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FRIDAY, DECEMBER 4, 1964.

SIGNATURE OF AGREEMENT BETWEEN CANADA AND INTER-AMERICAN DEVELOPMENT
BANK

The Canadian Government today entered into an agreement with the Inter-American Development Bank under which Canada would make available up to \$10 million to finance economic, technical and educational assistance projects in Latin America.

The agreement setting out the arrangements under which the Bank will act on behalf of Canada as the administrator of agreed projects was signed in New York today by the Honourable Paul Martin, Secretary of State for External Affairs of Canada and by Mr. Felipe Herrera, President of the Bank.

The Bank will use the funds to make loans for such programs and projects as may be agreed for periods ranging up to 50 years depending upon the type of project under financing. The loans may be free of interest or may be made under such other concessional terms as are agreed to between Canada and the Bank. Repayment would be in Canadian dollars. Loans would bear appropriate service charges.

In the past Canada has cooperated with the Inter-American Bank through parallel financing operations and through the purchase by Canadian banks of participations in Inter-American Bank loans for economic development in Latin America. In addition, Canadian investors have purchased bonds sold by the Bank in the U.S. market.

Under the agreement signed today the Bank will have the primary

responsibility for selecting and processing loan projects and for establishing the terms and conditions for the loans in accordance with the provisions of the agreement, applying the operational procedures it normally uses in operations with its resources. The Bank will consult Canada during the various stages of project consideration. Agreed loan contracts will be signed by the Bank on behalf of the Canadian Government.

Proceeds of the loans extended under the agreement will be used for the purchase of goods and services in Canada under a competitive bidding system among Canadian suppliers.

Provision has been made in the agreement for the possible allocation of additional funds in the future.

The Inter-American Development Bank was founded on December 30, 1959, by twenty American nations as a regional agency to accelerate the economic development of Latin America. This is the first time the Bank has entered into an agreement to administer funds of a non-member country. In April 1964 the Board of Governors recommended that the Executive Directors of the Bank study measures designed to make possible and facilitate the participation of countries which presently are not members in the provision of additional resources to the Bank to help stimulate the development of Latin America.

Today's action represents a further step in the Bank's efforts to mobilize resources for Latin America's development. The Bank previously has sold bond issues and participations in its loans and promoted parallel financing operations as the means of increasing the flow of capital from non-member countries to Latin America. In addition, the Bank is serving as financial agent for the Federal Republic of Germany in connection with a program to rehabilitate the Bolivian tin mines and for the Intergovernmental Committee for European Migration in connection with a colonization project in Brazil.