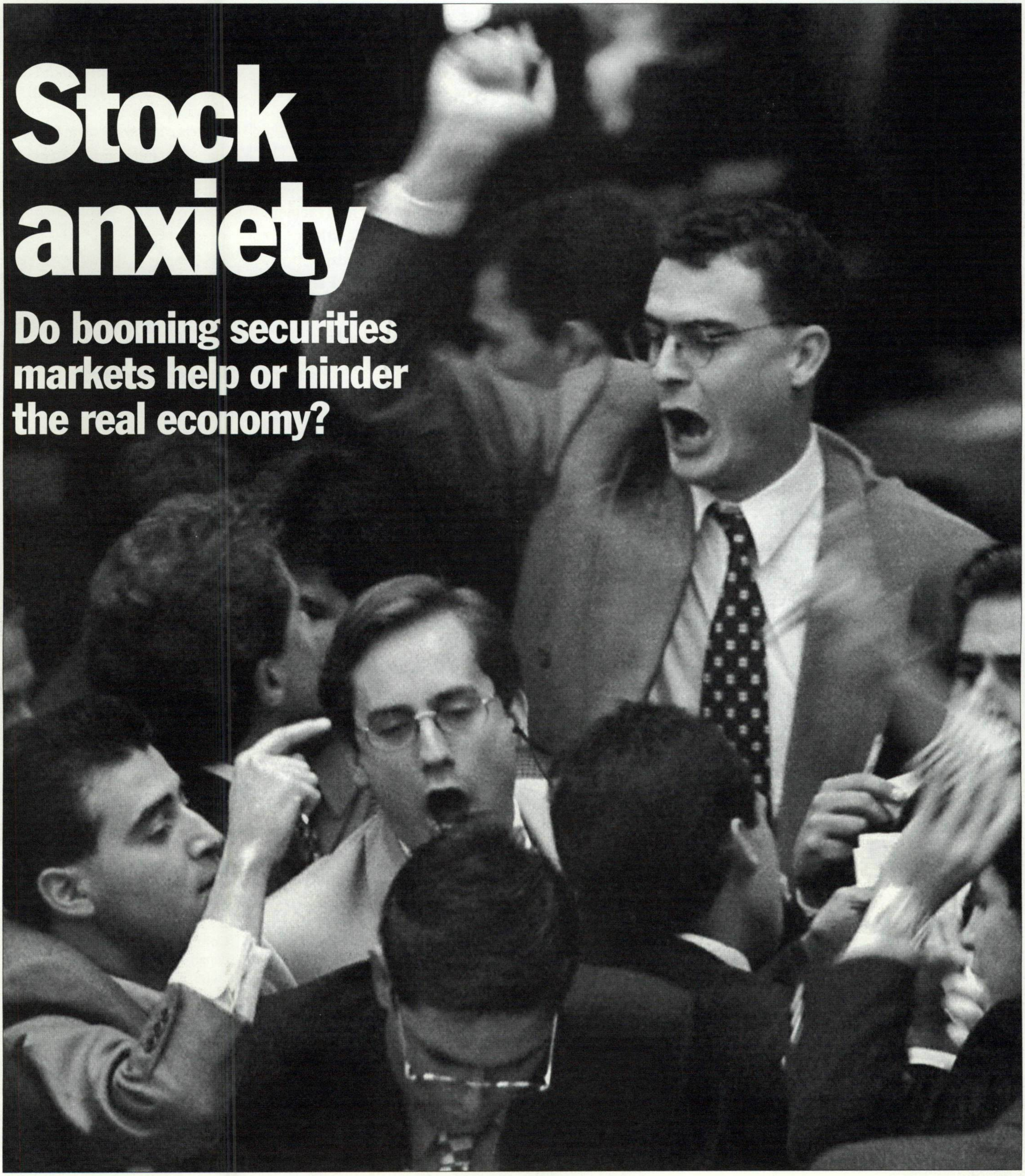
■ DOMESTIC VIOLENCE ■ IDB'S IGLESIAS REELECTED ■ URBAN TRANSPORTATION WOES

IDB AMÉRICA

Magazine of the Inter-American Development Bank

December 1997

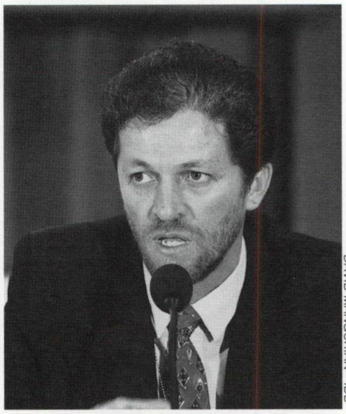


Stock anxiety

Do booming securities markets help or hinder the real economy?

"Television is the only way [many women] can expose their abusers."

Jorge Valverde, journalist



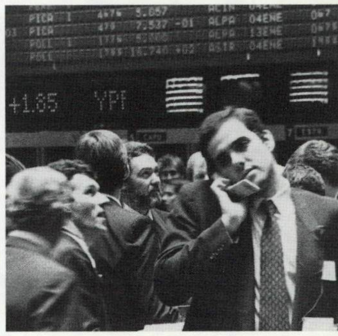
DAVID MANGURIAN—IDB

Valverde spoke at a seminar on the media and domestic violence. **See page 8.**

THE COVER

Stock anxiety. Traders at Mexico City's stock exchange call out orders during frenzied buying minutes before the market closed on Oct. 28. Mexico's benchmark IPC stock index gained 11.6 percent that day, its largest one-day surge in a decade. The gains helped to reverse investors' losses earlier that week, when the currency crisis in East Asia provoked massive stock market sell-offs around the world.

—Reuters photo by Heriberto Rodríguez



DAVID MANGURIAN—IDB

■ NOTEBOOK ■

Getting the teacher they deserve

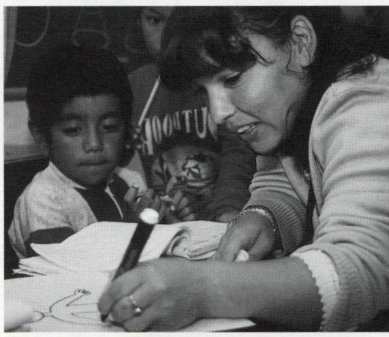
WHEN LATIN AMERICA'S education deficit is finally eliminated, it will probably be thanks to the efforts of people like Mexico's Blanca del Rosario González Parra.

During a recent visit to her single-room schoolhouse in the sierras of Chihuahua, IDB photographer Willie Heinz found the 19-year-old teacher shuttling among three groups of students, answering questions, resolving disputes, and monitoring assignments.

"The students were disciplined, industrious, and obviously fond of their teacher," recalls Heinz. Standing just over four feet tall, González can look most of them directly in the eye, a fact that seems to contribute to her popularity.

Residents of the tiny community of El Yerbaniz consider themselves lucky to have González. Tucked away in a remote corner of the sierras, El Yerbaniz has a hard time attracting any teachers, much less someone like González, who has a post-secondary degree in economics and administration.

González exemplifies the success of an innovative program run by Mexico's National Council for Education Development (known as CONAFE) and partly financed by the IDB. In order to draw motivated teachers to poor and isolated communities, CONAFE recruits bright high schoolers with demonstrated leadership skills and offers them an attractive deal: teach one or two years at a community school and get a three- to five-year basic scholarship to a university of your choice.



WILLIE HEINZ—IDB

Rosario González and students.

Teachers receive two months of intensive training, textbooks and teaching materials, and a salary of around $100 per month. Host communities must provide the teachers with room, board and other needs. In addition to schoolroom duties, most teachers work with community leaders to organize adult education and cultural activities on the weekends.

The program employs 700 teachers in Chihuahua state and 20,000 nationwide. "It's a great initiative," says Rodolfo Trujillo, who heads CONAFE's Chihuahua operations. "The teachers get work experience and scholarships, and the kids get enthusiastic, committed teachers."

—The editors

IDBAMERICA Volume 24 Number 12

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IDBAMERICA reports on economic and social development trends in Latin America and the Caribbean and on the activities of the IDB. It is published 10 times annually in Spanish and English.

IDBAMERICA On-Line is available in English, Spanish, Portuguese and French at http://www.iadb.org. It includes automatic links to related Bank press releases, project summaries and policy papers.

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Quotable

"Our gold, our oil, is our biodiversity."

Evaldo Magalhães, a state legislator in Acre, Brazil, in a Nov. 20 Christian Science Monitor article on efforts to prevent "biopiracy," the unauthorized extraction of plant material by foreign companies.

"Market forces won't solve the [global warming] problem, because markets treat pollution as a costless byproduct and underprice it."

Robert Kuttner, editor of The American Prospect, in a Nov. 17 BusinessWeek editorial on problems that can't be solved without government intervention.

"Violence against women is not simply cultural. It is simply criminal."

United States first lady Hillary Rodham Clinton, speaking at a September conference on domestic violence at IDB headquarters in Washington, D.C.

"You have to bite the bullet immediately. You cannot fool around, even for a few weeks."

Mexican President Ernesto Zedillo, in a speech on overcoming the current financial crisis given at the November Asia-Pacific Economic Conference in Vancouver, Canada.

"Businesses everywhere want free competition. It would be really stupid now to grant advantages to those who bribe."

François Vincke, general counsel of Belgian oil corporation PetroFina, in a Dec. 22 U.S. News & World Report article on an anti-corruption treaty signed by the 29-nation Organization for Economic Corporation and Development. The treaty binds members to impose criminal penalties on companies and individuals from OECD nations that bribe officials in other countries, usually in order to win contracts. Until now, foreign bribery was considered legal by most OECD countries.

■ VIEWPOINT ■

Global stock crisis, local lessons

By EDUARDO LORA

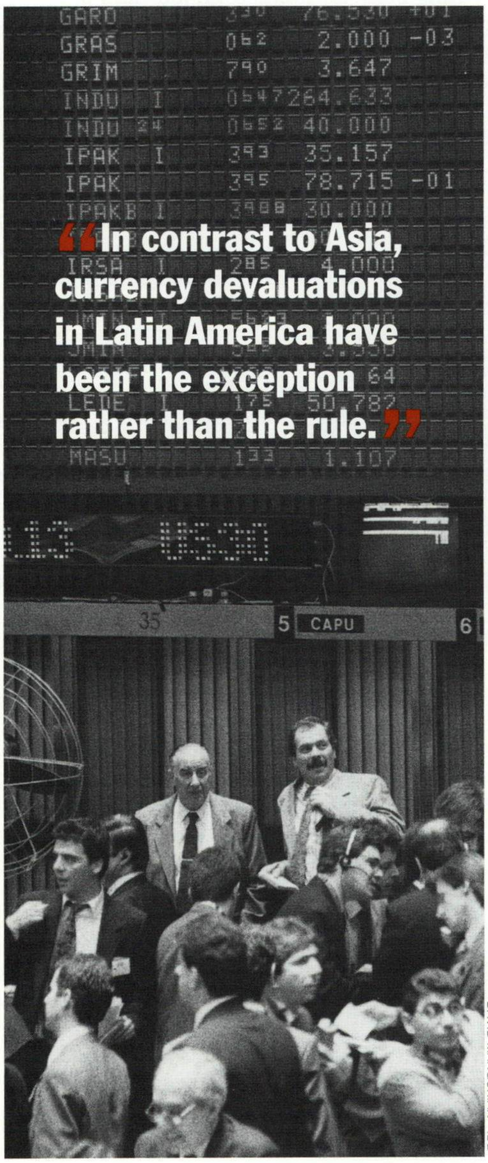
THE UNTHINKABLE HAPPENED in October. The "miracle" economies of South East Asia, once regarded as symbols of stability, were hit by a series of speculative attacks that kicked the legs out from under local equity markets and—Hong Kong and China excepted—caused massive currency devaluations. The currencies of Indonesia and Thailand lost more than 30 percent of their value, while Malaysia and the Philippines suffered slightly smaller declines.

For the first time, a stock market crisis in the developing world had truly global consequences. The Dow Jones index of industrial companies in the United States suffered its greatest single day point loss in history on Oct. 27, and the markets in Latin America quickly followed suit. Paradoxically, the early reports on these events were coming in just as the IDB was convening a conference on the pros and cons of the growth of Latin America's stock markets titled "The Development of Securities Markets in Emerging Economies: Obstacles and Preconditions to Success" (see page 4).

While the markets in London and New York registered strong recoveries in the weeks after the October crash, the Latin American bourses, and particularly those of Argentina and Brazil, failed to regain much of the lost ground. But in a significant contrast to the Asian economies, currency devaluations in Latin American have been the exception rather than the rule. Only Mexico, by virtue of its flexible exchange rate regime, experienced a significant devaluation, and that actually had the effect of reassuring markets and stemming the drop in Mexico's bourse. Other countries in the region opted to raise interest rates in order to defend their hard currency reserves and maintain exchange-rate stability.

Although October's stock market drop came at a time when the global economy was in solid shape, it also followed a period of "irrational exuberance" in many countries' equities markets, to quote the premonitory and much-publicized opinion of Alan Greenspan, chairman of the U.S. Federal Reserve.

On its own, this correction in the tendency of equity markets toward overvaluation is healthy. The danger is that governments may react by changing economic policy erratically, especially in economies that are fiscally and financially vulnerable, as is the case in many Latin American countries.



DAVID MANGURIAN—IDB

Fortunately, most of the region's economies are strong, or at least are stable enough to enable leaders to make necessary policy adjustments without risking a major crisis. Economic growth rates at the time of the shock were at their highest levels in two decades, a fact that should give political and social viability to fiscal and monetary adjustments, where required. Inflation is under control in almost all the region's countries; memories of the cost of price instability are still fresh and there is broad consensus about which anti-inflation policies are most likely to succeed. With few exceptions, international hard currency reserves are sufficient to withstand substantial external shocks.

Overall, reaction to the market drop has been encouraging. In Brazil and Mexico, to cite two particularly significant cases in the region, the crisis has opened new political space for discussing crucial reforms that have been postponed up until now. Throughout Latin America and the Caribbean, the events in Asia and their aftershocks appear to have reminded governments, legislatures and economic agents that capital markets are myopic, and that periods of apparent prosperity must be used to shore up fiscal and financial safeguards against inevitable crises.

—The writer is senior research economist in the IDB's Office of the Chief Economist

Stock anxiety

Do booming securities markets help or hinder the real economy?

By PAUL CONSTANCE and DAN DROSDOFF

THE PUBLIC IMAGE OF STOCK MARKETS IN Latin America took a beating in October. After a decade of impressive gains, the region's stock indexes had come to be seen as encouraging barometers of domestic and international confidence in Latin America's economic prospects.

But when a string of currency crises in South East Asia provoked a global stock market "correction," Latin American bourses took a wrenching dive, losing more than a quarter of their value in a few days. Despite some early signs of recovery, most of the region's stock indexes are still far from regaining their pre-October highs.

In the aftermath, shell-shocked investors and ordinary citizens throughout the region were left wondering if securities markets have become too much of a good thing. Have Latin America's economies been taken hostage by their volatile markets? Are these markets just complicated casinos where rich speculators and foreigners place bets? And more fundamentally, do these markets actually provide benefits to the real economy of people, products and jobs?

As the market crisis was unfolding on Oct. 27, financial and stock exchange officials from several Latin countries were meeting at the IDB's headquarters in Washington, D.C., to consider some of these very questions. Indeed, the two-day conference, "The Development of Securities Markets in Emerging Economies: Obstacles and Preconditions to Success," offered a timely opportunity to assess the extraordinary evolution of Latin America's securities markets in recent years.

A decade ago, securities markets were a barely noticeable part of the financial sector of most Latin American countries, which has always been dominated by banks. Consider the example of Argentina. Although the Buenos Aires stock exchange has existed for over a century, as recently as 1989 its market capitalization (the total value of the stocks, bonds and other securities listed on the exchange) was a trivial $172 million, according to Guillermo Harteneck, president of Argentina's Comisión Nacional de Valores.

But over the next few years things changed dramatically. A package of market-oriented trade and financial reforms stabilized the economy, renewed investor interest in Argentina and facilitated foreign direct investment. An ambitious privatization plan gave ordinary investors access to something they had rarely had before: the opportunity to buy shares in a list of premium industrial companies. Millions of dollars of Argentine savings that had been parked in foreign banks were repatriated to buy these shares, and European and U.S. investment funds soon followed suit. The result was a spectacular run-up in the stock market. Despite a serious downturn following the Mexican peso crisis in 1995, the market capitalization of the Buenos Aires exchange had reached $60 billion by October 1997.

Although securities markets in Latin America's other major countries were at significantly different stages of development in the late 1980s, their experience during the 1990s has been broadly similar to Argentina's. According to the International Finance Corporation, the total market capitalization of the region's principal exchanges hovered around $37 billion in 1987. By October 1997 it stood at $515 billion, after peaking at $680 billion in July.

The combined value of the stocks and bonds on all Latin American and Caribbean securities exchanges totaled $37 billion in 1987. By July 1997 it had passed $680 billion, before dropping to around $515 billion in late October.

Less than meets the eye. Yet these figures are not as impressive as they seem on the surface. To begin with, Latin America's capital markets are still very small when measured against their underlying economies. In 1996, the region's total market capitalization amounted to around 30 percent of its gross domestic product. Claudio Loser, director of the Western Hemisphere Department at the International Monetary Fund, reminded conference participants that in many Asian developing countries, such as Thailand and the Philippines, that ratio stood at 100 percent in 1996.

Moreover, Latin America's stock market boom is primarily benefiting a handful of recently privatized utilities and blue-chip industrial firms. Although the region's larger exchanges boast several hundred listed com-

panies, the bulk of their market capitalization and trading volume are accounted for by a handful of giant telecommunications and energy firms. In Brazil and Mexico, around half of the market's trading volume on a typical day corresponds to the stock of each country's dominant telephone company.

In other words, the vast majority of Latin America's companies are still not obtaining capital from stock markets. "Despite the very impressive gains in capital market development, the region's banks are still the overwhelmingly dominant source of financing for the private sector," said Liliana Rojas-Suárez, principal advisor in the IDB's Office of the Chief Economist. Bank loans account for well over 90 percent of all corporate financing in the region, according to Rojas-Suárez. By contrast, banks in the U.S. meet only 20 percent of overall corporate financing needs. Companies obtain cheaper and more flexible financing by issuing stocks, bonds and commercial paper directly to investors, through various securities markets and exchanges.

Rojas-Suárez said the underdevelopment of Latin America's securities markets is partly due to the fact that many companies are still unwilling to meet the requirements for listing on an exchange. Although many companies have gone public, and some have even met the rigorous requirements for listing on the New York Stock Exchange, the ownership of most large Latin American firms is still concentrated in small groups that prefer not to relinquish even partial control of their companies to shareholders. Many companies are also unwilling to disclose their earnings and assets, as required of publicly traded firms, because they believe disclosure will increase their tax liability, aid their competitors, or even make them targets of kidnappers by revealing executives' salaries. So while the market value of a handful of premium companies has grown exponentially, the total number of newly listed companies in the region has only slightly increased. In Mexico, Brazil and Argentina, which together account for around two-thirds of the region's market capitalization, the number of listed companies has remained essentially flat since 1987.

Local fund managers are beginning to invest in smaller domestic companies—the kind that foreign investors have traditionally overlooked

As a result, "there is a keen demand for new placements [of stocks and bonds], and very little supply," said Argentina's Harteneck. "Companies don't understand the benefits of going public, and a lot of education is needed in this area."

Deeper is better. The real problem with Latin America's securities markets is not that they have grown too fast, but that they have not grown deep enough. Economists refer to the "depth" of capital markets to describe the number and variety of securities that investors can choose from, the quantity and quality of information about companies that investors can use to make decisions, and the liquidity of the markets in terms of trading volumes. By these measures, Latin America's stock markets remain very "shallow."

These deficiencies can have a very tangible effect on the real economy. In addition to providing an alternative to bank financing, well-functioning securities markets offer a different and more productive destination for domestic savings. This was an academic point during the hyperinflationary 1970s and 1980s, because most Latin Americans were saving very little. But with the monetary stability that has accompanied structural reforms, domestic savings rates have begun to tick up. In most of the region's largest countries, social security reforms are providing additional incentives to save by letting workers place all or part of their pension contributions in privately managed funds.

According to Solomon Brothers Inc., the New York investment bank, Latin American private pension assets will have swelled from just over \$50 billion in 1993 to an estimated \$130 billion in 1997, and they are increasing by around \$1 billion per month. Government regulations require that much of that money be invested in government bonds, but in order to diversify their portfolios and improve rates of return, fund managers are eager to buy corporate stocks and bonds as well. That is where the "shallowness" of Latin America's stock markets presents a real obstacle to economic growth: lacking a plentiful supply of new securities, pension fund assets and individual savings languish in government bonds instead of fueling the growth of local companies.

There are signs of improvement, however. Cash-rich domestic pension and mutual funds are snapping up an increasing proportion of new securities that used to be bought up entirely by foreign investors. Based on interviews with several investment banks that underwrite public offerings of securities in the region, The Wall Street Journal recently reported that the portion of debt and equity issues sold to local investors has in many cases increased to an average 20 to 30 percent, from 10 to 15 percent two years ago, "with some companies opting to raise capital entirely in the local markets." The newspaper reported that local fund managers are also beginning to invest in smaller domestic companies—the kind that foreign investors have traditionally overlooked.

Should this trend continue, the true benefits of a flourishing stock market could be felt by millions of working people. "This kind of investment complements foreign capital and ultimately helps to reduce the vulnerability of local economies to foreign shocks," said the IDB's Rojas-Suárez.

ENRIQUE MARKARIAN

Middle-class investors, once a rarity in Latin America, own a growing proportion of the stock issued by local companies.

Shareholder rights

Boardroom watchdogs protect small investors

By PAUL CONSTANCE

It was labeled the "deal of the century." Senior executives of Enersis, a huge Chilean electricity holding firm, had negotiated to sell a large stake in the company to a Spanish concern. The $1.5 billion transaction was supposed to enrich shareholders and set the stage for new expansion.

There was only one problem. As the terms of the deal gradually became public last September, a committee of Enersis minority shareholders concluded that a handful of top executives who own a preferred class of Enersis stock were set to receive hundreds of times more per share than holders of the company's common class shares.

The outraged shareholders' committee took Enersis managers to court just as a government regulatory entity, the Superintendency of Securities and Insurance (SVS), announced that it was investigating a number of irregularities in the deal.

Although the matter is far from resolved, both the chairman and the general manager of Enersis have since resigned under pressure from the company's board. The SVS has issued millions of dollars in fines to executives who brokered the deal, citing conflicts of interest that violate Chilean securities law. The merger with the Spanish concern is being renegotiated, this time under intense scrutiny by minority shareholders and the managers of several private pension funds that are heavily invested in Enersis.

Speaking at an IDB conference on securities markets (see page 4) Manuel Marfán, Chile's undersecretary of finance, called the Enersis situation a "test case" that will probably strengthen the rule of law and underscore the importance of regulations designed to protect the rights of shareholders.

Rights for investors? In the past, the words "shareholder" and "rights" rarely appeared together in Latin America, where ownership of stocks was largely limited to elites. But over the last decade, privatization policies have turned millions of middle- and even working-class Latin Americans into shareholders. The sale of state-owned industries has usually included provisions granting shares to employees. Moreover, social security privatization schemes in half a dozen Latin countries have linked the retirement income of workers to the performance of private pension funds that invest in securities.

As a result, workers who never paid much attention to corporate management are turning to the business section when they read the morning paper. They are wondering how much information they can expect to get from the managers of their pension funds and the directors of companies they partially own. As the Enersis case illustrates, they are even beginning to organize and seek redress when they believe a company is failing to act in their best interests.

This represents a striking change in Latin America, where most large companies are still run behind closed doors by close-knit families and associates. Businesses tend to be selective about what they disclose, making it difficult for investors to determine how much a company's assets are worth, how much it owes, and how much it is earning—in short, whether it is a sound investment.

But once a company decides to raise capital by placing stocks or bonds on the market, it automatically invites greater scrutiny. Investors across Latin America are consequently displaying a keen interest in laws and regulations designed to ensure that companies provide timely and accurate information to their shareholders.

In addition to making it possible for small investors to evaluate a company, these laws prevent a company's owners and executives (along with "majority" shareholders who own large blocks of stock) from using privileged "insider" information to arrange transactions that enrich them at the expense of minority shareholders. As the "insider trading" scandals on Wall Street in the 1980s famously illustrated, even the world's most sophisticated securities markets are prone to such abuses.

Virtually all of Latin America's major stock exchanges have adopted laws and regulations that address these issues, according to Jesse Wright, an IDB specialist in securities market development. Nearly all of them have opted for a two-tiered regulatory approach similar to that used in the United States. An independent regulatory entity, typically known as the Comisión Nacional de Valores (National Securities Commission), enforces laws that govern securities and exchanges, while delegating most of the day-to-day enforcement work to self-regulating member organizations that run particular stock exchanges. These entities enforce a wide range of rules, from verifying that companies are reporting accurate information to ensuring that stock brokers don't mislead their customers.

Safeguards for the little guy. Are Latin America's securities regulators doing a good job of protecting the interests of small shareholders? The evidence is mixed. "Regulators at the largest exchanges are extremely professional and serious about compliance," said the IDB's Wright. The situation is less encouraging in some of the smaller and newer exchanges. In some cases inadequate legislation and a dearth of qualified regulatory professionals create the potential—if not the reality—for serious abuse.

Speaking at the IDB conference, Gerard Carpio, manager of the World Bank's Financial Sector Research Group, warned of inadequate enforcement of adequate rules. "A lot of countries have posted listing requirements [for companies that want to issue shares], but in some cases regulators haven't de-listed companies that are known to be publishing bad information," he said.

The consequences of poor enforcement can extend far beyond the losses that can befall individual investors. According to Ross Levine, a professor at the University of Virginia in the U.S., recent research shows that the quality of securities laws and regulations is directly linked to the growth potential of security markets, and indirectly to economic growth as a whole.

The reason, Levine explained at the IDB conference, is that securities markets are based on trust. Buying shares is similar to signing a contract: investors will tend to do it only if they have reasonable assurances that the managers of a company will work to increase the value of those shares and report honestly on their progress.

"If minority shareholders suspect they are going to be taken advantage of," asked Levine, "why would they buy stocks?"

Iglesias named to third term

IDB president called a leader of vision for a continent in transformation

By SANTIAGO REAL DE AZUA

ENRIQUE V. IGLESIAS WAS ELECTED TO A third term as Inter-American Development Bank president in a special meeting of the Bank's Board of Governors held Nov. 3 in Washington, D.C.

In his new five-year mandate, which begins April 1, 1998, Iglesias will lead the Bank through what promises to be a period of unprecedented change as the countries of Latin America and the Caribbean carry out a second generation of reforms to consolidate economic gains and improve living conditions for the large numbers of people who remain poor.

Under Iglesias, the Bank has helped spur the transformation of Latin America into a region of democratic societies, with a reinvigorated private sector and a new concept of the role of the state. Steadfast to its longtime mission of pioneering in lending for social programs, the Bank has financed innovative projects to improve water and sanitation, housing, education and microenterprise.

Iglesias has led the Bank to "respond to demands that were always new and enter areas that until now have not been explored." said Board of Governors President Rodrigo de Rato y Figaredo, Spain's minister of finance, at the election ceremony.

Iglesias: a new mandate.

"A large part of the reason for the Bank's success in carrying out these changes lies in Iglesias's profound understanding of the region's countries and their peoples," he said.

Other IDB governors echoed de Rato, including Lawrence Summers, United States undersecretary of treasury.

Iglesias, said Summers, "has been a leader of rare wisdom, rare determination and even rarer vision in shaping and transforming what the Bank has done over the last 10 years." He added that the Bank is in better financial shape now than at any time in the past 40 years and has in large measure set the agenda for discussion of development issues worldwide.

Under Iglesias, IDB-financed operations to strengthen the region's democratic institutions have included programs for judicial and legislative reform and support for civil society organizations. The Bank is financing programs to reduce poverty, create opportunities for youth and women, protect rights of indigenous communities, and protect the environment.

In 1996, the IDB became the lead financing institution supporting the peace process in Guatemala.

Private sector focus. Like the countries of the region, the Bank has put the private sector at the center of its efforts to spur economic growth. The Bank's new Private Sector Department lends directly to private firms for infrastructure projects and catalyzes other sources of investment capital. In addition, the Inter-American Investment Corporation, an IDB affiliate, has built a considerable portfolio of loans and investments for small and medium-sized firms. Finally, the IDB's Multilateral Investment Fund was created to provide grants and pilot investments in such areas as privatization, job training and retraining, and small enterprise development.

Many of the Bank's recent innovations were the result of its 1994 reorganization. By clarifying lines of responsibility and increasing responsiveness and flexibility, the Bank has been able to enter into new areas, including social investment, economic reform, private sector support and modernization of the state.

Under Iglesias, Bank lending increased from \$1.68 billion in 1988 to \$6.76 billion in 1996, when the IDB was the region's largest source of multilateral credit for the third consecutive year. The subscribed capital of the Bank was increased in 1994 from \$60 billion to \$100 billion.

A native of Asturias, Spain, Iglesias is a naturalized Uruguayan citizen. He served as his country's foreign minister prior to his election as IDB president. He also presided over the Uruguayan Round of trade negotiations that led to the creation of the World Trade Organization and headed the Economic Commission for Latin America and the Caribbean.

Private violence in the public eye

The media can help bring domestic violence out of the closet

By PAUL CONSTANCE

CAN THE NEWS MEDIA CHANGE THE INDIvidual behavior that results in domestic violence?

Probably not on its own. But by reporting carefully on the reality of this kind of abuse, they can do a great deal to raise public awareness and build the consensus needed to give greater protection to abused women and children.

So concluded many of the participants at the conference "Domestic Violence in Latin America and the Caribbean: Costs, Programs and Policies," held in October at IDB headquarters in Washington, D.C., after a daylong session on the role of the media.

The conference's first day focused on the prevalence, causes and costs of domestic violence in the region as well as issues related to the enforcement of laws, legislation, prevention and the treatment of both victims and perpetrators (see page 9). But in devoting the entire second day to exploring the relationship between the media and domestic violence, conference organizers acknowledged that television, radio and the press are often the crucial element in any large-scale effort to deal with this devastating problem.

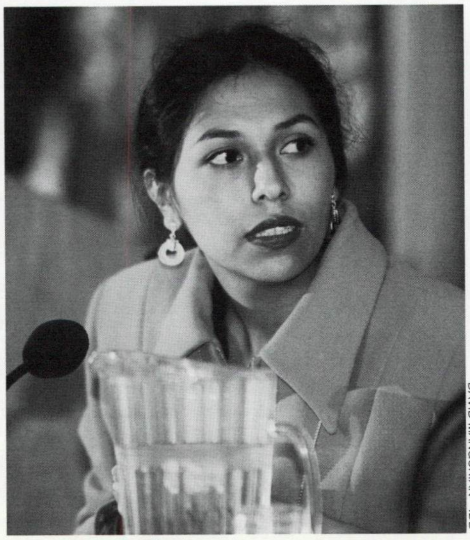
"There is a historical conspiracy of silence [around the subject of domestic violence]," IDB President Enrique V. Iglesias said at the conference. "So talking publicly about it is extremely important, because it brings the issue to light and shakes up our societies."

Journalists, television script writers, radio talk show hosts and health education experts at the conference offered vivid examples of how the media can do just that.

Rossana Fuentes, a writer with Mexico's Diario Reforma, and María del Carmen Barbosa, a screenwriter with Brazil's TV Globo network, described how soap operas have become one of the most powerful vehicles for putting women's issues onto the public agenda in Latin America. Once written almost exclusively by men, soap opera scripts are now frequently drafted by women, according to Barbosa. Brazilian soaps featuring women as lead characters garner top ratings, and numerous episodes have been devoted to issues such as domestic violence.

"Our ability to create avenues for dialogue is very powerful," said Jorge Valverde, host of "En la mira," a television talk show in Costa Rica. Valverde has devoted 32 episodes of his program to domestic violence over the last eight years, usually inviting victims to tell their story on camera. "For many women, coming to the television studio is the only way they can safely expose their abusers," said Valverde, because fear of public opprobrium is the most effective deterrent against retaliation by their abusers.

Other conference participants described legislative and judicial battles whose outcome was largely determined by media coverage. Beatriz Moreno, a Peruvian congresswoman and president of her country's Congressional Committee on Women, described how national and international media coverage in 1996 led to the repeal of laws in effect since 1924 that protected rapists from prosecution.



DAVID MANGURIAN—IDB

"It is difficult to cover domestic violence without sensationalizing and demeaning victims."

Silvia Rojas, journalist

Dorrit Harazim, a writer with Brazilian weekly Véja, told the story of a 51-year-old woman who was raped on her way home from work. Harazim interviewed the woman and obtained her consent for Véja to publish a first person account of the rape and the victim's efforts to obtain a safe abortion when she discovered she was pregnant. The issue hit the newsstands just as Brazil's congress was set to vote on an amendment that would have extended existing prohibitions against abortion to pregnancies resulting from rape. With a circulation of 1.2 million, Véja is Latin America's most widely read publication. Congress voted against the amendment, and several representatives cited the Véja article as a key factor in their decision.

The question of how NGOs and other interest groups can use the media to help prevent domestic abuse provoked passionate debates at the conference. Mónica Bottero, an editor at Búsqueda, an Uruguayan weekly, said NGOs often fail to understand the criteria that determine whether a news organization is willing to devote scarce editorial resources to a story. Although she is personally sympathetic to any story concerning domestic abuse, "the media is a product and we have to ensure that it sells," Bottero said. This means that a story must have a unique angle, a vivid personal testimony, or newsworthy statistics that will catch the interest of jaded readers. Bottero consequently urged NGOs to "package" information about domestic abuse in a way that will appeal to editors.

But other participants at the conference were critical of any attempt to highlight the drama in stories about abuse. Silvia Rojas, a reporter for La República, a Peruvian daily, confessed that her approach to covering domestic violence changed permanently a few years ago when she approached the head of a center for battered women and asked to speak to someone who had recently been abused. "She said she refused to help me find 'fresh victims' just so my story would be more graphic," recalled Rojas. The incident convinced her that it is difficult to cover domestic violence without sensationalizing and demeaning the victims.

Several NGO representatives agreed with Rojas and urged the media to set aside commercial considerations and cover domestic violence in a way that respects the privacy and dignity of victims.

There are examples of such coverage, though they come at considerable cost. Jim Landers, an editor at the Dallas Morning News in Texas, U.S., described how 30 editorial and production staffers at his paper worked for almost a year on a series of 14 articles that reported on the problem of domestic violence in 12 countries. The series, which won a Pulitzer Prize (the highest recognition awarded to U.S. print media), relied heavily on information supplied by NGOs around the world. "It was a once-in-a-decade project," said Landers, "and it changed the way I view the world."

DAVID MANGURIAN—IDB

A talk radio host conducts an interview during the domestic violence conference.

Broadcast live from the IDB

FOR A FEW HOURS ON OCT. 20, THE IDB'S Washington, D.C., headquarters turned into a sort of radio grand central, as more than a dozen radio talk show hosts broadcast live coverage of "Domestic Violence in Latin America and the Caribbean," a two-day conference attended by some 400 experts from 37 countries.

From portable "studios" set up outside the Bank's Andrés Bello Auditorium, the radio hosts took calls from listeners and transmitted discussions in Spanish and English to an estimated audience of 25 million in the United States and Mexico.

The event allowed individuals in their homes and offices to exchange views on domestic violence over the air with leading political and policy-making figures, giving unprecedented exposure to an issue that has long suffered from official neglect.

Among the participants at IDB headquarters was U.S. first lady Hillary Rodham Clinton, who told listeners that domestic violence against women is one of the most serious and devastating human rights violations in the Americas. Also speaking at the conference were Billie Miller, deputy prime minister of Barbados, Ulrica Messing, minister for equality affairs of Sweden and Mayra Buvinić, chief of the IDB's Social Development Division.

A recent Gallup poll found that between 22 percent and 53 percent of respondents in Canada, Colombia, Mexico, and the United States knew personally of a case of physical aggression in the home. Gallup said that an estimated 30 million U.S. women suffered domestic violence at one time or another. Of those who held jobs outside of the home, between one-half and one-third of the victims said abuse by their spouses resulted in greater job absenteeism and reduced workplace efficiency. Conference speakers noted that figures such as these underscore the need to address domestic violence as a development problem that harms society as a whole.

IDB President Enrique V. Iglesias told participants that the Bank plans to incorporate projects to combat domestic violence into its programs in the areas of health, judicial reform, education, and modernization of the state. The Bank is also financing two specific programs to reduce and prevent domestic violence: one seeks to build organizational networks to prevent domestic violence, and the other is to train judges in domestic violence issues.

New look at the disabled

Call for ways to tap productive potential

By CHRISTINA MACCULLOCH

APPROXIMATELY FIVE MILLION CENTRAL Americans are disabled, in many cases from wounds received in the region's recent civil wars. Half are of working age, but most can't find jobs. They are the poorest of the poor.

The traditional approach to this problem has been to provide the disabled with charity. But participants at an IDB conference held in October in Washington, D.C., agreed that it makes much more sense to integrate the disabled into the economic mainstream so that they be an asset to their societies.

The number of Central Americans with disabilities is estimated at between 4.4 million and 5.8 million, according to a study carried out by the Toronto-based Canadian Association for Community Living, which was funded by the IDB and the Canadian International Development Agency. In fact, they number more than the total population of each of five of the seven countries studied. The study further shows that the numbers are growing.

Disabled persons have economic, social, and human potential that is still largely unrealized in Central America, said conference participants. IDB President Enrique V. Iglesias called for a new "social conscience" that would reject paternalism in favor of a resolve to treat disabled people as equals.

Paradoxically, the many specialized programs that attempt to segregate people with disabilities yield little or no return to society and are too costly to be sustained, according to the study.

The new study is the IDB's first step toward designing a strategy to help countries increase the participation of disabled persons in the work force. Among its recommendations are the following:

- Strengthen organizations that help disabled persons.
- Develop a reliable, comparative data base.
- Adopt a common approach for regional and national action.
- Include issues that affect disabled people among the priorities of international and bilateral funding agencies.

For more information contact Connie Laurin Bowie of the Canadian Association for Community Living, tel. (416) 661-9611, fax (416) 661-5701, e-mail info@cacl.ca.

Support pledged for Central America

Would strengthen regional integration institutions

By ROD CHAPMAN, Brussels

A PACKAGE OF MEASURES DESIGNED TO SPUR Central America's economic integration and help the region compete on the international marketplace attracted more than $12 million in assistance pledges from a group of donors meeting in October in Brussels, Belgium.

Participants at the Regional Consultative Group for Central America also agreed on a long-term strategy to reform the regional institutions that promote trade and subregional integration as a major step toward creating a unified economic area. The regional strategy includes drawing up common regulations, establishing a modern communications infrastructure and simplifying and strengthening the regional institutional framework.

The proposals for funding were presented by top government officials of the isthmus' six countries to representatives of 37 donor countries and institutions gathered at the Brussels headquarters of the European Commission. Organized by the IDB, the meeting was chaired by Nohra Rey de Marulanda, manager of the Bank's Integration and Regional Programs Department.

Speaking on behalf of the Central American Governments, Fernando García, Honduran minister of trade, industry and tourism, emphasized the importance of the new regional strategy in the fight against poverty, not only by fostering economic growth, but also by distributing its benefits equitably and with minimal negative environmental impact.

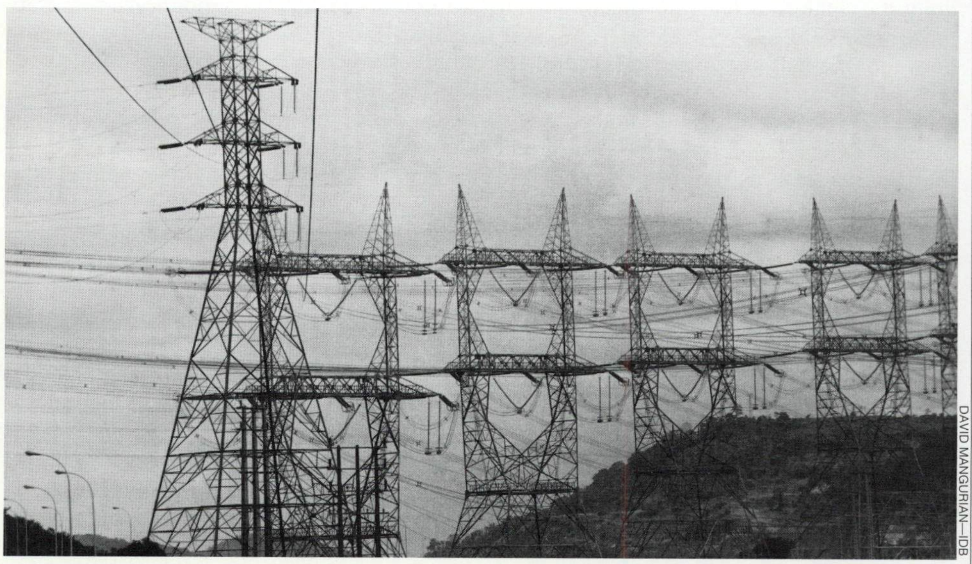
While Central America works to strengthen its regional ties, García emphasized that the region's ultimate aim is to benefit from the opportunities offered by access to global markets.

García noted that all of the projects presented to the donors met specific requirements: ownership by national or regional institutions, a regional impact, and regional or international executing units to ensure coordination among different projects.

The IDB is a major supporter of Central America's integration efforts. Last March, the Bank approved a loan of $185 million to help improve and integrate the region's electricity system. Also, an IDB loan for $100 million will strengthen the ability of the Central American Bank for Economic Integration to gain access to international markets.

NEW FUNDING WILL:

- Consolidate markets in electricity and hydrocarbons.
- Build transportation infrastructure.
- Train the labor force and improve health.
- Strengthen regional institutions involved in market and policy integration.



DAVID MANGURIAN—IDB

Cross-border electricity links are setting the pace for Central American integration.

ROUNDUP

Summiteering

Bolivian mountain climber Bernardo Guarachi has set his sights on the summit of Mt. Everest, and Bolivian Vice President Jorge Quiroga and IDB representative David Atkinson are aiming to get him there. The three came up with the idea for a fund-raising drive—where else?—on the summit of Bolivia's 6,450-meter Mt. Illimani. If Guarachi's attempt, slated for April or May of next year, succeeds, he will be the first Bolivian, one of only six Latin Americans, and the first Native American (he is Amayra), to have made the climb. Incidentally, Guarachi has climbed Illimani 170 times.

Data from space

Panama is getting an extraterrestrial assist in efforts to prepare for its takeover of the lands bordering the canal. Using data from a network of satellites, the country's Interoceanic Regional Authority is producing maps that show land use, soils, topography, concentrations of population and other features. The maps will be used to delimit properties as the area is converted into a swath of privately owned industrial, service and communications firms. The geographical information system is being financed with the help of the IDB and the United States Agency for International Development.

Allies in business

A business forum that drew 800 participants from throughout Latin America to Guatemala City in November concluded with a call to transform Central America into a model for small, medium-scale and micro- enterprises. According to Hugo Varsky, director of the IDB-funded Bolivar Program, which sponsored the forum, his organization will help to create alliances among firms in Central America and Mexico.

Domestic violence, public shame

Domestic violence constitutes a violation of human rights, and as such, demands a response from the state, according to a document from the Economic Commission for Latin America and the Caribbean that was presented at a recent conference on women in development held in Santiago, Chile. The document cited IDB statistics indicating that between 10 and 30 percent of adult women in Latin America suffer physical and psychological violence in their homes.

DAVID MANGURIAN—IDB

Anthropologist Paiva (left): "Their thousand-year-old culture must be put to use."

New uses for ancient traditions

Andean villagers manage system for road upkeep

By ROGER HAMILTON

ANTHROPOLOGIST JUAN PAIVA VILLAFUENTE came to the Andean village of Corca, Peru, to devise a system for maintaining a newly rehabilitated local road. He left with a new appreciation for the power of ancient traditions and the ability of local people to take charge of their future.

Corca is typical of communities throughout the Peruvian Andes, where an estimated 1.6 million extremely poor people have been largely bypassed by Peru's otherwise remarkable economic recovery.

Part of the problem is the bad state of local roads. Mostly dirt, sometimes etched into virtual cliffs, their surfaces are hammered to pieces by heavily laden trucks and buses, or swept away altogether when water-saturated hillsides break free, sending down hundreds of tons of mud and stone. As a result communities are cut off from markets, health services and schools.

Paiva was hired by Peru's transport ministry as part of a nationwide program financed by the IDB and the World Bank to improve and rehabilitate 7,500 kilometers of rural roads and 2,200 km of secondary roads and establish systems for their maintenance. The object of the program was to reduce rural poverty and induce people who had fled to the cities during the years of civil unrest to return home.

Before the program, it had never been clear who was responsible for constructing, improving and maintaining Peru's rural roads. Most of the funds budgeted for road projects had been earmarked for capital investments, not maintenance. Local governments did not have the resources to carry out projects on their own.

MINISTERIO DE TRANSPORTE DE PERÚ

Committees sign agreements with the Ministry of Transportation, which in turn provides them with tools and uniforms.

Paiva's assignment was to organize microenterprises in communities served by rehabilitated roads to maintain these same roads. Although a highway engineer might see only problems in such a scheme, anthropologist Paiva saw things differently. He understood that the Indian communities, poor though they were, had a rich body of traditions that included the *minka*, or group work.

Dating back to pre-Inca times, the custom of the minka remains an important cooperative means for carrying out agricultural work, explained Paiva. When a farmer's irrigation canals need fixing, or a field needs harvesting, the work is done jointly. Paiva would help the communities apply the minka tradition to road maintenance.

Paiva arrived in Corca in 1995, equipped only with a backpack. Although he spoke Quechua, he was an outsider, and the people treated him as such. But over the next three months he worked with them in the fields, ate with them, lived with them, and so gained their confidence. "As an anthropologist, I didn't look at the problem from just a technical standpoint—how to clean out drainage ditches, for example—but as a product of all of the human interrelationships in the community that have to do with the job of maintaining the road," said Paiva.

In the end, the seven communities bordering the road organized a microenterprise (although the people insisted on calling it a "committee" since they were already familiar with the term), each community naming representatives. The committee designates the 12 men that make up the maintenance crew at any one time. The crew works daily, regrading the surface and cleaning out ditches, and the workers are paid by the government. Eventually, the government hopes to finance community enterprises whose profits would support road maintenance when the current project ends.

"It's important to understand that we did not impose this system on them," said Paiva. "They identified their own needs and organized themselves."

Today, trucks hauling potatoes, fava beans and wheat can make the trip to Cuzco in just one hour, rather than the previous three, ensuring better prices to the producers. Buses are making regular runs and the government is providing potable water systems and schoolhouses, and soon, electric power. Even tourists are starting to come, drawn by the area's natural attractions and pre-Inca paintings.

Paiva takes pride in the community's accomplishments. "It took a long time," he said, "but it was not difficult; it was a pleasure."

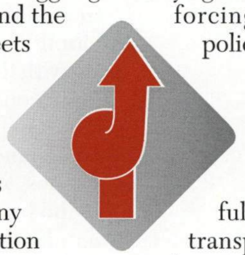
—Reported by David Mangurian and Jorge Zaveleta, Peru

Traffic nightmares

How two cities avoid them

"WITHOUT RADICAL IMPROVEMENTS IN TRANSPORtation planning, many Latin American cities are headed for collapse." This stark assessment was offered by Henry Malbrán, technical advisor to Chile's Secretariat of Transport and Telecommunications, at a recent gathering of transportation planners at IDB headquarters in Washington, D.C.

Although Latin American companies and individuals have learned to live with bottlenecks and delays, the economic recovery of the last few years has shown that transportation woes are reaching the crisis point in many of the region's cities. Unprecedented numbers of people and volumes of goods are struggling to enter and exit cities each day and the number of automobiles on city streets is growing steadily.



But municipal spending on public transportation, environmental enforcement and road construction and maintenance is simply not keeping pace. And many of the people who need transportation the most still can't afford it.

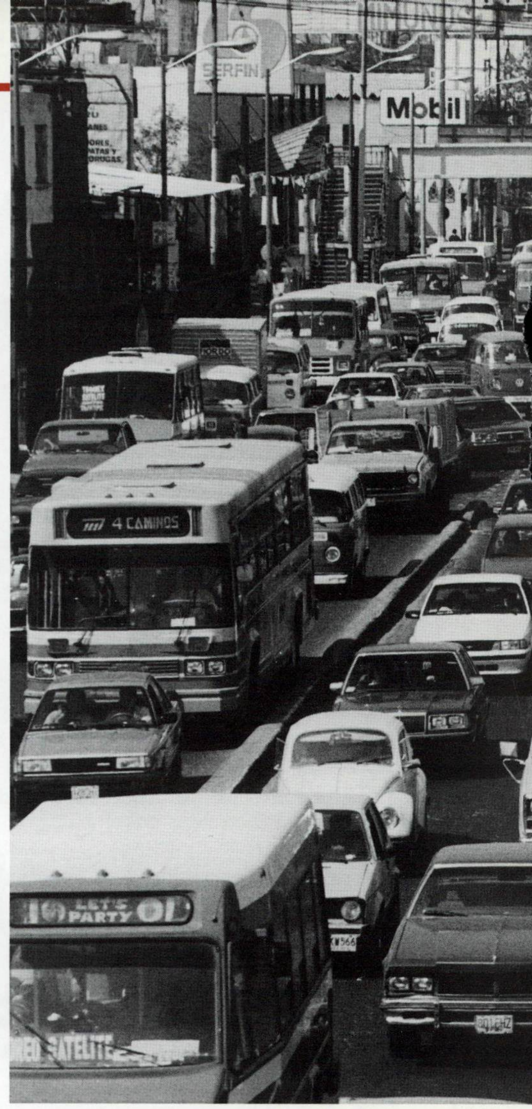
Much of the discussion at the meeting, which was billed as a brainstorming session that will contribute to future IDB policies in the transportation sector, revolved around Santiago and Curitiba, capital of the Brazilian state of Paraná—two cities that have received international attention for their approaches to solving urban transportation problems.

In Curitiba, starting in the 1970s, city officials designated five major corridors in the city for exclusive use by public buses. At the same time, they awarded building permits for "dense" commercial development only along these corridors. Bus routes are awarded to private companies as concessions, and service and quality are strictly monitored.

In Santiago, four times Curitiba's size, authorities are struggling to control severe air pollution and congestion problems through a two-pronged strategy of prioritizing public transportation and rationalizing the use of private cars. A decade ago, bus service in Santiago was a chaotic free-for-all of private operators who crowded the city's busiest arteries but frequently ignored low-traffic peripheral areas. Service was poor and many buses were old and highly polluting. Today, Santiago awards route concessions in competitive auctions to carriers who offer the best service and cleanest-burning buses. Routes are set and regulated by municipal authorities in order to ensure rational coverage of all Santiago's neighborhoods, and special lanes have been set aside for buses on major roads. Service has improved radically, emissions are somewhat lower, and some 61 percent of Santiago's inhabitants now use buses to get to work.

Although participants at the IDB meeting stressed that the experience of Curitiba and Santiago may not apply to many other cities, they agreed on several essential points for successful transportation planning.

- First, such plans must be an integral part of a broader urban development plan that recognizes land-use policies as a critical component.
- Second, cities must create strong regulatory agencies capable of monitoring and enforcing land use and transportation policies across multiple jurisdictions.
- Third, cities must find fair and creative ways to discourage the use of private cars as a means of getting to work in large cities.
- Finally, officials should carefully assess the merits of all public transport modes, and encourage the adoption of clean-burning vehicles by public transport providers.



Soaring sales of passenger cars are complicatin

Rain forest management

The Awá call their own shots

Nearly every day brings news of still more inroads into the cultures and territories of native peoples, so it is refreshing to hear of one case where an indigenous community has held its own.

Only "discovered" in 1982, the Awá people live in 18 communities scattered throughout a vast area of virtually undisturbed tropical forest straddling the border between Ecuador and Colombia. Although outsiders have made numerous attempts to exploit their territory, the 3,000 Awá have resisted, thanks to a partnership between local and international groups and the support of the Ecuadorian government. How they succeeded was the subject of a recent seminar at the IDB presented by three representatives of this partnership: Julián Cantincuz Nastacuaz and Arturo Cantincuz Nastacuaz, of the Awá community, and James Levy, binational coordinator from the World Wildlife Fund.

Work to organize the Awá communities and demarcate their land began in 1983, right after initial outside contact was made. The first step was to establish the Federation of Awá Communities, a political body that could speak for all of the communities. With the help of Indian rights organizations and the World Wildlife Fund, the federation began a lengthy series of talks with the Ecuadorian government to gain title to their land. Their efforts succeeded in 1995.

Meanwhile, the federation worked to protect the Awá territory, often in the face of very real threats from lumber and mining companies and non-Indian colonists. Its principal weapon has been a set of regulations for natural resources management, which are decided on by consensus.

As troubles with outsiders lessened, the Awá turned their attention to such areas as education. Today, Awá bilingual teachers are working in each community, a vast improvement over just a decade ago when only three communities had schools and all teachers were outsiders.

The Awá also established a system of participatory planning workshops to identify needs and make decisions on long-term conservation and resource management. One


DAVID MANGURIAN—IDB

urban transportation plans in Latin America.

result was the designation of some 17,000 hectares as a wildlife refuge.

Health also emerged as a major priority. In former years, vaccination campaigns and emergency interventions constituted the Awá's sole western-based health services. Today, Awá health promoters manage two small community pharmacies and the long-term goal is to combine western and Awá medicinal knowledge.

Another priority is transportation. The territory has no roads, only trails. Getting services and buying supplies often requires a hike of two to four days, and the area's numerous rivers, often swelled by an average rainfall of 10,000 millimeters, can cut off communications entirely. Donations of steel cable have enabled a few communities to construct foot bridges, but the problem remains largely unresolved.

Finally, the federation is looking into production systems that would be compatible with the Awá's natural resource conservation goals, including agriculture, selective logging, hunting and fishing, gold panning, and crafts.

For information on the IDB's activities related to indigenous peoples, go to www.iadb.org/sds/ind.

FIGURATIVELY SPEAKING

Big party, few guests

Giants rule Latin America's stock markets

AT FIRST BLUSH, CAPITAL MARKETS IN Latin America and the Caribbean look impressively vibrant. All but a handful of the region's countries boast functioning securities exchanges. According to the International Finance Corporation, by late October 1997 some $515 billion worth of stocks and bonds were listed on these exchanges, up from just $37 billion listed in 1987.

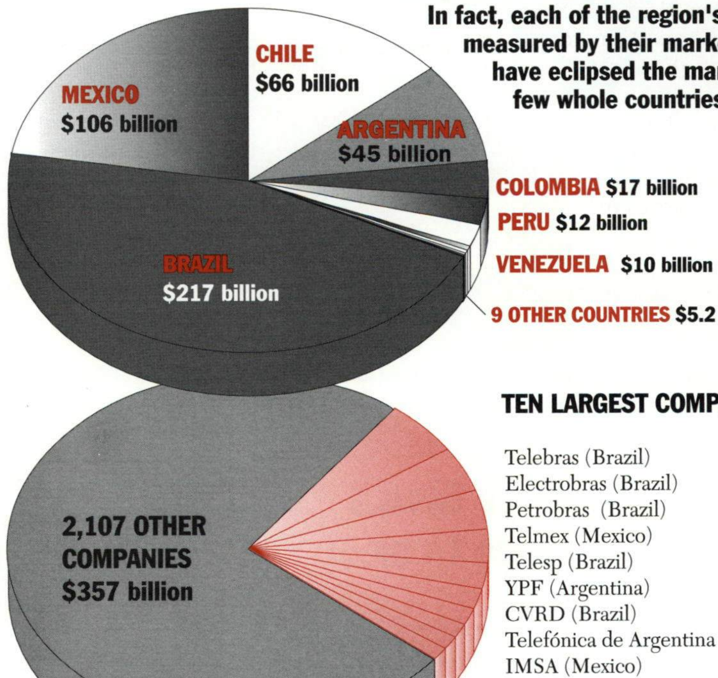
But a look at these same stock markets as they stood in December 1996 shows a high degree of concentration. The region's eight largest economies account for more than 90 percent of total market capitalization (a measure of the total value of listed stocks and bonds). Brazil represents slightly less than half of the total. Mexico, Chile and Argentina dominate the remainder, while exchanges in Colombia, Peru and Venezuela together have a market capitalization of just under $40 billion. Market capitalization in the rest of the region's countries combined amounts to a little more than $5 billion.

The concentration appears starker still when the market value of individual firms is taken into account. In a ranking of the region's top 100 publicly traded companies recently published by Latin Trade, a Miami monthly, 30 corporations in Brazil, Mexico, and Argentina accounted for around 45 percent of the region's $479 billion market capitalization in December 1996. The top 10 companies accounted for almost a quarter of the total. Even the sectors represented in the stock markets are highly concentrated: telecommunications firms alone represented more than $85 billion of the region's total market value; oil and electricity companies accounted for another $82 billion.

The concentration of Latin America's securities markets has been accentuated by comparatively slow growth in the number of new companies offering shares. Although the opening of new exchanges in many of the region's smaller countries helped boost the total number of listed companies from 1,746 in 1987 to 2,173 in 1996, the number in Brazil, Argentina and Venezuela actually declined during that period.

Stock market heavyweights

If all active Latin American and Caribbean securities markets had been merged in December 1996, the resulting $479 billion worth of stocks and bonds would have been dominated by a handful of countries and a few giant companies. In fact, each of the region's top 10 companies, measured by their market value, would have eclipsed the markets of all but a few whole countries.



TEN LARGEST COMPANIES: $122 billion

Telebras (Brazil)	$24.6 billion
Electrobras (Brazil)	$20 billion
Petrobras (Brazil)	$17.2 billion
Telmex (Mexico)	$14.7 billion
Telesp (Brazil)	$11.5 billion
YPF (Argentina)	$9 billion
CVRD (Brazil)	$7.5 billion
Telefónica de Argentina	$5.9 billion
IMSA (Mexico)	$5.9 billion
Cemex (Mexico)	$5.6 billion

Source: International Finance Corporation

PROJECT UPDATES

ROBERTO LUQUE

Health Minister Samayoa inaugurates a new water storage tank.

HONDURAS

From pushcarts to faucets

The long-familiar sight of the water vendor, pushing his cart through the steep, dusty streets of Tegucigalpa, Honduras, is about to disappear.

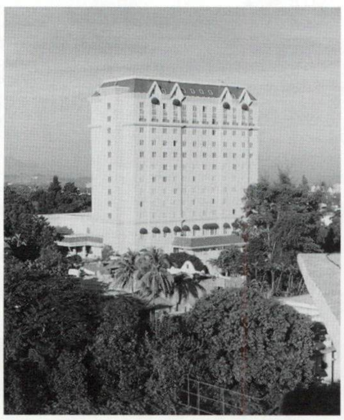
One by one, works to construct potable water systems are being inaugurated throughout the city's poorer neighborhoods as part of an IDB-financed project to improve the supply of water for the country's capital.

New storage tanks and distribution lines were recently inaugurated in three neighborhoods, La Travesia, La Era and La Sosa. At the ceremonies, Health Minister Enrique Samayoa stressed that the materials and labor contributed by the beneficiary communities played a large part in completing the works. The time is past when one talks of a government project, he said strictly, because the works are now the result of cooperation among the state, citizens, civil society and financial agencies.

In October, another important part of the program was completed with the inauguration of the Los Laureles water treatment plant, which serves some 30 percent of Tegucigalpa's population.

In inaugurating the plant, Manuel Antonio Romero, manager of the national water and sanitation agency, said that his agency is now engaged in what he called his "star program" of controlling the loses from the 900-km potable water network.

The Tegucigalpa water supply project includes the construction or rehabilitation of wells, the rehabilitation of the Los Laureles dam and treatment plant and the construction of a new plant, improvement of pumping stations and the repair of distribution lines.



Home for the business traveler.

EL SALVADOR

More than a place to sleep

El Salvador's capital has a new princess who stands 15 floors tall and is modern in every respect.

The 206-room Hotel Princess, inaugurated in December, joins her siblings of the Cadena Imperial Hotels & Resorts, a Central American hotel chain that caters to the needs of businesspeople.

In addition to the usual facilities, the hotel offers business guests two executive floors with secretarial services, meeting rooms, faxes and other services. It was built in a little less than two years.

The $25 million project was financed with the help of resources from an IDB-financed global credit program.

NEW PROJECTS

EL NIÑO

Assistance for weather victims

Someone is doing something about the weather, or at least to mitigate its effects.

The IDB approved separate loans to Ecuador and Peru in November to help those countries cope with the flooding and droughts caused by the El Niño weather phenomenon.

In Ecuador, a $105 million IDB loan will help finance the protection and rehabilitation of roads and buildings, protection of water supplies, provision of emergency shelter, waste management, education and health services, and humanitarian aid. In addition, government agencies and the civil defense system will be strengthened to better cope with the emergency.

Also contributing to the Ecuador program are the World Bank and the Andean Development Corporation.

For Peru, a $150 million IDB loan will finance projects in two areas of the country. In the north, where flooding is the main threat, the resources will be used to channel streams, construct drainage works, protect schools, historic monuments and archeological sites, and relocate communities. In the south, where drought is the problem, the funds will be used for irrigation, plowing, planting and other agricultural activities. The program will also provide humanitarian aid and rehabilitation services.

The World Bank is also contributing to the Peru program.

VENEZUELA

Team approach for social projects

The IDB has approved a $12 million loan to finance a groundbreaking program to deliver social services to Venezuela's most marginalized populations.

In a first for the Bank, the new program will be designed, implemented and evaluated by civil society organizations (CSOs), and the private sector will join with the government in providing funding.

Projects will include job training, family support services, preschool, elementary and adult education, education for indigenous communities, and primary health care and health education. Beneficiaries will be people who are presently excluded from the existing government-run social services network. In selecting projects, priority will be given to the needs of women, children and indigenous people.

The program represents an effort by the Venezuelan government to find alternative means to deliver basic social services in the face of budget constraints and rising levels of poverty. Over the years, CSOs have developed considerable experience in delivering social services to the poor, and the new program will make use of their expertise and, at the same time, strengthen their technical and organizational capacity. The program also provides a mechanism through which counterpart financing from the private sector can be channeled.

A presidentially appointed commission made up of representatives from the public and private sectors and CSOs will provide policy direction for the program and approve the projects to be financed. The program's impact will be monitored during implementation.

"There is a long tradition in Venezuela of cooperation between civil society and the government," said Trevor Boothe, IDB team leader for the new program, known as Programa PAIS. "With the addition of the private sector, we hope this program will serve as a model that could be replicated in other countries".

LATEST LOANS

The following operations were approved in recent weeks by the Inter-American Development Bank (IDB), the Inter-American Investment Corporation (IIC) and the Multilateral Investment Fund (MIF).

Argentina
A $250 million IDB loan to help curb industrial pollution, improve environmental management, and control flooding in the Matanza-Riachuelo Basin.

A $82.5 million IDB loan to improve post-secondary technical education and increase the availability, relevance, and quality of skilled manpower in the labor market.

Bahamas
A $992,000 IDB grant to help establish geographic information systems.

Brazil
A $307 million IDB loan to increase energy efficiency and reduce costs by partly financing a project to interconnect the northern and southern electricity systems.

A $250 million IDB loan designed to increase job opportunities and better meet the needs of the labor market through a reform of the technical and vocational education system.

A $4 million IIC investment subscription in MG Fundo Mútuo de Investimento em Empresas Emergentes, which invests in small and medium-sized companies in Minas Gerais.

Colombia
A $6 million IDB loan to help streamline information flows between the central government and the departments and municipalities.

Ecuador
A $70.8 million IDB loan and $34.2 million in reallocated IDB funds to help prevent and mitigate flood damage and other economic and human losses resulting from El Niño.

A $15.8 million IDB loan for tax system modernization.

Guatemala
A $15.36 million IDB loan to improve the quality of primary and pre-primary education.

A $2 million MIF grant for private sector participation in technical training in rural areas.

Guyana
A $41 million IDB concessional loan from the Fund for Special Operations to improve the country's road system by rehabilitating bridges.

Honduras
A $13.8 million IDB concessional loan for a pilot program in the city of Puerto Cortés to build a wastewater disposal system and reform the city's water and sanitation services.

Jamaica
A $1,445,000 MIF grant to strengthen the Financial Sector Adjustment Company, a government agency that coordinates the regulatory activities for banking and insurance.

Panama
A $1.4 million MIF grant to provide services and marketing information to small and medium-sized agricultural producers.

Peru
A $150 million IDB loan to prevent or reduce the costs associated with El Niño.

A $20 million IDB loan to carry out a judicial reform program, including the establishment of modern judicial centers with bilingual capability to regions and populations without adequate access to the justice system.

A $7 million IIC loan and a $1 million IIC equity investment in Industrias San Jacinto S.A., to modernize and expand sugar production.

A $2,700,000 IDB loan to improve the efficiency and equity of the tax system.

Uruguay
A $1,325,000 MIF grant to increase the competitiveness of small farming enterprises.

Venezuela
A $8 million IDB loan to assist a national orchestra and choir system that benefits low-income youth.

Regional
A $300 million IDB loan to the Inter-American Investment Corporation to support the development of small and medium-sized enterprises in Latin America and the Caribbean.

A $5 million IIC equity investment in Newbridge Andean Partners, L.P., a firm that invests in companies and provides them with improved management techniques and technology.

NEED DETAILS?

To read **press releases** on newly approved projects on the Internet, go to: www.iadb.org/prensa/releases.htm. For related **project documents**, go to: www.iadb.org/english/projects/projects.html. IDB Projects, a monthly listing of planned projects and procurement opportunities, is also on the home page, under Business opportunities." For a sample printed copy, call (202) 623-1397, or fax x1403. The Public Information Center can provide **further information** at 202-623-2096, or e-mail PIC@iadb.org.

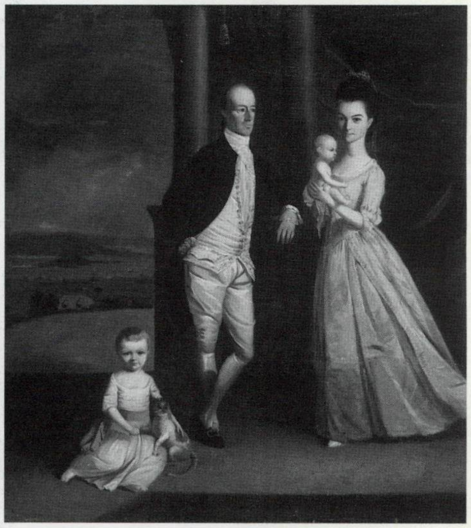
DAVID MANGURIAN—IDB

SAFETY FIRST: A mechanic examines replacement parts at Aeroman, an aircraft maintenance company in El Salvador owned by TACA, the local airline. Aeroman received a $10 million IDB loan in 1996 to help finance the construction of a four-bay hangar. Located at El Salvador's international airport in Comalpa, the hangar is capable of handling four Boeing 737-200 aircrafts simultaneously.

GAZETTE

Capital Markets
The IDB issued a 150 billion Italian Lira bond (around $85 million) under its Euro Medium-Term Program. J.P. Morgan, Citibank and Caboto were the lead managers of the issue, which was priced at 100.908 percent.

PHOTOS BY MARIA LA YACONA



Wickstead's "Edward East and Family," c. 1775 (above); Albert Huie's "The Vendor," 1939 (left); and Milton George's "Head of a Leader," 1988 (bottom).

Three moments in Jamaican art

From scenes of colonial life to modern images of a pluralistic society

By FELIX ANGEL

IN ART AS WELL AS GEOGRAPHY, JAMAICA IS A world removed. For most of its history, the country's painting and sculpture developed quite independently from what was happening in the rest of the Caribbean and the world. Today, Jamaican artists, particularly the more progressive, remain largely unknown abroad.

Similarly, showings of Jamaican art, mainly in the United States and England, typically have presented the works with scant reference to artistic movements elsewhere.

But a new exhibit currently on view at the IDB Cultural Center's Art Gallery takes a different approach. Through 42 paintings, lithographs and sculptures spanning the last three centuries to the present, "Three Moments in Jamaican Art" looks at the country's artistic achievements against the backdrop of the whole of Western art. Along the way, it identifies three key junctures, or moments, in Jamaica's artistic development.

In the first moment—a long one spanning two centuries of colonial rule—artists reflected a culture that remained stoically loyal to British traditions. Art was produced by and for a minority.

An example was the English-trained Philip Wickstead. Steeped in the tradition of the late baroque, rococo and neo-classical style, he faithfully stuck to his aim of documenting the local reality of people and place, or as the exhibit catalogue states, "of pride, nostalgia, and tropical humidity."

The second moment, from 1922–29, begins with the arrival in Kingston of artist Edna Manley and her efforts to gain recognition of the country's diverse cultural values. It ended with the consolidation of the People's Party in 1929, whose cultural platform included what was then called Negro art as a key point in the reassertion of racial values. This period saw the rise of the "intuitive" approach to art.

The third moment, from 1962–1972, was a period of change–independence, the rise of the Socialist Party and the civil rights movement in the United States. Art expressed a growing African consciousness and the resurgence of Rastafarianism.

The IDB exhibit will be open to the public until February 6.