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Barbara Khol

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## **Inter-american Development Approves US\$205 Million Loan For Colombian Government**

*by Barbara Khol*

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On Oct. 16 in Washington, the Inter-American Development Bank announced approval of a US\$205 million loan for the Colombian government. The loan is earmarked for several programs aimed at supporting domestic and foreign private investment, including the expansion of commercial credit available to small- and medium-size businesses, restructuring and privatization of state-run banks, development of a capital market specialized in long-term credit, and import tariff reduction. The loan obtained by Bogota is the largest yet approved by the IDB under the aegis of the US government's proposed Initiative for the Americas. The Initiative, introduced in mid-1990, promotes the creation of a hemispheric free trade zone. The loan will be disbursed in two installments of the same amount over an 18-month period. Terms are 20 years, a five-year grace period, and a variable interest rate, currently at 7.89%. In 1990, the IDB approved a US\$305 million loan for Colombia's public sector reforms. The reform program was co-financed by a US\$304 million loan from the World Bank. (Basic data from AFP, 10/16/91)

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