



March 2010

NEW MECHANISM TO GIVE VOICE TO COMMUNITIES

New policy will allow citizens to express their concerns about the IDB

On February 17, 2010, the Inter-American Development Bank approved a new policy to establish the Independent Consultation and Investigation Mechanism (ICIM). The policy was designed to give better access to communities to express their concerns on Bank-financed projects in countries and monitor the projects' execution.

The new mechanism, also known as ICIM, provides an accountability system to ensure compliance with the Bank's operational policies by its staff during the design and implementation of projects financed by the institution.

The ICIM "will reach a wider audience, increasing access for people to voice their concerns and monitor closely what the Bank is doing about their requests", said Luis Alberto Moreno, President of the IDB. "This will help the IDB become a more effective development institution."

The policy was established in consultation with civil society. Ana-Mita Betancourt, Coordinator of the mechanism, said a draft of the ICIM proposal was available for public consultation on the IDB's website for four months in 2009. The consultation process included meetings in 12 countries with 226 participants. More than 470 comments and suggestions were received on the draft of the new mechanism.



"The new policy is in line with other institutions. It also reflects the input from the public consultation process, and the lessons learned from prior cases. It is also consistent with the original mandate established by the IDB's Board of Governors, which requested the creation of a mechanism to increase accountability, transparency and efficiency of the Bank's actions," added Betancourt.

The new policy, which will take effect on May 18, 2010, will replace the Independent Investigation Mechanism (IIM) in effect since 1994. The ICIM will be evaluated after two years of operation by the Bank's independent evaluation unit.

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Puentes



Inter-American Development Bank

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Key Changes

Greater access:

- Under the new policy, one or more individuals residing in any country where the Bank is financing a project, or a duly appointed representative located elsewhere, can voice their concerns through the mechanism.
- The new policy reduces filing hurdles. Requests may be submitted by postal or electronic mail, via fax, text message or even orally.
- Confidentiality requests will be honored.
- The mechanism will be widely promoted, using multiple outreach approaches.

Stronger institutional arrangements:

- An independent office for the ICIM will be established, reporting only to the Board of Executive Directors.
- The ICIM adds an initial consultation phase that provides a forum to address complaints from project-affected people in a flexible and consensual way. A Board-appointed independent Project

Ombudsperson will handle the consultation phase.

- Outside experts will be chosen by the IDB's Board to make up a panel of investigators for the mechanism.

Greater transparency and accountability:

- People voicing their concerns through the mechanism, or requesters, will be involved throughout the process. Requesters will have a role in reviewing the terms of reference for investigations. They will also be consulted by the panel and their views will be transmitted to the Board of Directors. Moreover, they will be able to review the principal panel findings in draft form, and will be consulted during monitoring activities.
- Documents and activities of the ICIM will be posted on a public registry, to ensure transparency.

For more information, visit our Puentes digital edition.
<http://www.iadb.org/resources/civilsociety>



LETTER TO READERS

Today we would like to present you with the fourth edition of *Puentes* as an invitation to learn about the progress that has been made on the commitments agreed to at past meetings between the Inter-American Development Bank (IDB) and civil society.

The New Year arrived with good news: On February 17, 2010 the Bank's Board approved the new Independent Consultation and Investigation Mechanism (ICIM). With this new policy, affected communities will be able to express their concerns about projects financed by the IDB. This effort, along with other consultations that have taken place in the last year—including those related to the Ninth General Capital Increase proposal and the gender equality policy—aim to give the Bank more transparency and accountability and to make the voices of communities heard.

This issue highlights the achievements of the Ninth Annual IDB-Civil Society Meeting which was held on November 5 and 6, 2009 in Guadalajara, Mexico. At the event, representatives from 140 Latin American and Caribbean civil society organizations and IDB officials pledged to continue working toward a shared agenda, and new work commitments were established.

At the beginning of 2010, the IDB also had to face the devastating earthquake in Haiti. Thus, we present a summary of the activities that the IDB has carried out over the nearly 51 years of operations in the country. We also describe the efforts the Bank is coordinating with the Haitian government, the international community and civil society to relieve the suffering and address the multiple needs of this country's population.

“We are committed to the private sector as an engine of economic and social development in the region”

STEVEN J. PUIG INTERVIEW

How did you become interested in development?

As a child I had the good fortune to live in the Dominican Republic and the United States, and the contrast in development between these two countries always caught my attention. Later, in college, I studied International Economics and took the opportunity to delve into the economics of development in our region. Upon graduation, my first professional job was in a private development bank in Santo Domingo.

How did you start working at the IDB?

After working at this Dominican bank, I did my Masters in International Business and joined the corporate area of an international bank with offices in Santo Domingo. After accumulating several years of experience as a corporate banker, I decided to explore the possibility of joining the IDB. I visited the institution in Washington and learned about some of the activities being considered in the private sector in 1987. At the end of the visit, I received advice from a Dominican IDB official for whom I have always had great respect: Emil Weinberg. On that occasion, Emil advised me to continue my career in international banking and, if after 20 years I still had an interest in development issues, then I should apply to the IDB. It turned out to be an incredible coincidence that after just 20 years I was offered the opportunity to join the IDB.

What are the three priority issues on the agenda of the Vice President for the Private Sector?

If we limit ourselves to three priority issues, they should be the following: be selective in our projects; promote institutional integration with the IDB; and sustainability. Concerning the selectivity, we have limited resources and our duty is to channel the IDB Group's precious resources to projects that have a greater development impact. That impact has to be consistent with the IDB's institutional strategy, and should draw on the expertise of other parts of the IDB, so it is important that our teams are integrated within the institution. We are committed to supporting the private sector as an engine of economic and social development for the region. For that reason, we seek to attain economic, social and environmental sustainability in every project we fund. We try to go beyond the social and environmental safeguards with which the Bank already works, to promote investments favorable to the fight against climate change, as well as investments with a strong social impact, and in-

vestments that promote good governance practices and wide-ranging business development.

How can the private sector be an engine for economic and social development?

At the institutional level, the IDB has identified five strategic pillars for development: social inclusion, access to services, integration, strengthening of institutions (our governments) and climate change. The private sector can play an important role in each pillar, including institutional strengthening, which can take lessons from its management experience. On the other hand, the private sector is the largest source of jobs in our region and worldwide. In addition to creating sustainable jobs, employers can contribute to sustainable development by applying sound governance policies to its employees and the environment around. The Bank aspires to join them in these efforts.

What has been your experience in interacting with civil society?

The elements of civil society are quite varied. In some cases we work directly with NGOs, as partners of our operations, especially in the Multilateral Investment Fund (MIF) or Opportunities for the Majority initiative (OMI). In other projects we have private companies or independent governmental organizations as partners. In these cases, we evaluate the social and environmental impacts that our projects may have on communities, an area of great interest to civil society. We are committed to meeting the Bank's institutional standards and commitment to civil society, to maintaining a high degree of integrity, accountability and transparency in the work of the Bank.

What are the challenges that the IDB must face working with Latin America and the Caribbean?

Our first challenge is to maximize the impact of our work on the five institutional pillars that I mentioned. The second biggest challenge we face is to maximize funds from third parties we channel to our region. There are many sources for additional bilateral, multilateral and private funds for development. Since the Bank is the primary multilateral institution providing development funds for Latin America and the Caribbean, a key responsibility we have is to prove that we are a great partner to work with in channeling additional resources into our region.



Who is Steven J. Puig?

Vice President for the Private Sector and Non-Sovereign Guaranteed Operations.

Steven J. Puig, a dual citizen of the Dominican Republic and the United States, was appointed Vice President for the Private Sector and Non-Sovereign Guaranteed Operations at the Inter-American Development Bank, effective November 7, 2007.

Mr. Puig is responsible for coordinating the private sector and non-sovereign guaranteed operational programs of the IDB Group, the development and implementation of a private sector integrated business plan, as well as the business plans of each of the group's private sector entities. The IDB Group is composed of the IDB, the Multilateral Investment Fund (MIF) and the Inter-American Investment Corporation (IIC). The area under Mr. Puig's responsibility includes the IDB's Structured and Corporate Finance Department (SCF) and the Opportunities for the Majority Sector (OMI).

Prior to joining the IDB, Mr. Puig held a number of positions with Citigroup. From 2004 to 2007, he was Global Head of Trade for Latin America in Miami. From 2001 to 2004, he was Country Corporate Officer in Colombia. From 1998 to 2000, he was Country Corporate Officer in El Salvador. Prior to that, Mr. Puig was Vice President of Corporate Banking and Corporate Finance in the Dominican Republic. Before joining Citigroup, Mr. Puig served on the management team of two commercial groups in the Dominican Republic, Grupo Ambar and Grupo Reid & Perellano.

Mr. Puig holds a master's degree in International Management from the American Graduate School of International Management of Arizona, and a degree in Economics and International Finance and Commerce from Georgetown University's Edmund A. Walsh School of Foreign Service, Washington, D.C.

NEW ROAD MAP: GUADALAJARA 2009

Meeting served to strengthen dialogue; new work agenda established and consultations on new capital increase and policy for gender equality held



The Inter-American Development Bank (IDB) and members of civil society in Latin America and the Caribbean agreed on a new road map toward enhanced transparency and more robust participation of social organizations in the activities of the institution.

The Ninth Annual IDB-Civil Society Meeting held in Guadalajara on November 5 and 6, 2009 was attended by IDB President Luis Alberto Moreno and the Vice President for Countries, Roberto Vellutini, as well as several members of the Bank's management.

About 140 civil society representatives from 25 countries in Latin America and the Caribbean participated in the dialogue. The participants took part in discussions about the process of increasing the IDB's capital; the institution's information disclosure policy; civil society participation in the Bank's activities through the Civil Society Consulting Groups (ConSOC); and the IDB's work with youth in the region.

Moreover, a public consultation on the process of updating the policy on Women in Development (policy of gender equality) was carried out with more than 30 civil society representatives.

The new agreements will increase information disclosure and strengthen the participation of organizations in the activities of the Bank. This will be achieved by reviewing the information disclosure policy and through inputs from the public consultations regarding the capital increase and gender equality policy. Furthermore, the parties will maintain an open dialogue and plan to establish partnerships to improve the standard of living for youth in the region, along with other initiatives.

Participants reviewed the progress of 19 agreements signed at the annual meeting in Montevideo in 2008, and established the new 2009 Guadalajara Road Map.

The event prompted an open dialogue with IDB President Moreno and Vice President Vellutini, who responded, in two separate sessions, to the concerns of members of civil society.

New Agreements from Guadalajara

Relationship between the IDB and civil society

- Finalize the agreements still pending from the Montevideo Road Map (see page 5).
- Finalize the Civil Society Consulting Groups (ConSOC) proposal by early December 2009, including the final internal review, as well as implementation in each country by the end of the first-half of 2010 (convocation).

Information disclosure policy review

- To the extent permitted by the Board of Executive Directors, commit to a broad review of the current information disclosure policy.
- Once the review has been approved, form an IDB-civil society working group to provide input for the public consultation process.

Independent Consultation and Investigation Mechanism (ICIM)

- Intensify dissemination of the new Mechanism, based on a plan to enhance familiarity with the process in civil society, academic circles, and inside the IDB.

Youth and the IDB

- Establish two institutional partnerships to promote projects with a social impact for youth, focusing on youth employment and young entrepreneurs.

Consultation on the Bank's Ninth General Capital Increase (in process)

- Forward to the Governors in a timely manner the inputs provided by the public consultation process on the Ninth General Capital Increase (GCI-9) so that the suggestions can help inform capital increase decisions.
- Share the experience of the public

consultation of GCI-9 and the lessons learned with other multilateral organizations.

- Promote dissemination of information on the new policy, the instruments for implementing, monitoring and evaluating it, and progress achieved.
- Promote greater participation by individuals representing indigenous and Afro-descendant peoples in the annual IDB-civil society meetings, the ConSOC and in political dialogues in member countries.



CIVIL SOCIETY CONSULTING GROUPS (CONSOC)

The new operational guide for the Civil Society Consulting Groups (ConSOC) approved on January 29, 2010 will promote civil society participation and interaction with the IDB. The guide is the result of a participatory process in response to a commitment made by the Bank in November 2009 at the Ninth Annual IDB-Civil Society Meeting in Guadalajara, Mexico.

What are the ConSOCs?

The Civil Society Consulting Group (ConSOC) is a forum for exchanging information, strengthening dialogue, and facilitating ongoing consultations between the IDB and the civil society organizations (CSOs) that are pertinent to the Bank's work in the countries where it operates. Previously, ConSOCs were known under the name of Civil Society Advisory Councils (CSAC). Although these councils were active throughout the region, the new ConSOCs are distinct from their prior incarnations in that they offer a new and improved approach by the Bank to listening to the voice of civil society more frequently. It is important to emphasize that, although they serve as a platform for dialogue and consultation, the ConSOCs do

not have legal status, nor should they be treated as a substitute mechanism to those already available at the IDB. Also, ConSOCs should not be seen as a dependent unit of the Bank.

What is purpose of the ConSOCs?

Through ConSOCs, the IDB seeks to obtain comments and suggestions from CSOs regarding the Bank's initiatives, in order to improve the Bank's effectiveness in the social and economic development of borrowing countries. Therefore, each Country Office Representative in collaboration with their respective ConSOC shall determine the operational principles or rules for their specific Consulting Group and its engagement with the Bank, reflecting the reality, context and the dynamics of each member country.

How do ConSOCs work?

Each Country Office Representative may define the number of ConSOCs needed to improve the impact of the Bank's work in their respective country. They can, for example, create ConSOCs by subject areas or topics of general interest to the IDB in each country.

For more information, consult the Reference Guide for the Civil Society Consulting Groups.



Montevideo Road Map 2008

Agreements completed

- Form an IDB – CSO working group to develop the formal meeting to be held at the 2009 IDB Annual Meeting in Medellin.
- Define and standardize general guidelines for Civil Society Advisory Councils (CSAC) in each country, taking unique circumstances into account.
- Better dissemination of information about the Independent Investigation Mechanism (IIM) through the website, workshops, brochures, etc.
- Invitation to sector CSOs to participate in three roundtables to present the Bio-fuels Scorecard.
- Make progress in the development of a Strategic Environmental Analysis (SEA) methodological guide to be applied to the Bank's operations that require strategic decisions. Unit responsible: VPS/ESG.
- Share updates with CSOs on the preparation of this methodological guide, including requests for inputs, looking to-

ward release of a finalized guide before the 2009 IDB – Civil Society Meeting. Unit Responsible: SEA.

- First draft of proposal for new IIM presented to Board prior to IDB Annual Meeting in Medellin (March 2009).

Agreements under way

- Jointly finalize a comprehensive “map” of CSOs for better information distribution.
- Once CSAC (now ConSOC) guidelines are approved, begin implementation process in stages, prioritizing countries that don't have a ConSOC and those in need of improvement and strengthening.
- Prepare and disseminate the first IDB – Civil Society Annual Report.

Development Effectiveness Framework

- Provide CSOs with more information regarding the Development Effectiveness Framework implemented by the Bank.

- Invite CSOs to meetings that will take place in selected countries regarding the Development Effectiveness Framework.

SECCI

- Develop a pilot program with CSOs in a country, which is replicable elsewhere in the region, with the goal of increasing community knowledge about the Sustainable Energy and Climate Change Initiative. Initial pilot in Argentina and possibly one other country.
- Develop a project portfolio proposed by CSOs with governments' clearance on SECCI's priority areas. Goal: five projects.

Independent Investigation Mechanism

- Develop simple, direct and effective means of accessing the current and new IIMs.

YOUTH DEVELOPMENT:

Forum on Best Practices in Youth Policies and Programs in Latin America and the Caribbean



During the Forum on Best Practices in Youth Policies and Programs in Latin America and the Caribbean, the Inter-American Development Bank presented awards to 31 leaders from governments and civil society organizations in recognition of successful practices in youth policies and programs. The event took place on the 4, 5 and 6 of November, 2009 in Puerto Vallarta, Mexico.

The awards were sponsored by the IDB Youth Program and Social Protection and Health Unit, and the United Nations Education, Science and Culture Organization (UNESCO), with the support of more than a dozen international development organizations, the Mexican government, and the IDB-managed Korea Poverty Reduction Fund.

During the forum, participants presented their projects, sharing the methodology used and best practices, lessons learned and the replicability of the policies and programs in areas of education, employment, sexual and reproductive health, poverty reduction, volunteerism, youth participation, violence prevention and comprehensive youth development. A committee of 57 international experts selected the 31 best practices and 11 honorable mentions. Success was determined by impact, efficiency, and relevance from the point of view “by, for, and with youth.”

The forum is part of the Best Practices in Youth Policies and Programs in Latin America and the Caribbean project, which is designed to be a regional convergence of public, private, non-governmental and academics actors, and international development agencies in order to recognize and share successful youth policies and programs in the context of regional development and development in general. Today, around 800 organizations from different sectors are registered in the best practices platform.

- For more information about the event, visit: <http://youthpractices.ucol.mx/english/>
- For more information about The IDB Youth Program, visit: <http://www.iadb.org/topics/youth/idbyouth/>

IDB Youth

The IDB Youth program was created to support the construction of stable democracies, sustainable economies and societies based on equity, as well as to more effectively respond to the needs of young people. To achieve these goals, the program promotes the involvement of Latin American and Caribbean youth in the development process by providing young people with opportunities for leadership, community service, volunteerism, access to technology, and entrepreneurial development in the world of business and social action.

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Update policy of Women in Development

- The Gender and Diversity Unit, together with the Vice-Presidency for Countries and the Bank's Civil Society Team, will guarantee women, indigenous peoples and Afro-descendent communities participation in ConSOC, taking into account local circumstances. Unit responsible: Gender Unit.
- The Gender and Diversity Unit will establish a virtual community to follow

up on discussions and proposals from Montevideo 2008. Unit responsible: Gender Unit.

Governance

- Prepare and conduct a meeting with relevant civil society actors to present and discuss the Governance Evaluation and Democratic Institutionalization Methodology (governance profiles) before the next IDB-Civil Society Meeting. Unit responsible: VPS/ITC

- Together with the Civil Society Team, promote awareness and use of the Anticorruption Activity Fiduciary Fund.

THE RECONSTRUCTION OF HAITI

The IDB has been working in Haiti for 50 years and is the country's main source of multilateral funding, supporting investments in sectors such as transportation, electricity, water, education, health and agriculture. After the earthquake of January 12, 2010, which devastated the island nation, the Bank offered the Haitian government the option of redirecting resources from existing operations toward emergency relief and reconstruction efforts. The IDB also considered additional donations and proposed some alternatives to its Governors for possible relief of the country's debt held by the Bank.

IDB work in Haiti before the earthquake

In an effort to help the Haitian government recover from the damage resulting from multiple hurricanes in 2008, and in order to return to a path of sustained economic growth, the IDB provided Haiti with unprecedented financial and technical assistance during 2009. The Bank approved six major operations (from the IDB Grant Facility) for a total of \$122 million. These high-priority operations reflect the key issues defined by the Haitian government's program for reconstruction and economic recovery, which include:

- Watershed management and natural disaster risk prevention and mitigation: A \$30 million IDB 2009 grant to help limit flooding and erosion in main watersheds. Planned anti-flooding works in three critical watersheds will cover 6 percent of Haitian territory, bringing benefits to 360,000 people.

The IDB and Haiti after the earthquake

After the earthquake, the IDB offered the Haitian government the option of redirecting resources from existing operations to emergency relief and reconstruction efforts.

IDB staff on the ground is coordinating closely with Haitian authorities and other organizations on a variety of relief and reconstruction issues like housing, helping business restore production and helping the government regain its financial and administrative capacity.

After his first visit to the country, IDB President Luis Alberto Moreno appointed a Special Task

- Road rehabilitation. In 2009, the IDB approved a \$25 million grant to finance road maintenance in three of Haiti's southern departments, where many areas still face transport problems, restraining the region's considerable productive and touristic potential.
- Water and sanitation. A \$19 million operation complements an ongoing project to promote Haiti's drinking water and sanitation sector reform, with special attention to investments in sanitation and water services in six urban areas.
- Private sector. The IDB Group support to the private sector in Haiti continued through the Multilateral Investment Fund (MIF) and the Inter-American Investment Corporation (IIC). In 2009, MIF approvals reached \$4.9 million. The IIC became an active player in Haiti through the approval of an \$18 million loan.

Force for Haiti to coordinate efforts with other bilateral and multilateral agencies involved in the reconstruction of the country.

The IDB is considering a mechanism for the further alleviation of Haiti's \$441 million debt to the Bank, given the magnitude of the destruction caused by the January 12 earthquake.

The following website has more information on the reconstruction of Haiti:
<http://www.iadb.org/Haiti/>

The following blog has more live information from Haiti: <http://blogs.iadb.org/haiti/>



IDB AND HAITI: SOME KEY FACTS

\$770 million

Approximate amount of the IDB's portfolio in Haiti, with more than 25 programs.

\$1.5 billion

Amount the IDB has approved in concessional loans, grants and guarantees for Haiti in 50 years of operations.

\$222 million

IDB financing for Haiti since 2007, exclusively in the form of grants.

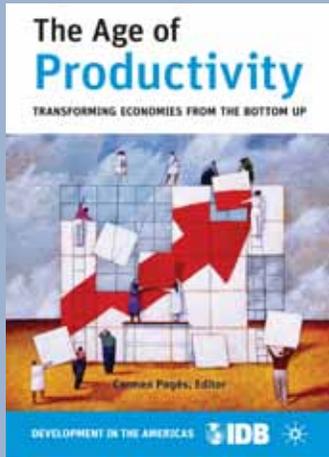
\$154 million

Total amount of IDB grants approved for Haiti in 2009.

\$128 million

Initial allocation of IDB grants for Haiti in 2010, approved before January's earthquake.

RECENT PUBLICATIONS



The Age of Productivity

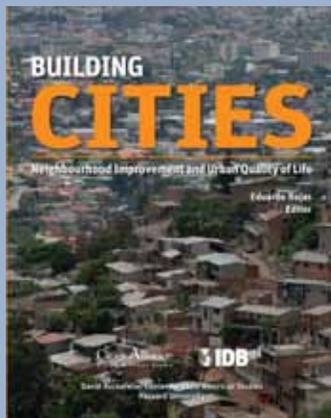
Transforming Economies from the Bottom Up

Carmen Pagés, editor

This new publication, part of the series Development in the Americas, explores the reasons for weak productivity in Latin America and the Caribbean, an endemic problem that affects countries in the region, preventing them from unleashing their potential for strong and sustainable growth. In these pages, the experts of the IDB's Research Department analyze, from a productivity perspective, resource allocation, the distribution of credit

to companies, policies that promote productivity, and the importance of innovation and technology. Their findings show that to improve productivity it is necessary to find more efficient uses of existing labor, physical capital and human capital in the region.

English and Spanish; \$35.00
In bookstores June 2010



Building Cities

Neighbourhood Improvement and Urban Quality of Life

Eduardo Rojas, editor

Starting with the informal settlements typical of Latin America and the Caribbean, this book examines neighborhood improvement programs aimed at raising the population's quality of life, with case studies and concrete examples of improvements achieved in the urban areas of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador and Mexico. The book presents solu-

tions to specific problems and details how the integration of slum areas into a city as a whole has a positive effect on job creation, security, and environmental awareness, in addition to contributing to building citizenship and a sense of belonging through coexistence and participation.

English and Spanish; \$34.95



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