



IIC Annual Report

Inter-American Investment Corporation

To fulfill its mission, the IIC makes direct loans and equity investments and grants lines of credit to local financial intermediaries. It particularly targets small and midsize companies that have difficulty obtaining financing from other sources on reasonable terms. The Corporation also provides fee-based advisory services that complement its core activities.

THE INTER-AMERICAN INVESTMENT CORPORATION (IIC) IS A MULTILATERAL organization. It began operations in 1989 to promote the economic development of its Latin American and Caribbean member countries by financing small and medium-size private enterprise.

To fulfill its mission, the IIC makes direct loans and equity investments and grants lines of credit to local financial intermediaries. It particularly targets small and midsize companies that have difficulty obtaining financing from other sources on reasonable terms.

In a sense, IIC finance is seed money. The Corporation serves as a catalyst for attracting other resources: additional financing, technology, and know-how. These resources are mobilized through cofinancing and syndication, supporting security underwritings, and identifying joint venture partners.

Lending and investing require evaluation of project soundness and probability of success. In this preliminary evaluation process, the IIC advises clients on project design and financial engineering and helps them to structure their financial plan.

As a natural outgrowth of its project financing, the IIC offers fee-based advisory services. These services include counseling private companies on financial engineering and corporate reorganizations and helping member governments to modernize their foreign investment policies and develop capital markets.

To obtain IIC financing, projects must offer profitable investment opportunities. They must also further economic development in some way: by creating jobs, broadening capital ownership, generating net foreign currency income, facilitating the transfer of resources and technology, utilizing local resources, promoting local savings, or promoting the economic integration of Latin America and the Caribbean. Any environmentally sensitive project must include specific preventive or restorative measures.

All the powers of the Corporation are vested in its Board of Governors. The IIC Board of Governors consists of a representative and an alternate from each member country. Voting power is proportional to each country's paid-in shares. The Board of Governors appoints a Board of Executive Directors to which significant authority and powers are delegated.

The Corporation is part of the Inter-American Development Bank Group. The IIC is legally autonomous, and its resources and management are separate from those of the Inter-American Development Bank.

Thirty-five countries are shareholders in the IIC: twenty-four Latin American and Caribbean countries (Argentina, Bahamas, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay, Venezuela); eight European countries (Austria, Denmark, France, Germany, Italy, the Netherlands, Spain, Switzerland); and Israel, Japan, and the United States.

CONTENTS

	PAGE
Letter of Transmittal	4
The Year in Review	5
Developmental Investment Activities	9
Map: IIC Project Finance Activities 1989–1997	20
Small and Medium-Size Enterprises: Key to Sustainable Development	23
FINANCIAL STATEMENTS	33
Governors and Alternate Governors	50
Executive Directors and Alternate Executive Directors	51
Management and Senior Staff	52
FIGURES	
Committed Portfolio, Cumulative as of 12/31/97	10
Approved Active Portfolio by Sector	20
Approved Portfolio	31
Loan and Equity Approvals	31
TABLES	
Approvals, Commitments, and Disbursements as of 12/31/97	30
Operations Approved by IIC in 1997	32