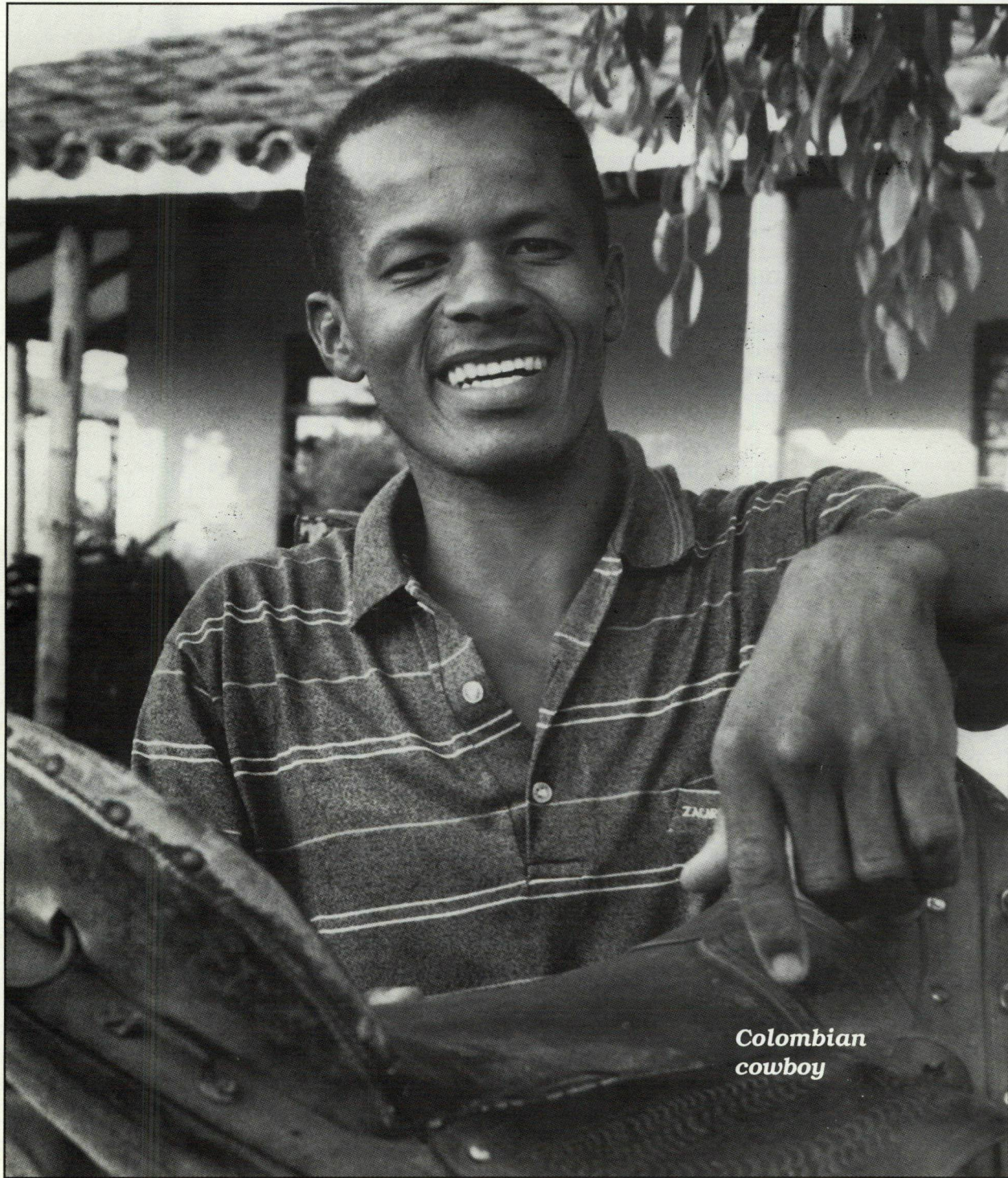


THE IDB

Inter-American Development Bank • January/February 1996

Record IDB lending



*Colombian
cowboy*

**Much more than an orchestra ■ The urban environment
New cure for Rio's favelas ■ Boost for microenterprise**

FOCUS



A matter of civic pride **3**
Civil society and government must join forces to improve the urban environment.

THE REGION



Small loans, big difference **4**
Many Latin American economies rely on the initiative and hard work of microentrepreneurs.

THINK TANK

Race, power and infrastructure **6**
IDB seminars look at social, political and economic issues central to the countries of Latin America and the Caribbean.

FIGURATIVELY SPEAKING

Paving the way for trade **7**
Economic integration ultimately depends on efficient road systems.

THE BANK IN ACTION

News from the field **8**
Argentine exporters win contracts, an Ecuadoran flower grower cuts pesticides use, a Surinamese hospital gets temporary medical staff, and a paper mill is inaugurated in Uruguay.

THE BANK

IDB targets Rio's slums **10**
New project to upgrade favelas enlists the communities to design projects and do the work.

Reforms for the courts **12**
Conference participants call better judicial systems essential for economic as well as social goals.

NEW PROJECTS

Loans and technical cooperation **13**
Bank funding for investment reform in Barbados, highway rehabilitation in Brazil, and economic integration in Central America.

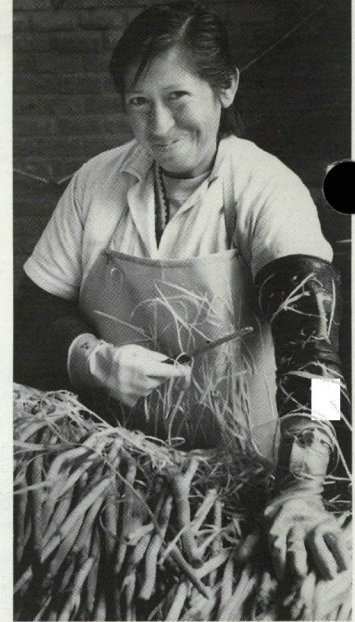
CULTURAL CENTER

The sound of youth and music **20**
A touring orchestra from Venezuela brings a message of music and social development to Washington, D.C., audiences.



COVER PHOTO

Colombian cowboy
Rafael Cambindo Chocó prepares to round up his herd on the family farm near Cali, Colombia. He bought his cows with loans from the IDB-financed Foundation for the Development of Rural Youth. (Cover photo by Willie Heinz.)



Volume 23 Number 1-2
THE IDB reports on economic and social development trends in Latin America and the Caribbean and on the activities of the Bank. It is published 10 times a year in English, Spanish, French and Portuguese.

All published material, including photographs, may be reproduced if credit is given to *THE IDB*.

Editor
Roger Hamilton
Associate editors
Sibylla Brodzinsky
Samuel Silva
Assistant editor
Claudia Estrada
Contributing editors
Donna Eberwine
David Mangurian
Designer
Cecilia Jacobson
Staff photographers
Willie Heinz
Luis Portillo
Production
The Word Express

For a free subscription to *THE IDB*, contact Eduardo Simpson, E-0105, Office of External Relations, IDB, 1300 New York Ave., N.W., Washington, D.C. 20577. Fax: (202) 623-1709 Tel. (202) 623-1753 Internet: claudiae@iadb.org

The Bank at a glance
The Inter-American Development Bank (IDB) is an international financial institution established in 1959 to help accelerate economic and social development in Latin America and the Caribbean. The IDB is based in Washington, D.C.

The Bank has 28 member countries in the Western Hemisphere and 18 outside of the region.

In its 34 years of operations, the IDB has helped to provide, secure and organize financing for projects that represent a total investment of more than \$178 billion. The Bank has also fostered a more equitable distribution of the benefits of development and has been a pioneer in financing social projects.

The Bank's highest authority is its Board of Governors, on which each member country is represented. The IDB's 12-member Board of Executive Directors is responsible for the conduct of the Bank's operations.

The IDB's country offices in Latin America and the Caribbean represent the Bank in dealing with local authorities and supervise the implementation of Bank-supported projects.



Two sides of Curitiba's transportation equation: its famous biarticulated buses and (below) well groomed bike paths. . .

A matter of civic pride

You can't buy souvenirs of monuments and megabuildings at the airport souvenir shop in Curitiba, Brazil. But you can choose among a good selection of model municipal buses, in red or green, as well as tube-shaped bus stations and recycling trucks.

In Curitiba, the commonplace is elevated to an object of civic pride. A recognized example of urban planning and enlightened administration, this city of 1.3 million has developed a public transportation system without peers. Its numerous parks add up to over 52 square meters of green space per person. Its citizens take their efficient and accessible network of services for granted.

Municipal governments cannot create a healthy urban environment by themselves.

But Curitiba is an exception. Elsewhere in Latin America, cities stagger under a mounting debt of badly maintained infrastructure, poor services, and waves of migrants from the countryside.

Government alone cannot deal with these problems. Municipalities need the participation of citizens

and of the nongovernmental organizations and other civil society groups that represent them.

How can citizens play a greater role in improving the urban environment? A discussion of approaches, particularly as regards IDB-financed projects, was objective of the Bank's Sixth Consultative Meeting on the Environment, held in November in Curitiba. Attending were 50 representatives of nongovernmental organizations from the region and members of IDB departments that work in the field of environment and urban affairs.

Environment in peril. Latin America's cities are an endangered environment. The most heavily urbanized region in the world, Latin America has some 40 metropolitan areas with more than 1 million people and four with a population of over 10 million. Even many well-off residents must learn to live with poor water, sanitation, and electricity services. Rings of slums are breeding grounds for disease, crime and despair.

The explosive growth in population coincides with a similar rise in numbers of nongovernmental organizations, which were virtually nonexistent only a decade ago. Herein lies a cause for some hope. Noted IDB President Enrique V. Iglesias in his remarks before the Curitiba



. . . just right for a family outing.

meeting, enlisting the help of civil society in improving the urban environment will multiply the value of scarce municipal resources. Local NGOs are already helping to design and carry out IDB-financed municipal projects.

The kinds of projects now being planned make the participation of civil society even more important than before. In the past, building urban infrastructure was typically seen as an engineering problem. Today, project planners are learning to treat the city as an ecosystem of interrelated social, economic, cultural and natural processes. NGOs are uniquely positioned to ensure that these social and environmental considerations are addressed.

Perhaps not all cities can become another Curitiba. But with teamwork between local governments and civil society, all can make urban environment a better place to live.

—the editor

MICROENTERPRISE

Small loans make a big difference

Microentrepreneurs are the pillar of many economies

by Samuel Silva

It was the end of the 1980s and Chile's economy was starting its boom. But the rising prosperity had yet to touch the family of Rosario Osses. Although her husband had a steady job varnishing furniture, he didn't earn very much money.

"We needed extra income," said Rosario Osses, "so we decided to work together at home." They started a furniture repair shop, which evolved into a family furniture factory.

"The idea was for my husband to produce and for me to sell," she recalls. Their five children would help with the finishing. "We wanted to create a family business."

And so, the Osses family embarked on a path that has been taken by millions of Latin Americans: creating their own small business.



Rosario Osses: manager

Economic mainstay. More than 80 percent of all businesses in Latin America and the Caribbean have 10 employees or less, the IDB's definition of a microenterprise.

The region's 50 million microenterprises employ an estimated 150 million people, more than half of Latin America's economically active population. In some countries their importance is overwhelming. In Peru, for example, 80 percent of the labor force works in microenterprises; in Brazil, microenterprises account for 40 percent of the country's gross domestic product.

"Microenterprises can no longer be considered marginal," says Marguerite Berger, head of the IDB's Microenterprise Unit. "They are the core of the economy."

Yet despite their social and economic importance, only a dismal 5 percent of all microentrepreneurs have access to credit from the formal banking system. According to

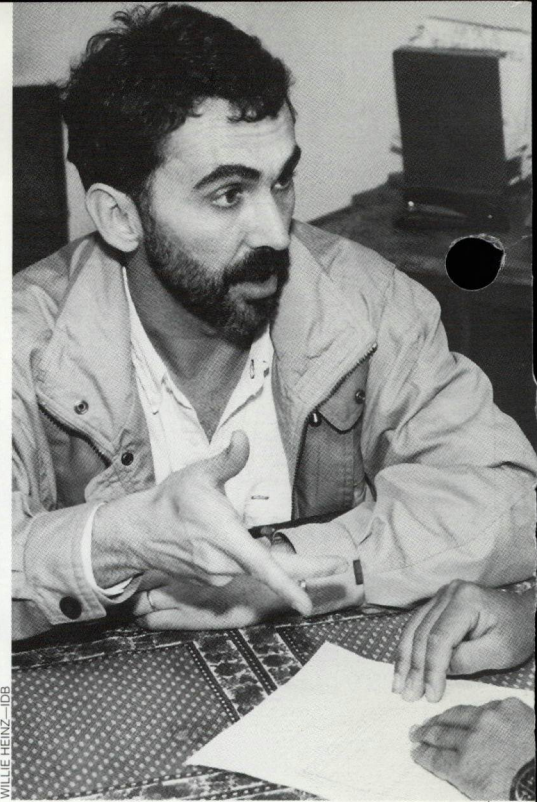
\$500 million for IDB's 'Micro 2001'

The IDB will earmark at least \$500 million to support microenterprise in Latin America and the Caribbean during the next five years, announced Bank President Enrique V. Iglesias at the November conference. The IDB and Microenterprise: Promoting Growth with Equity, held November 16-17 at the Bank's headquarters in Washington, D.C.

The new program, titled "Micro 2001," will support low-income

microentrepreneurs who do not have access to credit.

In addition, the Bank will work with governments to establish legal and regulatory frameworks that help the development of microenterprise. It will also expand its ties with institutions that provide financial services to microentrepreneurs. "We want private banks to support microenterprise," Iglesias said. "Besides its social benefit, it is good business."



WILLIE HEINZ—IDB

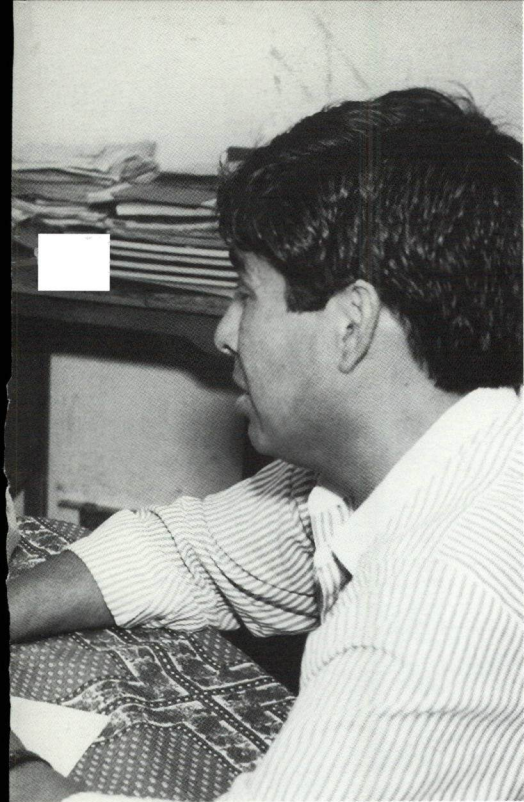
Only 5 percent of microentrepreneurs have access to bank credit.

traditional bankers' logic, microentrepreneurs lack the collateral to guarantee loans. Moreover, it is too expensive to put a credit officer to work for a \$1,000 loan.

But the financial community is beginning to change its mind about microentrepreneurs. Banks throughout Latin America are starting to realize that the business sector they long dismissed is in fact a potentially lucrative and huge market niche.

The IDB too is setting a new course in the field of microenterprise. The Bank's microenterprise program, begun 17 years ago, has funded 430 projects since 1990 benefiting some 600,000 people. The loans—often for as little as \$400—have been made through intermediary organizations such as cooperatives and other nongovernmental groups, which manage the credit programs and provide training to beneficiaries.

But while the IDB's microenterprise program has had a very significant benefit for individuals, families and even whole communities, it has not been carried out on the scale necessary to have an im-



The IDB's Raúl Novoa helps a cooperative officer design a system for tracking loans to small-scale cotton producers in Los Juries, Argentina.

Macroemployer

A high percentage of workers earn their livelihood in microenterprises

	%
Peru	80
Colombia	75
Brazil	50
Nicaragua	50
Chile	43
Argentina	36
Uruguay	33

Source: IDB.

impact on the countries' economies as a whole. How to multiply the effects of the Bank's program was the subject of a conference held in November at which 200 representatives of nongovernmental organizations that work with microenterprises and other experts in the field advised the bank on the direction its programs should take.

One glimpse into the future was provided by Domingo Santa María, president of Chile's Banco del Desarrollo, a commercial financial institution. He offered his bank's microlending facility as an example of the way financing should be made available to microentrepreneurs.

"Entrepreneurial capability can be found in all sectors of the population, including microenterprise," said Santa María.

Since its microcredit unit opened its doors in 1990, Santa María's bank has approved more than 22,000 microloans for an average of \$1,250 each.

One of them was to Rosario Osses.

Making a difference. At first, prospects for the Osses family's furniture manufacturing business

For copies of proceedings of the conference "The IDB and Microenterprise: Promoting Growth with Equity," contact Maritza de Gutiérrez at tel (202) 623-2509, fax (202) 623-1463, or E-Mail Maritzag@iadb.org

seemed bright. But soon the business was struggling to survive.

"Our problem was that we couldn't grow," Rosario Osses says. "Sometimes clients asked for furniture that we couldn't produce because we didn't have the money to buy materials."

She learned from a friend about the Banco del Desarrollo program for microentrepreneurs. In less than a week she got a \$500 loan.

The odds were good that the loan would produce results. A study commissioned by the Banco del Desarrollo of the impact of loans on its clients showed that 88 percent of microentrepreneurs reported improvements in their families' quality of life after gaining access to credit. For nearly 70 percent, sales grew, and nearly three quarters said that they now are capable of providing a better education for their children.

After receiving their loan, said Rosario Osses, "we were immediately able to buy more materials and produce more. My husband started working extra hours, and we got the authorization to sell our products in the municipal markets." Sales tripled from \$300 to \$1,000 a month.

More players. Governments throughout the region are increasingly turning their attention to microenterprise as a vehicle for economic growth. Nicaragua's President

Violeta Barrios de Chamorro told participants at the IDB conference that "with no microenterprise, there wouldn't be any successful free-market economies."

Bolivia's Minister of Economic Development, Jaime Villalobos, said that "more than structural reforms and privatization, the promotion of microenterprise is a key element of Bolivian economic policy."

To promote microenterprise governments must create a favorable legal framework and economic environment. Several Latin American governments have carried out banking reforms that support institutions that provide financing to the sector. They have also cut red tape from start-up licensing requirements.

Nongovernmental organizations act as matchmakers among the players while multilateral organizations, such as the IDB, provide financing and promote the appropriate legal reforms.

But no effort will replace the entrepreneurial spirit of the women and men who decide to start their own businesses. "Microentrepreneurs have an enormous capacity to adapt and to compete," said Bolivia's Villalobos.

The sky is the limit. The \$500 loan made all the difference to Rosario Osses.

"Results were excellent," she said. "We went from selling 150,000 pesos a month to 400,000 pesos." It was easy to repay the loan and it would prove easier still to obtain new, expanded financing.

Today, the Osses' furniture factory is thriving. "Everybody in the family is working in the business," she said. "My husband designs and manufactures, the kids help with the final details in each piece of furniture after school..."

She smiled, she thinks back. She shines. "And me..." she says. "I'm the manager!"

The writer is associate editor of THE IDB.

WASHINGTON, D.C.

Race, government and infrastructure

IDB seminars examine current issues

■ The biggest racial problem in Latin America is the issue's invisibility, said Michael Franklin, president of the Association of Africans in the Americas at a forum at IDB headquarters on race in the context of the region's development.

Around one third of Latin Americans are of African descent, said Franklin, yet in the region the subject of race is almost never discussed.

Census takers in most Latin American countries do not even ask questions about race, making it difficult to determine the numbers of people of African descent. As a result, it is impossible to accurately assess the living conditions of blacks in the region.

"The history of Africans in this hemisphere has not been written," said Franklin.

Also speaking at the forum was Rosângela Vieira, professor at Howard University, who spoke on what she called "the myth of the Brazilian racial democracy." Another participant, Ivan Van Sertima, professor of African Studies at Rutgers University, presented evidence that Africans arrived in Latin America and the Caribbean before Columbus.

■ Latin America has made significant progress toward decentralized government, but mostly at the municipal level, according to Gustavo Fernández Saavedra, former Bolivian foreign affairs minister. Power is still slow in coming to the provincial or state levels.

"Attempts at regional decentralization have stumbled, ...while [municipal-based decentralization] is already happening in most countries

in Latin America," Fernández Saavedra said in a recent conference at IDB headquarters in Washington, D.C., where he presented the results of his study "Decentralization in Latin America."

Increasing power and responsibility to municipalities usually means giving local governments the authority to provide public and social services,

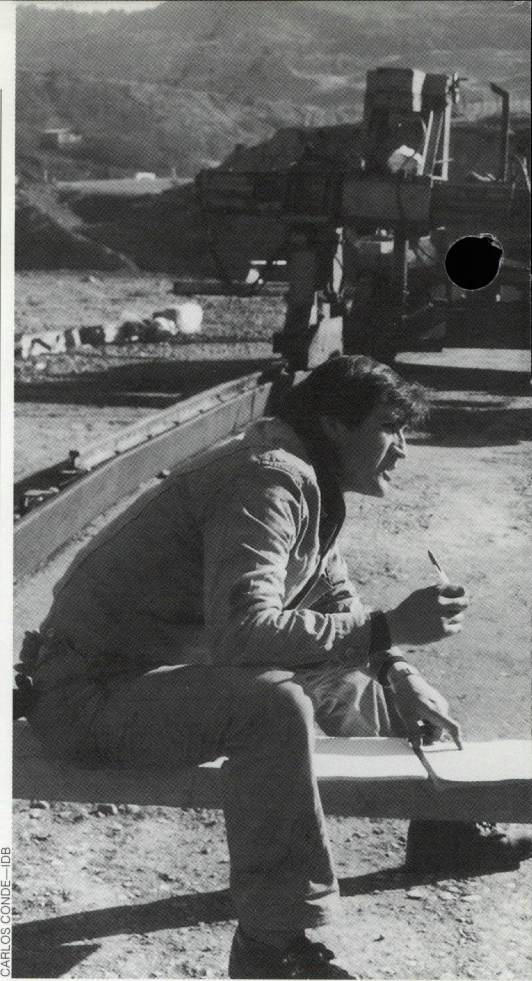
he said.

These are essentially operational matters, requiring budget management, efficient spending and quality control.

Things get more complicated when authority is shifted to state or provincial governments. When these political jurisdictions have the freedom to map out regional development strategies and set their own economic and financial policies, their priorities may clash with those of the central government. For example, national privatization efforts have met with resistance from provinces when the companies to be sold are provincial ones.

Another stumbling block, said Fernández Saavedra, is the problem of economic disparities among areas within the country. Prosperous regions don't see why they should help subsidize less dynamic ones, while poorer areas claim that the funds they receive from taxes and transfers are insufficient.

Despite these obstacles, Latin America's central governments should continue striving to shift power to state and provincial levels, Fernández Saavedra said. "Only these levels can provide the critical mass and the economies of scale needed for decentralization to impact on the development process."



CARLOS CONDE-IDB

Roads and other infrastructure will increase

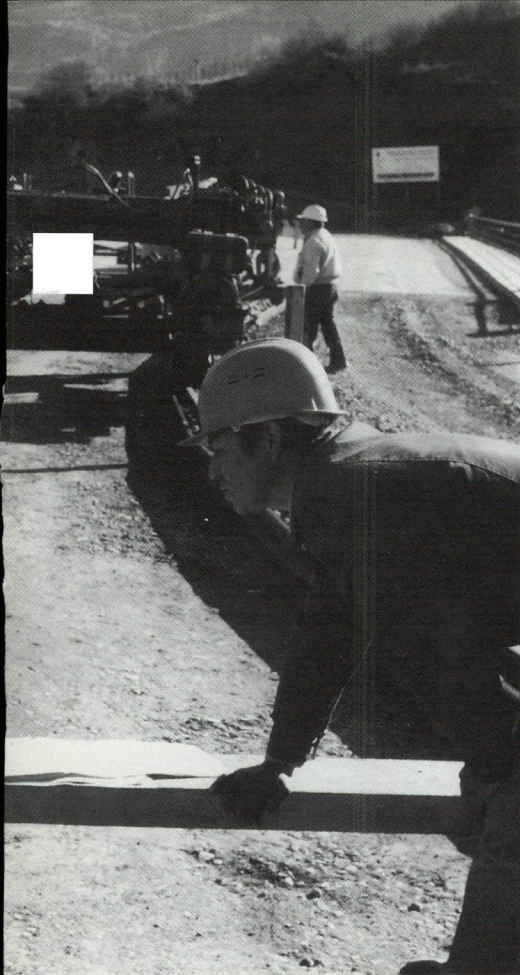
■ Latin America needs to invest between \$40 billion and \$60 billion a year in infrastructure over the next decade, according to a study presented at the two-day roundtable

"Innovative Financing for Infrastructure" recently held at the IDB's Washington, D.C., headquarters.

The upturn of the Latin American economies, along with privatization of state-owned companies and trade liberalization, has already attracted billions of dollars in direct and portfolio investment to the region during the first half of the 1990s, according to the IDB's Martin D. Chrisney, author of the study.

Latin American companies and governments are looking for innovative approaches for project financing. For example, Teléfonos de México in 1987 made a bond placement that was backed by future cash flow in the form of receivables from AT&T, since more people call from the United States to Mexico than the other way around. Examples of such innovative financing techniques are the subject of a new

Needed: \$60 billion annually



ROADS

Paving the way for trade

Efficient, well-maintained road networks are key

Although free trade accords are hammered out in meeting halls, the goods themselves must move on or through Latin America's ports, airports, rail lines, and particularly roads.

"Many countries—especially in Central America—have a fairly reasonable network of roads that take people from point A to point B," says IDB infrastructure economist John Foster. But he adds that the roads often are in poor condition.

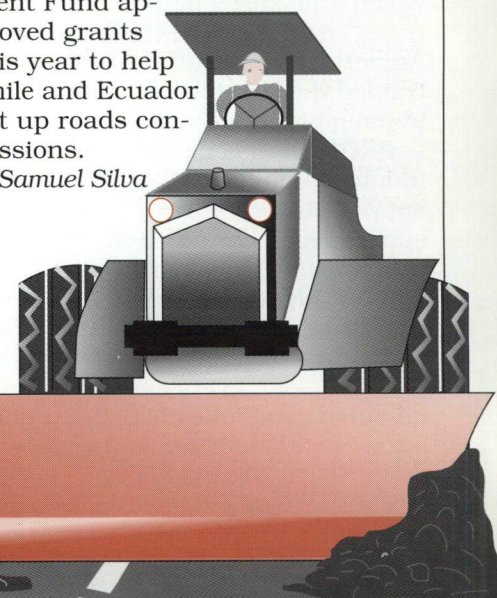
The IDB has shifted its priority from road construction to rehabilitation and maintenance. All five loans for roads approved by the IDB in 1995—totaling \$810 million for projects in Brazil, Guatemala, Haiti, Nicaragua and Peru—will finance rehabilitation works.

This is not to say that the region's appetite for new roads is satisfied. Several South American countries, have yet to connect remote areas to the na-

tional road system, notes IDB transportation expert Julio Melgar.

Both road rehabilitation and construction will increasingly be carried out by the private sector. Already, private companies in Mexico, Argentina and Chile have concessions to build and manage stretches of highway. The IDB's Multilateral Investment Fund approved grants this year to help Chile and Ecuador set up roads concessions.

—Samuel Silva



ngly be funded by the private sector.

Directory published by the IDB's Infrastructure and Financial Markets Division.

In the future, Chrisney believes, the private sector will become increasingly involved in financing infrastructure projects, eventually accounting for some 25 percent of total investment.

Development of local capital markets is a precondition to financing future infrastructure needs. The key need here is a stronger system of pension funds, which usually are a country's main institutional investors, along with insurance companies.

If all the pensions in Latin America were funded to the level necessary to pay the population in retirement age this year's per capita income by 2025, the funds would total \$110 billion a year. This is well in excess of the projected infrastructure financing needs.

For a copy of the study referred above or the *Directory of Innovative Financing*, contact Gabriela Garcia at fax (202) 623-2157; or E-Mail Gabrielag@iadb.org

Ranking for roads

Kilometers of paved roads per million people

Uruguay	2,106
Argentina	1,856
Costa Rica	1,756
Trinidad & Tob.	1,724
Mexico	1,019
Brazil	929
Ecuador	476
Nicaragua	414
Colombia	383
Peru	347
El Salvador	323
Guatemala	320

Kilometers of paved roads per square kilometer

Trinidad & Tob	0.416
El Salvador	0.088
Costa Rica	0.060
Uruguay	0.036
Mexico	0.033
Guatemala	0.028
Nicaragua	0.013
Argentina	0.012
Ecuador	0.012
Brazil	0.012
Colombia	0.008
Peru	0.006

Source: World Bank

Source: Inter-American Development Bank.

IDB GRAPH BY CECILIA JACOBSON

ARGENTINA

Cornucopia in Cologne

Eleven Argentine food producers came home from the recent ANUGA Food Fair in Cologne, Germany, with contracts totaling nearly \$10 million.

The Argentine stand was sponsored by the country's Program for the Promotion of Non-traditional Exports (PROMEX), which subsidized half the travel costs for 10 of the Argentine firms and trained them in international marketing.

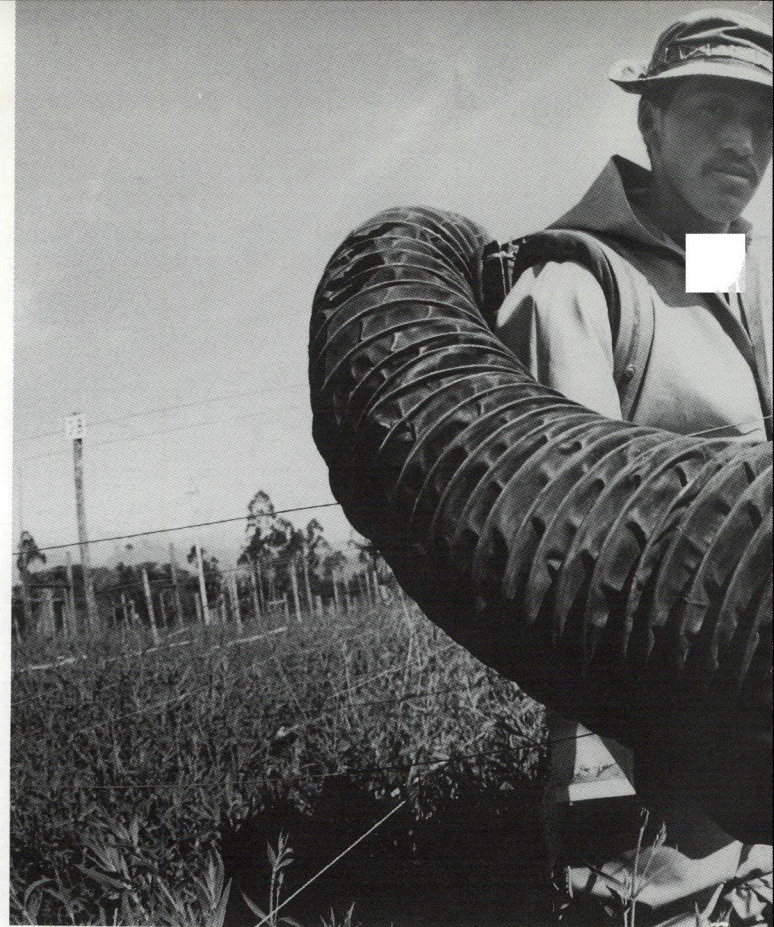
PROMEX also provided financial and technical support for two other stands representing 12 Argentine wine producers and five Mendoza industrial firms. "Picking up your suitcase and going to these fairs isn't very easy for small companies like ours," says raisin producer Oscar Frezzi.

PROMEX was created as a part of a 1991 IDB-financed program to modernize Argentina's Ministry of Agriculture, Live-

stock and Fisheries. Since 1992, the program has provided export information to more than 6,800 firms and has helped nearly 300 companies obtain export contracts totaling an estimated \$350 million.

Through PROMEX's computerized database, producers can find world wholesale and retail market prices for thousands of agricultural products and learn which countries are buying what. PROMEX also helps to brief exporters on import requirements of different countries, customs regulations and shipping costs, and holds courses on international sales. "PROMEX helps us to save a lot of time and money we would otherwise spend on useless efforts," says Beltrán Laxague, whose company produces organically grown herbal teas.

Other countries that have set up export assistance offices with IDB support are Colombia, Jamaica, Mexico, Trinidad and Tobago and Uruguay.



ECUADOR

Pesticide with wings

Exporting cut flowers to the United States, Europe and Asia has become big business in parts of Latin America. But the downside is that massive doses of pesticides used by growers affect the health of farm workers.

One Ecuadoran flower grower has found an ingenious way to cut pesticide use and save money at the same time.

A year ago, Latinflor in Gualyabamba was spending some \$150,000 annually on pesticides to control damage from the leaf miner fly. Even worse, the insects developed resistance to the chemicals, making larger applications necessary.

Then Latinflor agronomists discovered that tiny predator wasps eat the leaf miner larva. They set out to increase the wasp population to reduce the leaf miners.

Every week, workers vacuumed the flower beds with giant vacuum cleaners purchased from Colombia. The machines sucked up a kilogram of insects per hectare, of which about one percent were the predator wasps.

The agronomists then devised a large tube with a fine screen at one end which allowed the tiny wasps to escape back to the fields while trapping the larger miner leaf flies. Meanwhile, they continued to spray lesser amounts of pesticides to kill the adult leaf miners.

As the wasp population grew, spraying was cut to once a week, and finally eliminated altogether.

"The key to the whole thing is to stop spraying completely," said Tom Quesenberry, one of Latinflor's owners. "You have to let your wasps do the work. Even if you only spray every 20 days, you're going to kill the wasps too."

Latinflor agronomists



PROMEX-ARGENTINA

Appetizing display nets \$10 million in contracts.



DAVID MANGURIAN—IDB

Vacuum cleaners do part of the job of keeping down insect pests. Predatory wasps do the rest.

paper factory, one of Latin America's oldest paper mills, with the help of \$6.6 million from an IDB multisectoral credit. Construction was completed in less than six months.

FANAPEL is already exporting high quality coated paper to Argentina and other South American countries, and is planning exports to Europe.

"We have to get used to seeing Mercosur as our domestic market and a platform to the rest of the world," said FANAPEL President Ricardo Zerbino at the inauguration.

The new plant was built through a joint management-labor team effort to make FANAPEL more competitive and preserve jobs. The agreement included retraining workers in the new technology.

"We are making jobs secure that were not secure three or four years ago," said union leader Omar Diaz at the ceremony.

The new plant utilizes a chemical preparation "kitchen" manufactured by GAW of Austria, coaters from Jagenberg of Germany, and driers from Voith S.A. of Brazil.

are now devising a way to control aphids on its sunflower farm by using ladybugs, which are voracious predators. They are also evaluating the use of a benign fungus to control a harmful fungus that affects the roots of both carnations and baby breath to replace chemical controls now used.

Latinflor still uses some chemicals to control fungus nematodes and other insect problems, but the total amount of pesticide use has been greatly reduced.

"We got rid of the pesticides to save money," said Latinflor's General Manager Ramiro Peña Herrera. "But we also got increased production and less danger to the workers."

Latinflor began growing flowers for export in 1989 and now employs 400 people. The firm received \$130,000 from a \$102 million 1991 IDB loan to Ecuador to expand operations.

—David Mangurian

URUGUAY

High tech paper plant

Uruguayan President Julio María Sanguinetti inaugurated South America's most advanced coated paper plant in December in the country's southwest city of Juan Lacaze. Production from the new plant is expected to increase Uruguay's exports by \$20 million a year.

The plant is part of a \$37 million program to modernize the FANAPEL



President Sanguinetti inaugurates the Fanapel plant.

SURINAME

Interim doctors

The Albert Schweitzer Institute for the Humanities (ASIH) and the IDB recently signed an agreement to provide international doctors to staff Suriname's newly expanded Nickerie Hospital.

The 75-bed hospital, the only large-scale medical facility in the rice producing Nickerie region, was improved with the help of two IDB loans totalling \$7.7 million and \$4.3 million from the Surinamese government.

The ASIH and the IDB developed the program as a stopgap measure until Surinamese physicians, now training in the Netherlands, can take over their duties in Nickerie.

ASIH doctors will work for fixed periods of six or more months and will receive a monthly stipend of the equivalent of \$500, plus housing and transportation costs.

At the signing of the agreement, ASIH President Harold Robles said the Yale University School of Medicine has made a commitment to provide medical residents to work for up to two months at the Nickerie Hospital under the supervision of medical specialists. ASIH is preparing similar agreements with medical centers in the Netherlands.

The interim program is financed with some \$400,000 that was saved from IDB loans that financed the construction and rehabilitation of the hospital.



SECRETARIA DE HABITAÇÃO DE RIO DE JANEIRO—BRAZIL

Favela residents are hired to carry out much of the upgrading works.

BRAZIL

Bank targets Rio's slums

Project marks change in strategy

Residents of 60 Rio de Janeiro slums, or favelas, will help design and implement projects to improve their neighborhoods.

The new program, financed with the help of a \$180 million IDB loan, will upgrade sanitation, streets, drainage, garbage collection, child care services and public lighting.

Since most of the city's favelas are located on geologically unstable hillsides, the program also includes reforestation to prevent landslides.

According to José Brakarz, IDB project leader, the program signals a major turnaround in addressing the problem of favelas. "Before the idea was to eliminate the favelas," he said. "Now the city has decided to improve them through a joint venture between the municipality and the communities."

All favelas will be upgraded to meet minimum sanitation standards. In addition, favela residents will participate in project design and will be hired to carry out much of the work. Some 70 percent of those hired for works already in progress are favela residents, says Brakarz.

The program will also establish child care centers in each of the 60

favelas to give mothers better opportunities to find stable employment. The centers will be run by local nongovernmental organizations.

Nearly one fourth of Rio's population lives in favelas. Other low-income families have bought building lots on the city's outskirts but hold no legal title to them because the settlements do not meet government housing standards.

The IDB loan will help residents of 135 of these settlements to obtain legal ownership of their properties by improving basic services and helping to process the titles.

"We want to help people in the favelas," says Brakarz, "but we also want to reward those who made the financial effort of buying a plot of land."

The IDB has seen an upsurge of interest in slum improvement, according to Bank senior housing expert Robert Daughters. Within the past year and a half, the IDB has approved or has under consideration nine large-scale neighborhood improvement projects, or components of larger programs. Previously, the Bank had financed just one such operation.

FINANCE

Chile prepays debt to IDB

Draws from high reserves

Chilean President Eduardo Frei Ruiz-Tagle signed away some \$1.33 billion dollars of his country's debt in prepayments to the IDB and the World Bank last October.

The \$772 million dollar check to the IDB paid off about 30 percent of Chile's \$2.8 billion debt with the Bank. "Most of the loans Chile paid off were old ones that had relatively high interest rates," said Roberto García López, IDB country economist.

The IDB has had two previous cases of prepayments, he added, one with Venezuela during its oil boom and another with Trinidad and Tobago, which paid off several small loans ahead of schedule.

Chile was able to prepay because of its high level of international reserves, said García López.



JESUS NOSTROZA—CHILE

President Frei prepares to sign the prepayment check handed to him by Finance Minister Eduardo Aninat.



Expansion of a textile plant in Venezuela included procurement from Italy, Belgium, Spain, Switzerland and Japan.

IDB 1995 lending hits new high

Growing commitment to foster financial stability

The IDB lent a record \$7.2 billion in 1995 for projects to support economic and social development of Latin America and the Caribbean.

Commenting on the past year's achievements, IDB President Enrique V. Iglesias said the increased level of lending—38 percent more than last year's—was a result of the Bank's "creative and rapid response" to meet the needs of certain countries, especially Mexico and Argentina, as well as strong support for social sector investments.

In one of its largest lending operations, the IDB provided \$1 billion in financing to Mexico to strengthen the country's financial sector and support an international effort to stabilize its banking system.

In another major financial sector program, the Bank lent \$750 million to Argentina for the privatization of provincial banks. Bank loans of \$450 million to Argentina and \$500 million Mexico supported social programs designed to help the lowest income groups during a period of economic hardship.

A loan of \$250 million was approved to help finance Colombia's Social Solidarity Network, an innovative program that channels re-

sources to nine different government institutions administering a series of projects to improve the well-being of the poorest segments of the population.

For the second straight year the IDB was the leading multilateral lender to Latin America. Disbursements to the region reached a record total of \$4.6 billion during 1995, compared with \$3 billion in 1994.

Brazil was the largest single borrower in 1995, receiving \$1.582 billion in financing. This included \$570 million for transportation and \$474 million for sanitation and urban development.

Private sector lending. Among new Bank initiatives taken during 1995 were the opening of a private sector lending window and the approval of the first loans to promote judicial reform in Latin America, a part of the overall program of supporting modernization of the state and democratic governance.

The Bank approved five loans totaling \$146 million directly to private borrowers without sovereign guarantees. These loans helped to finance infrastructure projects whose total investments represented

nearly \$1 billion, or about seven times the IDB's direct contribution. Private banks provided \$55 million in financing for private infrastructure projects under subscription of participation agreements—a new IDB financial instrument that gives the Bank another vehicle for helping Latin America meet its infrastructure needs.

Low-income support. In the area of microenterprise—a sector that employs more than 150 million persons in Latin America and the Caribbean—the IDB announced it will increase lending to that sector to \$500 million over the next five years.

Concessional lending—credits granted at very low interest rates and with terms of up to 40 years—totaled \$769 million in 1995. These loans, made to the five poorest nations in Latin America from the Bank's Fund for Special Operations, will help finance infrastructure and social programs as well as support for government reforms.

The IDB was the lead international institution providing financing to support the recovery of Haiti, approving loans of \$181 million in the first full year of restoration of the constitutional government. In the first nine months of 1995 the IDB accounted for 40 percent of the disbursements to that country and 25 percent of the investments.

DERIVATIVES

Not for the fainthearted

Calls for better regulation

Go slow, be selective, and if you don't understand it, don't do it.

This was the advice international experts gave to over 260 regulators and financial dealers—some 100 of them from Latin America—at a two-day conference in November at IDB headquarters.

Derivatives are financial contracts whose value is derived from the performance of an underlying financial asset, commodity or index. Examples of derivatives are futures, forwards, options and swaps on currencies or interest rates, as well as other instruments. Companies and banks use derivatives to hedge their financial transactions, while traders frequently assume positions through derivative contracts.

The International Swaps and Derivatives Association, which cosponsored the conference with the IDB, has estimated the outstanding nominal value of swaps alone in 1994 at between \$11-41 trillion.

While derivatives reduce risk to producers and market participants, they can be extremely hazardous if improperly used.

"Derivatives are like electricity—dangerous if mishandled, but also capable of doing enormous good," Arthur Levitt, chairman of the U.S. Securities and Exchange Commission, told the conference.

The IDB will be helping Latin American financial and commodity markets to adapt their regulatory structure to gain the benefits of derivatives trading while discouraging harmful practices.

IDB President Enrique V. Iglesias noted that the maze of securities laws throughout the region "raises the cost of doing business throughout the region and is a factor that inhibits cross-border investment."

—Daniel Drosdoff



Moves to computerize piles of court records will boost judicial efficiency.

REFORM

Justice means business

Good legal systems spur economic growth

Efficient judicial systems foster not only social equity, but economic development as well, according to participants in a conference on judicial reform sponsored by the IDB last October in Montevideo, Uruguay.

Investors are attracted to a country where legal processes are efficient, fair and speedy. Therefore, it is important to persuade economic authorities that judicial reform should be made a budget priority, according to participants.

One effect of inefficient judicial systems is that the region's economic reforms have not stimulated the private sector to the degree that they should, according to Edgardo Buscaglia, Jr., vice president of the Inter-American Law and Economics Association and professor at Georgetown University.

"The policies of economic stabilization require a predictable legal framework and a judiciary with the ability to apply those laws effectively and equitably," he said.

Another problem is that the legitimacy enjoyed by the judiciary varies widely from country to country depending in large part on how successful it has been in staying independent of politics.

In the area of trade, Latin America and the Caribbean must adapt laws and procedures to the new realities of economic integration, noted participants. In this regard, some countries are studying alternate forms of dispute resolution such as mediation and arbitration.

The IDB's first loan for judicial reform, \$15 million to Costa Rica, was approved in 1995. Other IDB loans are under consideration to support similar initiatives in El Salvador, Guatemala, Honduras, Nicaragua, Panama, Colombia, Ecuador, Peru, Argentina and Chile.

Also, the IDB-administered Multilateral Investment Fund has financed projects to establish alternative dispute resolution mechanisms in Peru and Uruguay.

LOANS

Argentina. . . \$125 million

to help improve provincial agricultural services and infrastructure.



The loan will finance water management and irrigation improvements in the provinces of Mendoza, Neuquén and Río Negro. It will also fund the creation of a national integrated agricultural information system and the strengthening of agricultural planning at the provincial level. Projects for technological and commercial agricultural development, as well as additional infrastructure projects, will also receive Bank financing.

In addition, the IDB resources will help to strengthen the Provincial Agricultural Services Program.

The total cost of the program is \$336 million, including \$125 million expected from the World Bank.

For more information contact: Secretaría de Agricultura, Ganadería y Pesca, Paseo Colón 922, Of. 247, 1063 Buenos Aires, Argentina. Tel. (54-1) 349-2069, fax (54-1) 361-7067.

Barbados. . . \$35 million

to support an investment sector reform program.



The program is designed to increase the competitiveness of the economy and im-

INFORMATION ON IDB PROCUREMENT

More details about these projects and opportunities to supply goods, works and services are published monthly in *IDB Projects*. The publication includes recently approved projects and those under consideration for IDB financing, as well as general procurement notices and notification of contract awards.

For a free sample copy of *IDB Projects*, contact the Public Information Section. Tel. (202) 623-1397, fax (202) 623-1403. *IDB Projects* is also available on the Internet at <http://www.iadb.org>

prove the climate for private investment.

The resources will help to remove obstacles to private investment in the financial sector and support reforms to modernize land-use policies. In addition, obstacles to starting up new business ventures will be removed.

The reform program targets small and medium-sized enterprises, and it will help the financial sector to offer a wider range of modern financial services to the private sector.

For more information contact: Ministry of Finance and Economic Affairs, Government Headquarters, Bay Street, St. Michael, Barbados. Tel. (809) 426-4274, fax (809) 426-3688.

Bolivia. . . \$4.8 million

from the Fund for Special Operations to strengthen the tourism sector.



The National Tourism Secretariat will use the funds to enhance infrastructure and encourage private sector investment.

Among the sites and

communities that will benefit from investment promotion and planning, including environmental impact studies, are the northern rain forest region bordering Brazil, known as the Cachuela/Esperanza-Guayamerin-Riberalta Triangle; the Uyuni Salt Lakes-Lagoons; the Jesuit missions; and the Cordillera Real.

Basic services and amenities for tourists will also be rehabilitated and developed at five traditional archeological sites: Tiwanaku, Inkallajta, Samaipata, Llica and Trinidad.

For more information contact: Secretaria Nacional de Turismo, Calle Mercado 1328, Edificio Mariscal Ballivián, Piso 18 La Paz, Bolivia. Tel. (591-2) 35-8213, 36-1138, fax (591-2) 37-4630.

Brazil. . . \$450 million

to widen and rehabilitate 617 kilometers of highway between São Paulo and Florianópolis.



The project will quadruple the capacity of the road and promote com-

merce among Mercosur countries.

The total cost of the project is \$1.283 billion, including \$832.6 million in local counterpart funding, of which \$450 million could be cofinanced by the Export-Import Bank of Japan.

A second roadway along the route will be built, converting the stretch into a divided highway. In addition, a 43 km. divided highway will be built to bypass the city of Curitiba to the east.

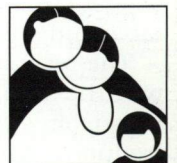
The program includes the construction of eight toll booths, four stationary weighscale stations and the acquisition of six mobile platform scales. Operation and maintenance of the highway will be granted under concession to the private sector.

The project will also strengthen the National Highway Department and finance studies on highway operations, financing, and road connections and extensions.

For more information contact: Departamento Nacional de Estradas de Rodagem, Setor de Autarquias Norte, Edifício Núcleo dos Transportes, Brasília, D.F., Brazil. Tel. (55-61) 226-7335, Ramal 1561, fax (55-61) 322-1707.

Brazil. . . \$180 million

loan to upgrade infrastructure and public services in low-income neighborhoods of Rio de Janeiro.



(next page please)

(from previous page)

The resources will benefit approximately 340,000 persons by improving conditions in slum areas, known as favelas, and in irregular subdivisions and neglected urban areas without formal legal status.

Residents of the communities involved will participate in the design and implementation of integrated plans to improve basic sanitation, street systems, drainage, garbage collection, child care centers, hillside stabilization, and public lighting, as well as other services and facilities.

Technical assistance will be provided to help irregular subdivisions achieve formal legal status and access to more and improved services.

The total cost of the program is \$300 million.

For more information contact: Prefeitura da Cidade do Rio de Janeiro, Secretaria Municipal de Habitação, Rua Afonso Cavalcanti, 455 - Anexo I, 4 andar Cidade Nova - Rio de Janeiro, Brazil. Tel. (55-21) 273-1099, fax (55-21) 273-2345.

Dominican Republic. . .

\$52 million to make basic and pre-school education more efficient, equitable and sustainable.



The resources will support the second stage of an ongoing program to introduce a revised national curriculum and provide updated educational materials, including text-

books and workbooks. In addition, 12,600 teachers and administrators will be trained, and the system of student evaluation will be enhanced. Classrooms and schools will be rehabilitated and expanded, and school nutrition programs will be improved.

Educational administration will be strengthened, including managerial capacity and information and evaluation systems.

All students in the primary educational system will benefit from the program, especially the more than 500,000 children from low-income sectors.

The total cost of the program, which is supported by World Bank cofinancing, is \$100 million.

For more information contact: Secretaría de Estado de Educación, Bellas Artes y Culto, Avenida Máximo Gómez esq. Avda. Santiago, Santo Domingo, Distrito Nacional, Dominican Republic. Tel. and fax (809) 688-6977.

Haiti. . .\$50 million from the Fund for Special Operations to sustain the second phase of an emergency program to revive the economy and rehabilitate basic physical and social infrastructure.



The IDB has approved a total of \$186.6 million in financing this year to assist in the nation's recovery.

The Central Implementation Unit (UCG), attached to the office of the



WILLIE HEINZ-IDB

Paint prep

Gustavo Vique hones his paint-making skills at the Sherwin Williams plant in Buenos Aires, Argentina, during a short apprenticeship. Vique participated in an IDB-funded program to train young workers in marketable skills and then place them in temporary jobs.

prime minister will use the resources from the new loan to rehabilitate and repair basic physical and social infrastructure, including ports, roads, drainage and irrigation facilities, markets, hospitals, government buildings, and public power and potable water supply facilities.

Small farmers will be assisted in reforestation and in reviving production, particularly of coffee and fruit.

The UCG is a temporary

unit with responsibility for administering the emergency program with the help of the regular ministries for project supervision.

For more information contact: Unité Centrale de Gestion, Villa d'Accueil, Musseau, Port-au-Prince, Haiti. Tel. (509) 45-0007, fax (509) 45-1624.

Nicaragua. . .\$3.45 million to strengthen the central bank.

The resources will enable the central bank to

acquire professional expertise through staff training and the contracting of consultants, as well as computer equipment and a technical resources library.



For more information contact: Banco Central de Nicaragua, Kilómetro 7, Carretera Sur, Managua, Nicaragua. Tel. (505-2) 65-2045, fax (505-2) 65-0476.

Peru. . . \$90 million to support the rehabilitation and maintenance of rural roads in the poorest departments.



The program will rehabilitate 9,900 kilometers of gravel- and earth-surfaced roads in 12 departments and establish a routine maintenance program for 11,000 km. of roads. Microentrepreneurs and small and medium-sized businesses in the affected areas will receive training in road maintenance in order to participate in the program and ensure its sustainability, and nongovernment organizations will participate in the program's planning and design.

The project will also rehabilitate village streets and country roads for nonmotorized transit, including pack animals, bicycles and tricycles.

The project will start in the six poorest Andean departments: Ancash, Apurímac, Ayacucho, Cajamarca, Cuzco and Huancave-

lica. In 1997 the project will be expanded to cover an additional six departments that rank next in terms of rural poverty—Huánuco, Junín, Pasco, Puno, San Martín and Madre de Dios.

The total cost of the program is \$250,300,000. The World Bank is providing \$90 million in cofinancing and local counterpart funds total \$70,300,000.

For more information contact: Ministerio de Transporte, Comunicaciones, Vivienda y Construcción, Proyecto Especial de Rehabilitación del Transporte (PERT), Programa de Caminos Rurales (PCR), Avenida Bolivia 120, 2° Piso Centro Cívico y Comercial de Lima, Lima, Peru. Tel. (51-1) 433-4964/8454/5924, fax (51-1) 432-9789.

Peru. . . \$4 million to strengthen the system of public investment planning.

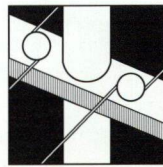


The resources will enable the Investment Bureau of the Ministry of Economic Affairs and Finance to acquire advisory assistance for sector planning offices, training of personnel, and other technical activities.

For more information contact: Ministerio de Economía y Finanzas, Oficina de Inversiones, Jirón Junin 319, Lima, Peru. Tel. (51-1) 427-2253, fax (51-1) 432-8500.

Uruguay. . . \$54 million to make the nation's electric system more reliable

and efficient and to accommodate growing demand.



The resources will help the National Electric Power Generation and Transmission Administration (UTE) integrate the Uruguayan electricity grid with Brazil's, contributing to the optimal use of energy resources in both countries and diversifying markets and sources of supply in the context of Mercosur, the southern South American common market.

A frequency-converter station will be built in Rivera, near the Brazilian border, and related transformer and reactive compensating equipment will be installed. A 13-kilometer, 230-kilovolt transmission line will be built to interconnect the existing transmission systems in Uruguay and Brazil. The project marks the first high-voltage interconnection project between the two countries.

The national load dispatching system will be modernized by renovations in equipment and control systems, and distribution systems will be upgraded in towns and cities with between 10,000 and 70,000 inhabitants.

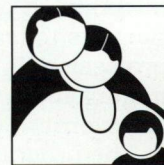
To reduce energy losses, new low-voltage electricity meters will be installed, part of a broader plan to replace the country's older meters during the five-year period.

For more information contact: Administración Nacional de Usinas y Trasmisiones Eléctricas,

Palacio de la Luz, Paraguay 2431, Montevideo, Uruguay. Tel. (598-2) 29-0051, fax (598-2) 29-1268.

TECHNICAL COOPERATION

Regional. . . \$1.2 million in nonreimbursable financing to help Central American nations further their economic integration, improve environmental protection, and boost investments in social sectors.



The resources will support the Consultative Group on Regional Technical Cooperation for Central America, which was founded under the auspices of the IDB in 1990 to help carry out the region's economic integration process.

Priority areas in the first stage of the program included electric power interconnection, human resources training, science and technology development, and environmental management, as well as strengthening the region's institutional capacity to define economic, trade, and competitiveness policies.

In the second stage, areas of activity will be expanded to include the strengthening of regional institutions to create an integrated economic area.

Belize, which joined the Bank in 1992, will be included in the second stage of the program, along with Costa Rica, El Salvador,

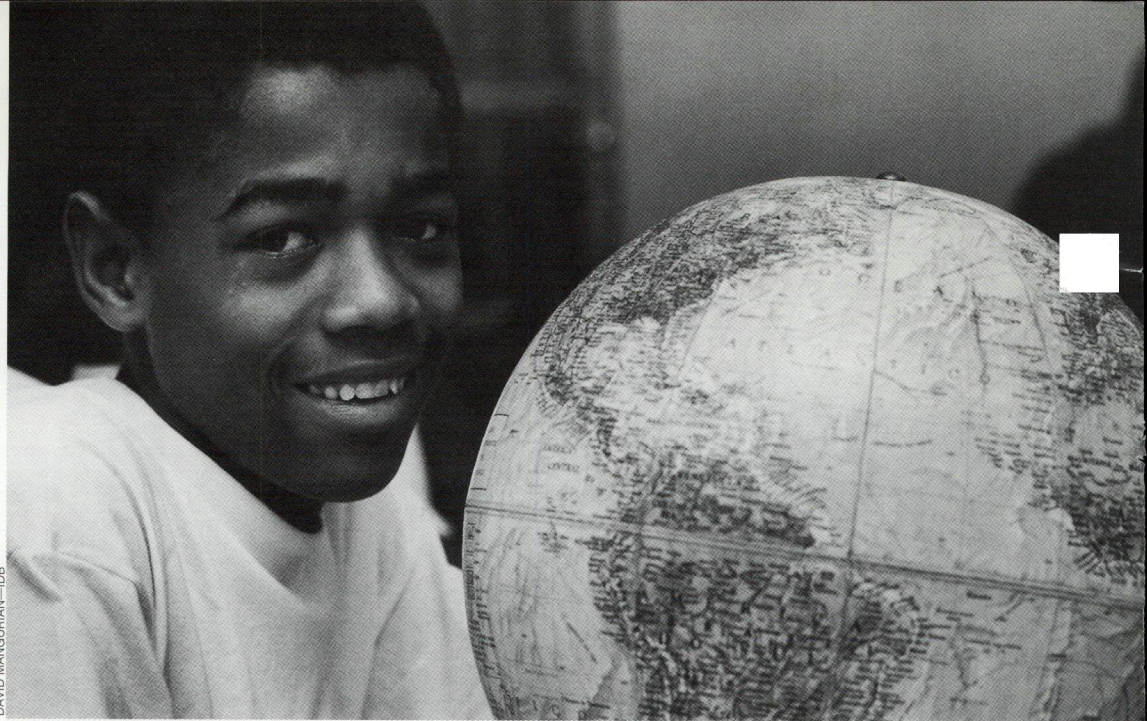
(next page please)

(from previous page)
Guatemala, Honduras,
Nicaragua and Panama.

Regional. . . \$1,040,000
for the Institute of Advanced Studies in Administration (IESA) in Caracas to train high-level professionals in public management and administration.



DAVID MANGURIAT—IDB



The program will train 60 candidates in a two-year master's degree program that will focus on public policy analysis, modernization of the state and economic and social issues.

Thirty of the candidates will be from Venezuela, and the remaining 30 will be from other countries of the region. The courses for the program are slated to begin in July 1996.

The grant will also finance applied research by professors and students in the program and the dissemination of research findings, as well as the promotion of public debate on current policy issues.

For more information contact: Rafael de la Cruz, Coordinador, Centro de Políticas Públicas, Instituto de Altos Estudios de la Administración, Calle IESA, Urb. San Bernardino, Caracas, Venezuela. Tel. (58-2) 52-1533/1560; fax (58-2) 52-4247.

Regional. . . \$415,000 in nonreimbursable financing to strengthen the practice of environ-



Expanding horizons

Geography is on the curriculum at a school on the outskirts of Rio de Janeiro that provides schooling and job training for more than 200 street and working children. The Pastoral do Menor of the Archdiocese of Rio, which runs the school, used \$300,000 in IDB funds to build a gym, classrooms and a new silk screening shop, and to increase the farm's chicken production at the school's farm.

mental law in Central America.

The resources will finance a training program for judges, attorneys, and other officials on the benefits of environmental protection and sustainable use of natural resources. In addition, nongovernmental organizations that specialize in environmental law will be strengthened.

The countries benefiting from the program are Belize, Costa Rica, El Salvador, Honduras, Guatemala and Nicaragua.

The Netherlands is contributing \$175,300 to the program through a fund administered by the Bank.

Brazil. . . \$1.7 million to support the protection of archeological sites and the ecosystem of Serra da Capivara National Park,



which is recognized by UNESCO as a World Heritage Site.

The grant from the Japan Special Fund, administered by the IDB, will enable Fundação Museu do Homen Americano (Fumdam) to improve the park's infrastructure, conserve and document archeological sites, strengthen its management, and promote environmental education and socioeconomic development of the local population.

Located in the state of Piauí in the northeast, the park has 362 registered sites with an estimated 25,000 prehistoric paintings and engravings, making it the area with the largest concentration of prehistoric sites in the country.

For more information contact: Niéde Guidon, diretora-presidente, or Anne-Marie Pessis, diretora-científica, Fundação

Museu do Homen Americano, São Raimundo Nonato, 64770, Piauí, Brazil. Tel: (55-86) 582-1612, fax (55-86) 582-1656; Recife office, Tel. (55-81) 326-7189, fax (55-81) 325-2014.

Suriname. . . \$1,160,000

in nonreimbursable financing to help the government establish a system to provide reliable data on the financial operations of the central government, public enterprises, utilities, and other institutions.

The system, to be established as an independent financial information unit under the overall jurisdiction of the Ministry of Finance, will enhance the government's ability to carry out and monitor its economic policies and contribute to efforts to re-



form state administration.

For more information contact: Ministry of Finance, Tamarindelaan 3, Paramaribo, Suriname. Tel. (597) 47-2610, fax (597) 47-6314.

Venezuela. . . \$14 million to help stabilize and strengthen the country's financial system.



The resources are part of a joint effort by the IDB, the World Bank and the International Monetary Fund to provide technical assistance to strengthen financial regulatory institutions.

The program will assist the Financial Emergency Board and other institutions to improve their ability to deal with a severe financial crisis that began in 1994.

It will also finance consulting services, training, and equipment to strengthen the Superintendency of Banks and other Financial Institutions, the National Securities Commission, the Superintendency of Insurance, and the Bank Protection and Deposit Insurance Fund.

For more information contact: Banco Central de Venezuela, Gerencia de la Reforma del Sistema Financiero Nacional, Esquina Mijaras, Edificio Edoval, 4° Piso, Parroquia Altigracia, Caracas 1010, Venezuela. Tel. (58-2) 801-8312, fax (58-2) 861-1847.

MULTILATERAL INVESTMENT FUND

Regional. . . \$1,677,760 in nonreimbursable financing to strengthen and modernize commodity exchanges in Costa Rica, the Dominican Republic, El Salvador and Nicaragua.



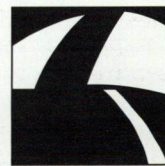
The program will enable the exchanges to establish

an improved legal and regulatory framework that will encourage their growth as a more efficient alternative marketing channel for basic commodities, such as coffee, sugar, grains, and other agricultural products.

Market liquidity and price transparency will be promoted, and standardized systems of warehouse inspection and certification will be developed. The exchanges will be assisted in developing price reporting and disseminating systems.

The commodity exchanges, all created in the past three years, are Bolsa de Productos Agropecuarios de Costa Rica, Bolsa de Productos Agropecuarios de Nicaragua, Bolsa de Productos Agropecuarios de El Salvador, and the Junta Agroempresarial Dominicana.

Chile. . . \$1,468,000 to strengthen the Public Works Concessions System and promote private sector participation in transport infrastructure.



For more information contact: Unidad Ejecutiva de Supervisión y Desarrollo, Coordinación General de Concesiones, Ministerio de Obras Públicas, Morandé 59, 4° Piso, Santiago, Chile. Tel. (56-2) 671-6391, fax (56-2) 671-0854.

Mexico. . . \$2 million in nonreimbursable financing to help electronics firms train personnel in *(next page please)*



WILHELM HENZ-DOB

Down on the farm

The day starts early at a Monterrey, Mexico, dairy farm, where goats get milked at the crack of dawn. The farm's owner received a loan through an IDB-financed credit program to help small-scale producers in the state of Nuevo León boost their output.

(from previous page)

cutting edge technologies.

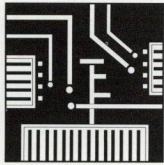
Participating firms and workers will gain technical know-how and practical experience with state-of-the-art production methods and product design. They will also gain access to new technologies in their area of specialization.

The training will be designed to meet industry needs and become self-sustaining through a revolving fund to be established by companies that are members of the country's Cámara Nacional de la Industria Electrónica (Caniece).

The program includes a test case training project in which engineers and technicians from selected firms will undergo 12 months of training abroad on advanced methods of design and manufacture of sensors, which are essential components of both manual and automated production lines that are important building blocks for industrial development.

Other components of the program include advanced training for technicians and engineers inside the country, with the assistance of international experts, and the strengthening of Caniece.

For more information contact: Cámara Nacional de la Industria Electrónica, Culiacán 71, Hipódromo Condesa, 06100 Mexico City, Mexico. Tel. (52-5) 264-0808; fax (52-5) 264-0417.



Peru. . . \$2.9 million in nonreimbursable financing to help establish a national network of business service centers.



The centers will offer companies assistance in production, technological innovation, training, marketing, export development and project preparation.

Three centers will be opened, one each in the cities of Arequipa, Huanuco, and Cuzco. The network can link with other centers to share activities and experiences.

The program targets companies that employ between five and 100 persons.

The MIF previously approved financing to help establish small business centers in Argentina, Colombia, Costa Rica and El Salvador.

For more information contact: Confederación de Cámaras de Comercio, Gregoria Escobedo 398, Lima 11, Peru. Tel. (51-1) 463-3434, fax (51-1) 463-2820.

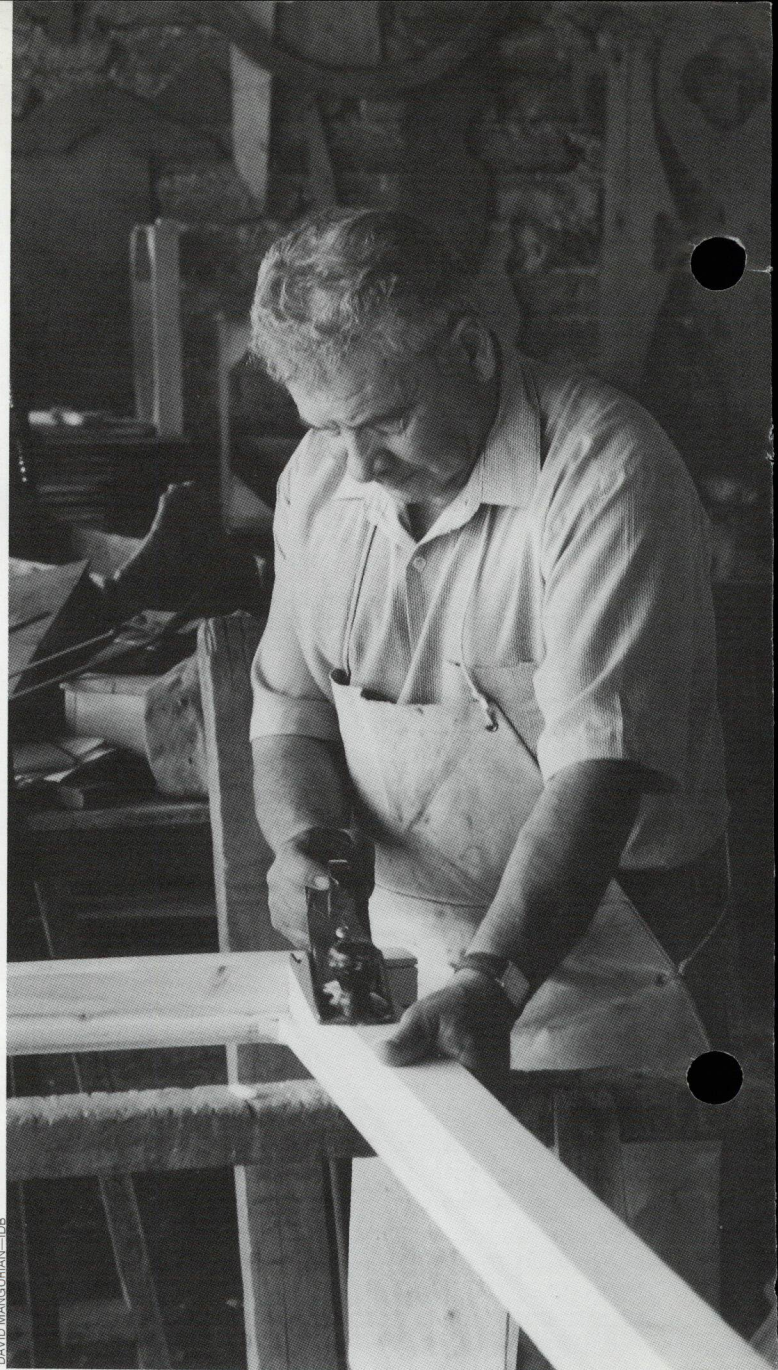
Trinidad and Tobago. . .

\$1,283,000 in nonreimbursable financing to strengthen credit unions



and to expand financial services for small businesses and microenterprises.

Technical assistance and training will be provided to help credit unions and regulatory authorities apply new technologies



DAVID MANGURIAN—IDB

Doing it the old way

Steady hands and sharp eyes make Antonio Credi one of Carpintería Apolo's prized craftsmen. Luis Emilio Méndez, the owner of the workshop located in Tunuyán, Argentina, used a \$5,000 loan extended through an IDB-financed credit program to buy wood to boost production of doors and windows.

and a more effective regulatory framework.

For more information contact: Ministry of Finance, Eric Williams Financial Complex, Independence Square, Port-of-Spain, Trinidad and Tobago. Tel. (809)

627-9700, fax (809) 627-6108. Also contact: Cooperative Credit Union League of Trinidad and Tobago, 32-34 Marval Road, Port-of-Spain, Trinidad and Tobago. Tel. (809) 622-3100, fax (809) 622-4800.

IGLESIAS GETS CARIBBEAN AWARD

IDB President Enrique V. Iglesias was presented with the Gold Star of the Caribbean Award at a dinner ceremony during the December Miami Conference on the Caribbean and Latin America.

The award recognizes Iglesias' contribution to the economic and social development of Caribbean nations.

Iglesias also was designated Caribbean Man of the Year 1995 by *Nueva Cuenca del Caribe* magazine and the Caribbean Press Association.

FORUM ON THE AMERICAS

The IDB inaugurated a series of monthly luncheon meetings with members of the Washington, D.C., community on November 14 with the first IDB Forum on the Americas. Speaking at the gathering was Marguerite Berger, chief of the Bank's Micro-enterprise Unit, who described new IDB initiatives to support small-scale businesses.

The second forum looked at gender issues and featured IDB Executive Vice-President Nancy Birdsall, who spoke on the Bank's role at the Beijing conference.

The purpose of the new forum series is to share information on the Bank's programs and activities with the Washington, D.C., community and to serve as a forum for airing priority issues that con-

cern Latin America and the Caribbean.

Future meetings will examine private sector development, poverty reduction, and trade integration, among other topics.

For more information, contact Elena Suárez at (202) 623-3668.

BUSINESS BOOMS AT INFO CENTER

The IDB's Public Information Center (PIC) responded to over 450 queries in December, making that the busiest month since opening its doors last February.

Typical requests are for copies of loan proposals, environmental briefs and summaries, as well as general information about the region and the IDB.

About a third of the information requests are made directly to the Bank's offices in member countries. Each country office maintains an information center.

The PIC was established in response to a Bank mandate to increase Bank information available to the public.

According to PIC coordinator John Ferriter, 60 percent of the inquiries come from the private sector. Others who use the information are representatives of nongovernmental organizations, consultants, and government officials of IDB member- and non-member countries.

The PIC also maintains the IDB's Website on the Internet, where some 250 users a day access Bank information. Offerings in-

clude a social and economic database, documents of Bank-financed projects, news releases, newsletters, abstracts of publications, links to other websites in Latin America, and *IDB Projects* magazine. The Website can be accessed at <http://www.iadb.org>

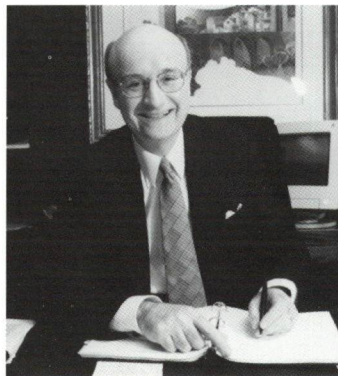
NEW FACES IN THE FIELD

Emil Weinberg has been appointed the IDB's representative in Costa Rica. Until recently he was the Bank's deputy manager for budget and services in the Administrative Department.

NEW EXECUTIVE DIRECTOR

Alan F. Gill has been named IDB alternate executive director for Canada.

A citizen of Canada, Gill was until recently director of the International Finance and Development Division in the Finance and Economic Analysis Department of the Government of Canada. Be-



Alan F. Gill

fore that, he served at the Asian Development Bank as director of the Private Sector Department, ADB treasurer and an executive director. He has also held executive positions at the Export Development Corporation of Canada, including assistant treasurer, assistant vice president in the Africa Division and director general of policy and planning.

Gill holds a B.A. from the University of Toronto and an M.A. from Carleton University.

CAPITAL MARKETS

Hong Kong. . .500 million Hong Kong dollar bond offered for incorporation into the Bank's capital.

The five-year bond has a coupon of 7.50 percent per annum and was priced at 100.00 percent. The issue is being co-led by the Union Bank of Switzerland and the Banque Nationale de Paris as well as other 14 financial institutions.

United States. . . \$150 million bond issue for incorporation into the Bank's ordinary capital.

The 30-year bond, maturing on October 15, 2025, has a coupon of 6.80 percent per annum and was priced at 99.428 percent, to yield 6.845 percent (semiannual) to investors. Lehman Brothers Inc., of New York, was the lead manager of the issue. Goldman Sachs, Merrill Lynch, Morgan Stanley and Salomon Brothers were co-managers.



Hard work and talent earn youths a place in the National Youth Symphony.

WASHINGTON, D.C.

Sounds of youth and music

Spirited orchestra with a social dimension

The description of the IDB as "a bank that is more than a bank" acquired new meaning on the afternoon of November 10.

While officials in the upper 12 floors of the IDB's Washington, D.C., headquarters were busy processing accounts, analyzing economies, designing programs, holding meetings and attending seminars, 134 youths aged 9-14 had turned the basement into a cacophony of orchestral instruments.

Two violinists, sprawled on a pile of coats, ran through the opening bars of the William Tell Overture. A trumpet, trombone and clarinet were jamming in a corner. The wails of oboes mingled with the low frequency grunting of tubas.

The National Youth Symphony of Venezuela was about to make its United States debut in a visit sponsored by the IDB and organized by the Bank's Cultural Center. The next day it would perform at Washington's Kennedy Center, and

then go on to the United Nations headquarters in New York. Also appearing on the programs was the Tarumi Violinists, an acclaimed group of young musicians of diverse cultural backgrounds from New York City.

Engaging and spirited, the young Venezuelan musicians performed at a level far beyond what would be expected of a youth orchestra. But their music had another message, both about themselves as individuals and about their communities.

Social enrichment. When the Venezuela Youth Symphony was founded 20 years ago, the country had one orchestra, and 80 percent of its musicians were foreign. At the time, education in the arts was reserved for the upper classes.

The idea of the new orchestra's founder, José Antonio Abreu, was to recruit young members from low- and middle-income families. Orchestral music, he believed, should

enrich the lives of families and communities of all socioeconomic levels.

The vision grew, and today, each of Venezuela's 23 states has its own orchestra. The very best play with the national orchestra.

The impact of the orchestras goes far beyond music, according to Abreu. "The youths learn the values of group effort as well as rigorous academic discipline and ethical and aesthetic values," he said at a pre-performance lecture at the IDB.

Even more, the orchestras are taking on an important social role, giving youths an alternative to drugs and delinquency and showing that work brings tangible rewards.

The poorer the community the greater its enthusiasm. Family members accompany their children to rehearsals and the orchestra becomes a source of civic pride, drawing the community together.

Today, the pioneers of Venezuela's orchestral movement are themselves forming a network of orchestras for children. At present, over 10,000 youngsters aged 6-12 participate in 51 orchestras throughout the country.

More than a national treasure, the Youth Orchestra received worldwide recognition when Venezuela in 1993 received UNESCO's international prize for music.



Running through a few bars for an audience of bass cases.