed IDB and AFDB Legislation

1. I wrote you last Wednesday asking your support for legislation authorizing U.S. contributions to the Inter-American Development Bank and the African Development Fund. I am calling now to again emphasize my personal commitment to this legislation.
2. The IDB is the principal financial institution of the Inter-American system and the leading source of loans for economic and social development in Latin America. The U.S. has been a firm supporter of the Bank over the years, and I feel should continue to provide resources and leadership for the IDB's developmental efforts in an area of vital importance to U.S. political, economic, and business interests.
3. I participated in the negotiations on this replenishment and worked to assure that our contribution is consistent with our overall Administration objective of holding down expenditures. This proposal will serve U.S. foreign policy interests and at the same time will assist the developing countries in helping themselves. This is not just an aid program. We are helping build an institution that will be able to continue on with financial programs in the future. It represents a major step toward increased burdensharing of the costs of development finance by other industrialized nations--Europe, Japan and Israel--and also by the wealthier countries of Latin America.



4. We are requesting a total of \$2.2 billion, but actual budgetary outlay would be limited to \$720 million phased over a 4-year period. The drawdown will occur over an even longer period, only as needed for actual disbursements. The U.S. share of the total replenishment will be reduced from 48 percent to 30 percent because the non-regional members will be contributing and five of the wealthier Latin countries will be increasing their contributions substantially.
5. In further support of the principle of multilateral development assistance, I also urge your support of our request to join the African Development Fund, which makes loans to the poorest African countries. (The Administration requested an initial contribution of \$15 million over a 3-year period. The Committee increased it to \$25 million. Our position has been to continue supporting \$15 million but not object to \$25 million. There is considerable objection to the African contribution and most likely there will be a motion to delete that part.)
6. I firmly believe that support for this legislation is fully consistent with the concern for fiscal responsibility that our current economic situation demands and that I have repeatedly emphasized in public and private. Our expenditures under this replenishment will result in increased procurement of goods and services in the United States, expanded export markets for U.S. products and thus greater employment in the U.S., greater access to essential raw materials, and a better climate for U.S. private investment in Latin America.





THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

DEC 3 1975

Dear Phil:

I urge your favorable consideration of H.R. 9721, which authorizes a capital replenishment of the Inter-American Development Bank (IDB) and membership of new donor countries. The IDB is the principal financial institution of the Inter-American system and has been particularly successful in innovative lending to raise the living standards of the poorest people in the area.

As U.S. Governor of the IDB, I worked to assure that our contribution to this replenishment is consistent with our overall objective of holding down U.S. Government expenditures. This proposal serves U.S. interests in Latin America, a region vitally important to U.S. trade and investment, at less annual cash cost to us than in the past.

The U.S. share will be reduced from 48 percent to 30 percent because new members will be making contributions and five of the wealthier Latin countries will increase their contributions substantially. While the total U.S. portion of the replenishment would amount to \$2.25 billion, actual budgetary outlay would be only \$720 million; the rest would be in the form of callable capital, a contingent liability that would entail budgetary outlays only in extremely unlikely circumstances. Moreover, the appropriation of U.S. funds would be phased over a four-year period.

In further support of multilateral development assistance, H.R. 9721 also authorizes U.S. membership in the African Development Fund, which makes loans to the poorest African countries.

I strongly urge that you support H.R. 9721 when it comes to the House floor in early December.

Sincerely,

William E. Simon

The Honorable  
Phil M. Landrum  
House of Representatives  
2308 Rayburn House Office Building  
Washington, D.C. 20515



LETTER # 2

(ADMINISTRATION BACKED)



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

DEC 3 1975

Dear Marjorie:

I would like to urge your favorable consideration of H.R. 9721, which is sponsored and strongly supported by the Administration. This legislation authorizes participation in a capital replenishment of the Inter-American Development Bank (IDB) and expanded IDB membership to include donor countries outside of the Hemisphere.

The IDB is the principal financial institution of the Inter-American system and the leading source of loans for economic and social development in Latin America. It is a banking institution which operates on sound business principles designed to promote efficiency and productivity as the keys to economic growth. It has been particularly successful in innovative lending and technical assistance designed to raise the living standards of the poorest people in the area. The U.S. has been a firm supporter of the Bank over the years, and I feel should continue to provide resources and leadership for the IDB's developmental efforts.

As U.S. Governor of the Inter-American Development Bank, I took part in the negotiations on this replenishment and worked to assure that our contribution is consistent with our overall Administration objective of holding down expenditures. This proposal serves U.S. interests in Latin America, a region vitally important to U.S. trade, security, and investment, at less annual cash cost to us than in the past.

The U.S. share will be reduced from 48 percent to 30 percent because the nonregional members will be making contributions and five of the wealthier Latin countries will be increasing their contributions substantially. However, U.S. participation in this replenishment is vital, since the multi-nation arrangement that has been negotiated cannot come into effect without us. While the total U.S. portion of the replenishment would amount to \$2.25 billion, actual budgetary outlay would be only \$720 million; the rest would be in the form of callable capital. Most of the U.S. commitment, therefore, would be a contingent liability that would entail budgetary outlays only in extremely remote and unlikely circumstances.



Moreover, the appropriation of U.S. funds would be phased over a four-year period, FY 1976-1979, and the actual budgetary impact would occur over an even longer period as funds are needed for actual loan disbursements.

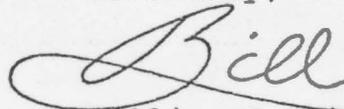
In further support of the principle of multilateral development assistance, H.R. 9721 also authorizes U.S. membership in the African Development Fund, which makes loans to the poorest African countries.

I firmly believe that support for this legislation is fully consistent with the concern for fiscal responsibility that our current economic situation demands and that I have repeatedly emphasized in public and private.

I feel there is no conflict between this bill and fiscal responsibility for two reasons. First, fiscal responsibility does not mean simply not spending -- it means spending only for effective programs that are strictly in accordance with our priorities. H.R. 9721 qualifies on both counts. Second, as I have pointed out, the actual cash outlays will not be large in any one year. Expenditures under this replenishment will result in increased procurement of goods and services in the United States, expanded future export markets for U.S. products and thus greater employment in the U.S., greater access to essential raw materials, and a better climate for U.S. private investment in Latin America.

In summary, I am convinced that we have negotiated a good package that will advance U.S. interests and help meet the development needs and aspirations of the poorest countries in Latin America and Africa. The cost to the United States will be limited and, therefore, consistent with our own domestic constraints on budgetary expenditures. I sincerely hope that you will give this legislation your valuable support.

Sincerely,

  
William E. Simon

The Honorable  
Marjorie S. Holt  
House of Representatives  
1510 Longworth House Office Building  
Washington, D. C. 20515



REPUBLICAN WHIP—ROBERT H. MICHEL

Tally Sheet *Inter-Annet. Dev. BANK*

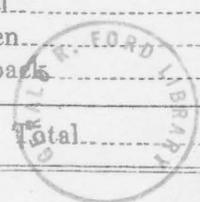
12/5 94th Congress

Western and Plains (Talcott)

	Yes	No	Und.	N/R
<i>California</i>				
Bell			/	
Burgener			/	
Clausen			/	
Clawson		/		
Goldwater		/		/
Hinshaw		/		/
Ketchum		/		
Lagomarsino (ARW)	/	/		
McCloskey	/	/		
Moorhead		/		
Rousselot		/		
Talcott		/		
Wiggins		/		
Wilson	/	/		
<i>Pettis</i>		/		
<i>Alaska</i>				
Young		/		
<i>Arizona</i>				
Conlan		/		
Rhodes		/		
Steiger		/		
<i>Colorado</i>				
Armstrong (ARW)		/		
Johnson		/		
<i>Idaho</i>				
Hansen		/		
Symms		/		
<i>New Mexico</i>				
Lujan		/		
<i>Washington</i>				
Pritchard	/	/		
<i>Kansas</i>				
Sebelius		/		
Shriver		/		/
Skubitz		/		/
Winn		/		
<i>Nebraska</i>				
McCollister		/		
Smith		/		
Thone (ARW)		/		
<i>North Dakota</i>				
Andrews		/		/
<i>Oklahoma</i>				
Jarman	/			
<i>South Dakota</i>				
Abdnor		/		/
Pressler		/		/
Total	5	11	12	8
Total pages 1 and 2	45	41	43	16

Midwestern States (Myers)

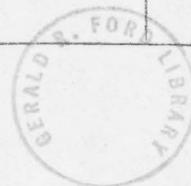
	Yes	No	Und.	N/R
<i>Indiana</i>				
Hillis <i>Leering</i>	/	/		
Myers		/		
<i>Iowa</i>				
Grassley		/		
<i>Michigan</i>				
Broomfield	/	/		
Brown	/	/		
Cederberg	/	/		
Esch	/	/		
Hutchinson	/	/		
Ruppe	/	/		
Vander Jagt	/	/		
<i>Minnesota</i>				
Frenzel (ARW)	/	/		
Hagedorn		/		
Quie	/	/		
<i>Wisconsin</i>				
Kasten	/	/		
Steiger	/	/		
<i>Ohio</i>				
Ashbrook	/	/		
Brown	/	/		
Clancy	/	/		
Devine	/	/		
Gradison	/	/		/
Guyer	/	/		
Harsha	/	/		
Kindness	/	/		
Latta	/	/		
Miller	/	/		
Mosher	/	/		
Regula	/	/		
Stanton	/	/		
Whalen	/	/		
Wylie	/	/		
<i>Illinois</i>				
Anderson	/	/		
Crane	/	/		
Derwinski	/	/		
Erlenborn	/	/		
Findley	/	/		
Hyde	/	/		
Madigan	/	/		/
McClory	/	/		
Michel	/	/		
O'Brien	/	/		
Railsback	/	/		
Total	23	11	5	2



Tally Sheet

94th Congress

Border and Southern (Young) <i>Diane</i>					New England and Mid-Atlantic (McDade)				
	Yes	No	Und.	N/R		Yes	No	Und.	N/R
<i>Maryland</i>					<i>Connecticut</i>				
Gude	/				McKinney	/			
Holt		/			Sarasin			/	
Bauman				/	<i>Delaware</i>				
<i>Missouri</i>					duPont			/	
Taylor (ARW)		/			<i>Maine</i>				
<i>Kentucky</i>					Cohen			/	
Carter				/	Emery			/	
Snyder				/	<i>Massachusetts</i>				
<i>Tennessee</i>					Conte (ARW)	/			
Beard				/	Heckler <i>Levin yes</i>			/	
Duncan				/	<i>New Hampshire</i>				
Quillen				/	Cleveland			/	
<i>Florida</i>					<i>New Jersey</i>				
Bafalis		/			Fenwick	/			
Burke		/			Forsythe			/	
Frey		/			Rinaldo				/
Kelly	/				<i>Vermont</i>				
Young <i>check</i>	/				Jeffords	/			
<i>North Carolina</i>					<i>New York</i>				
Broyhill		/			Conable			/	
Martin		/			Fish			/	
<i>South Carolina</i>					Gilman			/	
Spence		/			Hastings			/	
<i>Virginia</i>					Horton	/			
Butler		/			Kemp			/	
Daniel		/			Lent			/	
Robinson		/			McEwen			/	
Wampler		/			Mitchell (ARW)	/			
Whitehurst (ARW)		/			Peyser	/			
<i>Alabama</i>					Walsh	/			
Buchanan	/				Wydler	/			
Dickinson		/			<i>Pennsylvania</i>				
Edwards		/			Biester			/	
<i>Arkansas</i>					Coughlin			/	
Hammerschmidt		/			Eshleman			/	
<i>Louisiana</i>					Goodling			/	
Moore		/			Heinz	/			
Treen		/			Johnson (ARW)	/			
<i>Mississippi</i>					McDade	/			
Cochran		/			Myers	/			
Lott		/			Schneebeli	/			
<i>Texas</i>					Schulze			/	
Archer		/			Shuster			/	
Collins		/							
Steelman		/							
<b>Total</b>	<b>3</b>	<b>14</b>	<b>13</b>	<b>3</b>	<b>Total</b>	<b>14</b>	<b>5</b>	<b>13</b>	<b>3</b>



THE WHITE HOUSE  
WASHINGTON

Date 12/5

TO: Charles Leppert

FROM: VERN C. LOEN

Please Handle \_\_\_\_\_

For Your Information  \_\_\_\_\_

Per Our Conversation \_\_\_\_\_

Other:



PRELIMINARY VOTE CHECK AMONG REPUBLICANS - H.R. 9721 (IDB)

Yes: 53

No: 46

Undecided: 47 (includes some who are "leaning" yes or no)

	<u>UNDECIDED</u>	<u>EXTENSION</u>	<u>OFFICE</u>	<u>COMMENTS</u>
1.	ABDNOR, James	55165	1227 LHOB	
2.	ARMSTRONG, William	54422	223 CHOB	
3.	BELL, Alphonzo	56451	2329 RHOB	
4.	BROWN, Clarence	54324	2242 RHOB	S. Gardner call
5.	BROYHILL, James	52576	2227 RHOB	S. Gardner call
6.	BUTLER, M. Caldwell	55431	109 CHOB	
7.	CLAUSEN, Don	53311	2433 RHOB	
8.	CLEVELAND, James	55206	2246 RHOB	S. Gardner call
9.	DERWINSKI, Edward	53961	1401 LHOB	W. Simon call
10.	EDWARDS, Jack	54931	2439 RHOB	W. Simon call
11.	EMERY, David	56116	425 CHOB	
12.	FREY, Louis	53671	214 CHOB	
13.	GOLDWATER, Barry	54461	1421 LHOB	
14.	HAGEDORN, Tom	52472	325 CHOB	
15.	HECKLER, Margaret	54335	343 CHOB	
16.	HINSHAW, Andrew	55611	1128 LHOB	
17.	JARMAN, John	52132	2416 RHOB	
18.	JEFFORDS, James	54115	501 CHOB	
19.	JOHNSON, James	54676	129 CHOB	
20.	KEMP, Jack	55265	132 CHOB	
21.	KINDNESS, Thomas	56205	1440 LHOB	
22.	LAGOMARSINO, Robert	53601	1319 LHOB	
23.	LENT, Norman	57896	428 CHOB	



	<u>UNDECIDED</u>	<u>EXTENSION</u>	<u>OFFICE</u>	<u>COMMENTS</u>
24.	McCOLLISTER, John	54155	217 CHOB	
25.	McEWEN, Robert	54611	2464 RHOB	S. Gardner call
26.	MARTIN, James	51976	115 CHOB	
27.	MICHAEL, Bob	56201	2112 RHOB	W. Simon call
28.	MOORHEAD, Carlos	54176	1208 LHOB	
29.	MOORE, W. Henson	53901	427 CHOB	
30.	MYERS, Gary	52565	1711 LHOB	
31.	O'BRIEN, George	53635	422 CHOB	
32.	PETTIS, Mrs. Shirley	55861	1021 LHOB	S. Gardner call
33.	REGULA, Ralph	53876	1729 LHOB	
34.	RINALDO, Matt	55361	314 CHOB	W. Simon call
35.	SCHULZE, Richard	55761	1009 LHOB	S. Gardner call
36.	SEBELIUS, Keith	52715	1211 LHOB	
37.	SKUBITZ, Joe	53911	2211 RHOB	
38.	SMITH, Virginia	56435	1005 LHOB	
39.	STEELMAN, Alan	52231	437 CHOB	
40.	SPENCE, Floyd	52452	120 CHOB	
41.	TALCOTT, Burt	52861	1536 LHOB	W. Simon call
42.	THONE, Charles	54806	1534 LHOB	
43.	TREEN, David	54031	404 CHOB	
44.	WHITEHURST, William	54215	436 CHOB	
45.	WYDLER, John	55516	2334 RHOB	
46.	YOUNG, Don	55765	1210 LHOB	
47.	PRESSLER, Larry	52801	1238 LHOB	

Summary of H.R. 9721  
A Bill to Amend the Inter-American Development Bank Act

I. H. R. 9721 authorizes the U.S. Governor--the Secretary of the Treasury--to agree to a proposed replenishment of the resources of the Inter-American Development Bank and to make U.S. contributions to the replenishment. The total replenishment would amount to \$6,345 million, of which \$5,300 million would represent an increase in the authorized capital stock of the Bank and \$1,045 million in the Fund for Special Operations, the Bank's concessionary window. The U.S. would provide approximately one-third (\$2,250 million) of the total replenishment. This would be broken down as follows:

Capital Stock	\$1,650 million
paid-in	(120)
callable	(1,530)
Fund for Special Operations	600

Actual cash outlays would be required just for the paid-in portion and for the FSO contribution--a total of \$720 million. Each contribution would be made in 3 annual installments: for paid-in capital, \$40 million per year in FY'76, '77 and '78, for the FSO, \$200 million per year in FY'77, '78 and '79.

II. The bill would also authorize U.S. approval of proposals by the Inter-American Development Bank to admit nonregional donor countries into the Bank. The IDB proposal would provide for a group of 12 countries (10 in Europe plus Japan and Israel) to join the Bank with total contributions of \$745 million which would be equally divided between capital subscriptions (\$372.7 million) and contributions to the FSO (\$372.7 million). Of total subscriptions to capital shares \$61.5 million, or 16.5 percent would be paid-in and the remainder callable. The effect of the new membership would be to reduce U.S. voting power from the present 40 percent to approximately 35 percent. The U.S. veto in the Fund for Special Operations, where a two-thirds vote is required, would be preserved.

III. The bill also authorizes the U.S. Governor to approve a proposal for the entry of Bahamas and Guyana. Since these countries are not members of the Organization of American States, their admission to membership requires an amendment of the Bank's Charter.

IV. Further, the bill authorizes the U.S. Governor to agree to amendments to the IDB Charter, permitting loans to the Caribbean Development Bank (CDB) for relending to CDB member countries

whether or not they are also members of the IDB. Under present IDB Charter provisions, the IDB can make loans to the CDB only if IDB resources are relent in countries that are also members of the IDB. The proposed Charter amendment regarding lending to the CDB is a grant of authority to make loans to the CDB, but not a requirement that such loans be made. Moreover, the terms and conditions of any future loans to the Caribbean Development Bank would be decided by the IDB Board of Executive Directors at the time when such a loan came up for consideration.

V. The bill also authorizes United States participation in the African Development Fund and a U.S. contribution of \$25 million to be paid in three annual installments of \$9 million, \$8 million and \$8 million, beginning in FY'76. The purpose of the African Development Fund is to complement the activities of the African Development Bank--whose membership is open only to regional countries--by providing concessional financing for high priority development projects in the poorest countries of Africa.

VI. Section 102 of the bill deletes a provision of the Foreign Assistance and Related Programs Appropriations Act, 1975, which earmarked \$50 million of the funds appropriated for the FSO for use by cooperatives, credit unions, and savings and loan associations. The earmarking provision is totally inconsistent with the multilateral decision making process and would, if other countries followed this practice, prove disastrous for the effective management of the Bank's resources.

# Inter-American Development Bank

## Fact Sheet

related to H.R. 9721

**PURPOSE OF THE LEGISLATION:** To authorize U.S. participation in replenishment of the IDB's resources during the period 1976-79 and to authorize U.S. approval of expansion of membership in the IDB to include twelve nonregional donor countries.

**WHAT IS THE INTER-AMERICAN DEVELOPMENT BANK (IDB)?** It is a multinational regional financial institution established in 1959 for the purpose of making loans and extending technical assistance in support of economic and social progress in the developing countries of Latin America and the Caribbean. The IDB has 24 members, including most of the countries of Latin America and the Caribbean, Canada, and the U.S. The IDB's headquarters is in Washington, D.C.

**WHAT ARE THE MAIN CHARACTERISTICS OF THE IDB'S LENDING?** The IDB makes loans for development projects in a variety of key economic sectors ranging from basic infrastructure to health and education. Agriculture has been the leading recipient of IDB loans and electric power has been the second largest recipient. IDB lending consists of two basic programs: loans from capital stock resources which are extended on near commercial terms of 8 percent interest and 15-30 years maturity for projects with adequate anticipated economic return (e.g. power); loans from the Fund for Special Operations on concessionary or soft terms of 1-4 percent interest and 20-40 years maturity primarily for social projects and for lending to the least developed member countries. The IDB is concentrating its concessionary lending in the poorest countries. The wealthier developing countries in Latin America (i.e. Argentina, Brazil, Mexico, Trinidad and Tobago and Venezuela) are being phased out of borrowing from the FSO.

**WHAT ARE THE IDB'S CURRENT RESOURCES AND OUTSTANDING LOANS?** The IDB has total resources of \$9.9 billion, consisting of \$5,965 million in capital subscriptions and \$3,945 million in contributions to the FSO. The IDB also administers a number of special funds provided by several member and non-member countries for specific purposes. Through the

end of 1974 the IDB had extended 822 loans with a total value of \$7,416 million. Agriculture accounted for 22.5 percent of total lending. The power sector received 21.5 percent of Bank lending while transportation and communication received 17.7 percent.

WHY SHOULD THE U.S. SUPPORT EXPANDED IDB MEMBERSHIP AND PARTICIPATE IN REPLENISHMENT OF IDB RESOURCES? The U.S. has been the leading donor member of the IDB and has 40 percent of the voting power based on its share of IDB capital subscriptions. U.S. support of the proposed expansion of membership and resource replenishment is required for the adoption of these proposals. Nonregional membership has been a U.S. objective for nearly five years and would constitute a major step toward burdensharing without significantly reducing the regional character of the IDB nor the importance of the U.S. role. The prospective nonregional members would contribute \$745 million initially and acquire 4 percent of the vote. The replenishment would provide the IDB with approximately \$6 billion in new resources. Several Latin American countries will be contributing convertible currencies to the FSO for the first time. Together, nonregional membership and the replenishment would enable the IDB to increase its valuable support of economic development in an area with which the U.S. has had close cultural, historical, and security ties.

The U.S. also has major economic interests in Latin America. In 1974 U.S. exports to the region accounted for about 15 percent of total U.S. exports in that year, while almost \$14 billion or 14 percent of all U.S. imports came from Latin America. Many of these are raw materials critical to U.S. economic needs. In addition, nearly 14 percent of total U.S. direct investment abroad, or about \$15 billion, is in Latin America.

Continued U.S. participation in the IDB will confirm our commitment to help shape a more equitable and stable world economy. Failure to support the IDB would be a severe blow to our foreign relations not only in Latin America but with all developing countries.

WHAT IS THE PROPOSED LEVEL OF U.S. PARTICIPATION IN THE IDB REPLENISHMENT? The U.S. would account for \$2,250 million of the total replenishment of over \$6 billion. The U.S. share would represent 37 percent of the replenishment, compared

to a 52 percent share of the 1970 replenishment. It would represent 30 percent of total new resources, from both the replenishment and the contributions of new nonregional countries. The proposed U.S. capital subscriptions would preserve U.S. voting power at about 35 percent, or enough to veto operations of the ESO which require two-thirds majority approval.

Of the \$2,250 million, \$720 million (\$120 million in paid-in capital and \$600 million in contributions to the FSO) would result in actual U.S. budgetary outlays. These outlays will be spread out over a number of years as needed by the IDB for loan disbursements. The remaining \$1,530 million would be in callable capital subscriptions representing only a contingent liability for the U.S. Government. There has never been a call on such subscriptions and only in the extremely unlikely circumstances of massive defaults would there be a call. Callable capital is essential to the IDB as a guarantee for its borrowings in international capital markets.

Total IDB Capital Resources Before and After  
Replenishment and Nonregional Membership

(millions of \$U.S.)

	End Dec. 1974		Resources from New Special Funds, Replenishment and Nonregional Membership to become available in 1976-79		End Dec. 1979
<u>Total Resources</u>	<u>10,565</u>		<u>7,437</u>		<u>18,002<sup>2/</sup></u>
U. S.	5,649	(53%)	2,250	(30%)	7,899 <sup>2/</sup>
Latin America	4,421	(42%)	4,088	(55%)	8,509
Canada	442	(4%)	307	(4%)	749
Nonregional	53	(1%)	792	(11%)	845
<u>Ordinary and Inter-Regional Capital Stock<sup>1/</sup></u>	<u>5,965</u>		<u>5,519</u>		<u>11,484</u>
U.S.	2,409	(40%)	1,650		4,059
Latin America	3,263	(55%)	3,193		6,456
Canada	293	(5%)	257		550
Nonregional	--	--	419		419
<u>Fund for Special Operations</u>	<u>3,945</u>		<u>1,418</u>		<u>5,688<sup>2/</sup></u>
U.S.	2,715	(69%)	600		3,640 <sup>2/</sup>
Latin America	1,156	(29%)	395		1,551
Canada	74	(2%)	50		124
Nonregional	--	--	373		373
<u>Funds Under Administration</u>	<u>655</u>		<u>500</u>		<u>1,155</u>
U.S.	525	(80%)	--		525
Latin America	2	(1%)	500 <sup>3/</sup>		502
Canada	75	(11%)	--		75
Nonregional	53	(8%)	--		53



member's share of capital stock, both paid-in and callable, determines its voting power on all IDB transactions, including lending from the FSO. Subscriptions to ordinary and to inter-regional capital are interchangeable and have exactly the same effects with respect to the subscribing member's voting power. The reason for the creation of inter-regional capital stock is to permit the IDB to borrow in capital markets against callable subscriptions in convertible currencies of countries other than the U.S. This is not now possible because of restrictive covenants on outstanding IDB bonds backed by ordinary callable capital. The reason the U.S. proposes to subscribe in part to inter-regional capital is to encourage Canada and Venezuela to do the same so as to enable their callable subscriptions to be used for borrowing purposes also. All new nonregional members will also subscribe to inter-regional capital, thus enabling the bank to raise money in international capital markets against their subscriptions.

- 2/ Includes \$325 million anticipated in FY 1976 in completion of U.S. commitment under replenishment initiated in 1970 (\$50 million currently earmarked and \$275 million yet to be appropriated.)
- 3/ Venezuelan Trust Fund. Approved in February 1975 and not affected by replenishment and nonregional membership proposals. Of the total of \$500 million, approximately \$160 million is expected to become available in CY 1975.



AFRICAN DEVELOPMENT FUND (AFDF)  
FACT SHEET

Purpose: The AFDF was established in 1973 to complement the activities of the African Development Bank (AFDB) in assisting the economic and social development of the independent African nations. All independent African countries are eligible to join the Bank and its membership includes all independent African countries except South Africa and Rhodesia. All African members of the Bank are also members of the Fund. In an effort to expand its resource base and involve nonregional countries in African development, the AFDB sought the assistance of non-African nations, including the United States, in creating a concessional lending facility, the AFDF.

The Fund is legally separate from the Bank and is managed by its own Board of Directors. It shares the Bank's headquarters located in Abidjan, Ivory Coast and uses the Bank staff in preparing, evaluating, and reviewing its loans for development projects.

Membership: The Fund consists of fifteen nonregional donor countries, plus the AFDB representing all of its members. The nonregional countries are Belgium, Brazil, Canada, Denmark, Germany, Finland, Italy, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, UK and Yugoslavia. Argentina and Saudi Arabia are expected to join soon.

Resources: Total resources of the Fund are approximately \$154 million as of September 1975. Replenishment of the Fund's capital resources for the years 1976-1978 is currently being discussed by the donors. It has been proposed that the Fund's present resources be increased by some \$375 million by doubling the subscriptions of present members and seeking new members.

Voting Power: The Fund's Board of Directors is composed of twelve directors, six from the donor countries and six from the Board of Directors of the Bank. The directors designated by the donor countries have 50% of the voting power and the directors designated by the Bank have the other 50%. A 75% weighted vote is required for all operational decisions. As of August 30, 1975, the voting power on the Board of Directors was:

<u>Canada</u>	<u>Japan</u>	<u>Germany</u>	<u>Others</u>	<u>AFDB</u>
9.28%	6.20%	6.20%	28.42%	50.00%



Lending Operations: Although all members of the Bank are eligible to borrow from the Fund, the Fund restricts its lending to the poorest members. The thirteen countries which borrowed from the Fund in 1974 had an average per capita income of \$123; five of them were in the drought stricken Sahel. The Fund, which began operations in 1974, concentrates its resources on agricultural and social development projects. So far it has lent \$47 million for 17 projects and studies.

Lending Terms: All loans bear a 0.75% service charge and have a maturity of 50 years, including a 10-year grace period.

