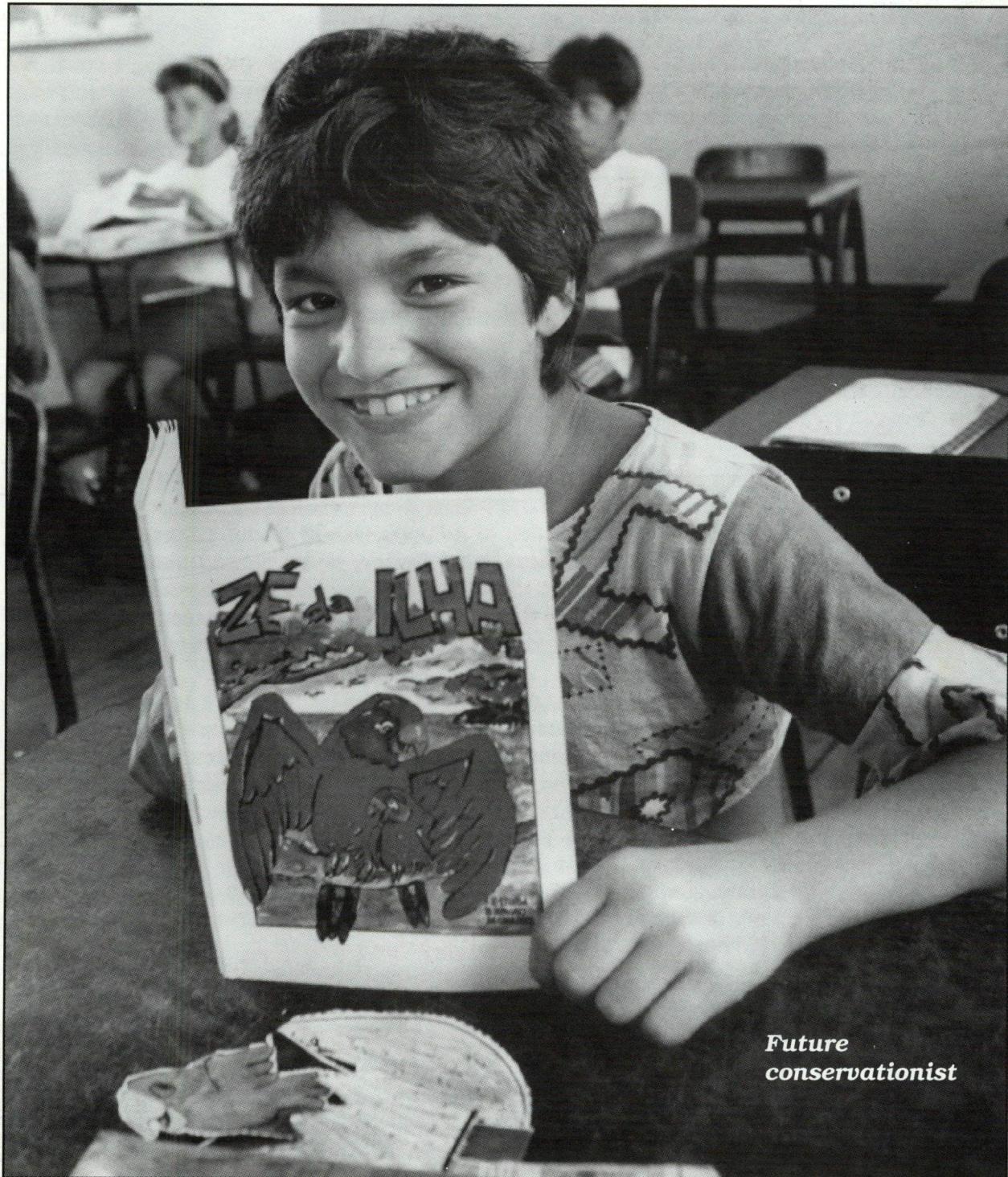


THE IDB

Inter-American Development Bank • March 1996

New help for Haiti



*Future
conservationist*

**What's a good project? ■ Caribbean business opportunities
U.S. link for Latin ventures ■ Dengue fever outbreak quelled**

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The IDB's portfolio contains a growing number of projects to help boost the private sector.

THE REGION



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With social sector projects in such areas as education, health and sanitation, success often lies at the end of a bumpy road.



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THE BANK

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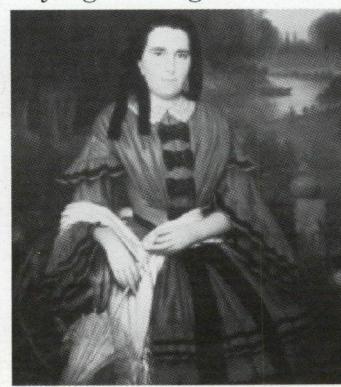
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COVER PHOTO

Future conservationist

A student in Ilha das Peças, in Brazil's Guaraquecaba Biosphere Reserve, learns why it is important to save the endangered blue cheeked parrot. The book was produced by a nongovernmental group receiving IDB funding. (*IDB photo by David Mangurian*.)

**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 35 years of operations, the IDB has helped to provide, secure and organize financing for projects that represent a total investment of more than \$194 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.

A bank for the private sector

The business of Latin America is business, now more than at any time in the region's history. Economic reforms have put the private sector in the driver's seat, running companies that were formerly owned by the state, using increasing flows of capital to modernize and expand production, working to make the region competitive in the international economy.

As Latin America has changed, so has the IDB, the region's leading multilateral lender. The Bank today has a new way of working with the private sector, more flexible, more in tune with current economic realities. What this new IDB-private sector working relationship means in practical terms is well illustrated by a sampling of recently approved projects:

► **Windpower plant for Costa Rica.** An \$18.7 million IDB loan will help finance the first commercial-scale, privately owned and operated wind-power project in the world built with no government incentives of any kind. The IDB has long financed global credit operations, in which an IDB loan to (generally) a national development bank is lent to private firms. But the Costa Rica project is an example of a new generation of loans being made directly to the private sector without government guarantees.

► **Highway rehabilitation in Brazil.** While this \$450 million loan to improve the road between São Paulo and Florianópolis will be carried out by the public sector, private firms will receive concessions for the completed roads' operation and maintenance. Throughout the region, the private sector is increasingly financing, building and operating infrastructure, and this trend is reflected in IDB projects.

Investment sector reform in Barbados. Private firms throughout the region rely on stable, long-term sources of financing that are inde-

pendent of the volatile movements of the international capital markets. The Barbados project, one of a series of IDB loans to strengthen the region's financial sectors, will help remove obstacles to private investment and enable the country's financial institutions to offer a wider range of modern financial services to a growing number of private firms, including small and medium-sized enterprises.

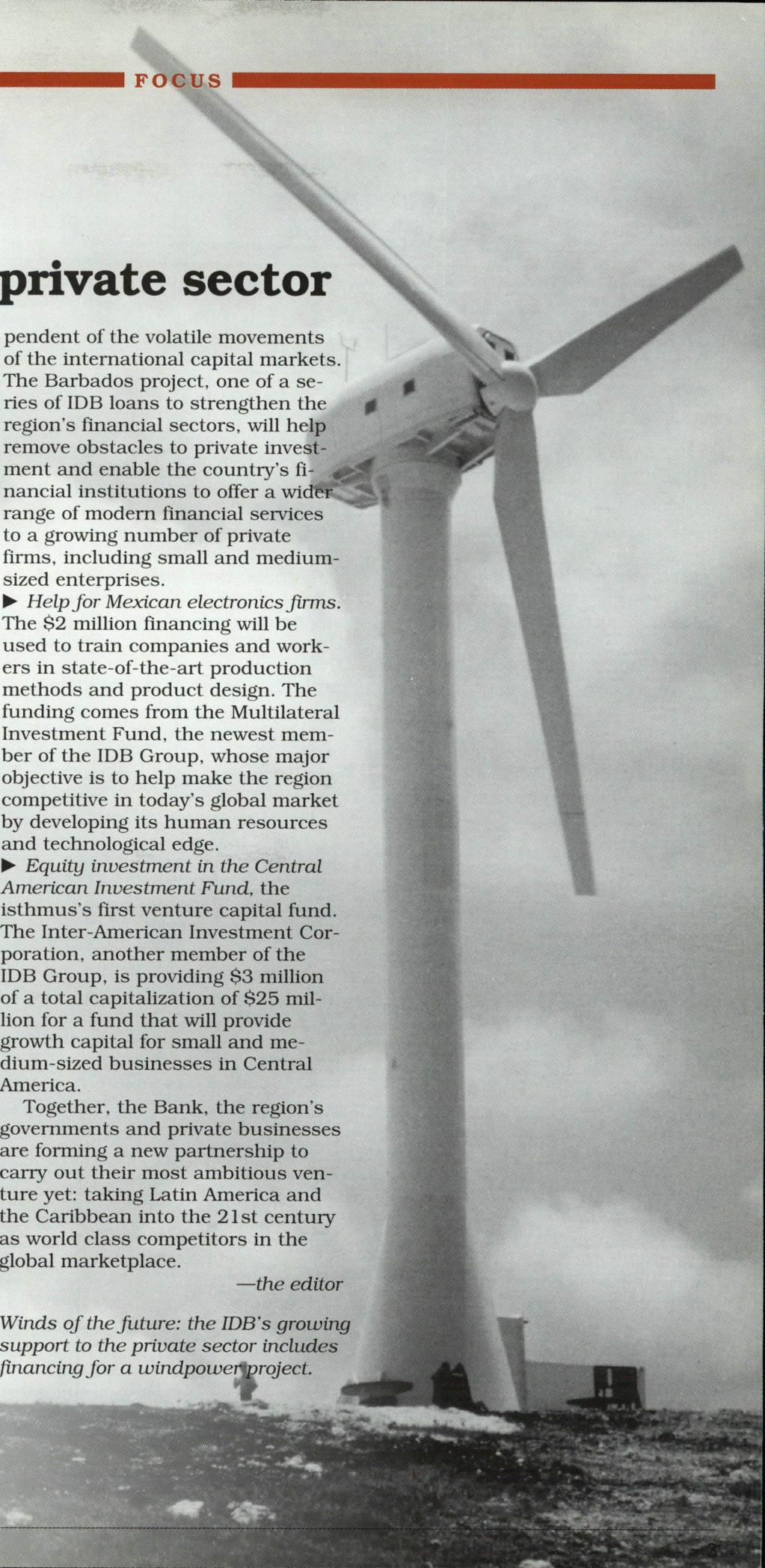
► **Help for Mexican electronics firms.** The \$2 million financing will be used to train companies and workers in state-of-the-art production methods and product design. The funding comes from the Multilateral Investment Fund, the newest member of the IDB Group, whose major objective is to help make the region competitive in today's global market by developing its human resources and technological edge.

► **Equity investment in the Central American Investment Fund.** The isthmus's first venture capital fund. The Inter-American Investment Corporation, another member of the IDB Group, is providing \$3 million of a total capitalization of \$25 million for a fund that will provide growth capital for small and medium-sized businesses in Central America.

Together, the Bank, the region's governments and private businesses are forming a new partnership to carry out their most ambitious venture yet: taking Latin America and the Caribbean into the 21st century as world class competitors in the global marketplace.

—the editor

Winds of the future: the IDB's growing support to the private sector includes financing for a windpower project.



SOCIAL DEVELOPMENT

A tale of two education projects

Success may lie at the end of a bumpy road

by Claudio de Moura Castro

Of the billions of dollars' worth of development projects financed each year by the IDB, some are more successful than others. As a group, social projects—in such areas as education, health, sanitation and housing—are the most problematic. While they have the potential to improve the lives of large numbers of people, they are also prone to delays and unexpected outcomes.

What makes one social project good and another bad? A look at two actual cases shows that the answer is not as obvious as one might think.

Case study one

The first case is a project to improve rural schools. The loan was approved six years ago, but disbursements have lagged seriously because the project has not met its implementation targets. The number of schools originally slated for improvement has been cut by two thirds, and additional cuts are under consideration.

The project has been plagued by conflicts. The staff of the local executing agency has been on bad terms with both the Ministry of Education and the IDB specialist in charge. Part of the problem is that the number of people on the local payroll at one point swelled to 200—far more than originally contemplated—prompting the IDB to demand major personnel cuts.

The local staff accuses the Ministry of Education of discriminating against the project. For their part,

ministry staff members are resentful that project personnel receive better salaries and benefits than they do. There have been charges that high-level project positions have been dispensed as political patronage.

Through the project the principals of participating schools have acquired new resources and power, threatening regional educational authorities. The powerful teachers' union has demanded that all principals be required to have master's-level degrees, while the project staff argues that such qualifications have no relevance to the problems of rural schools.

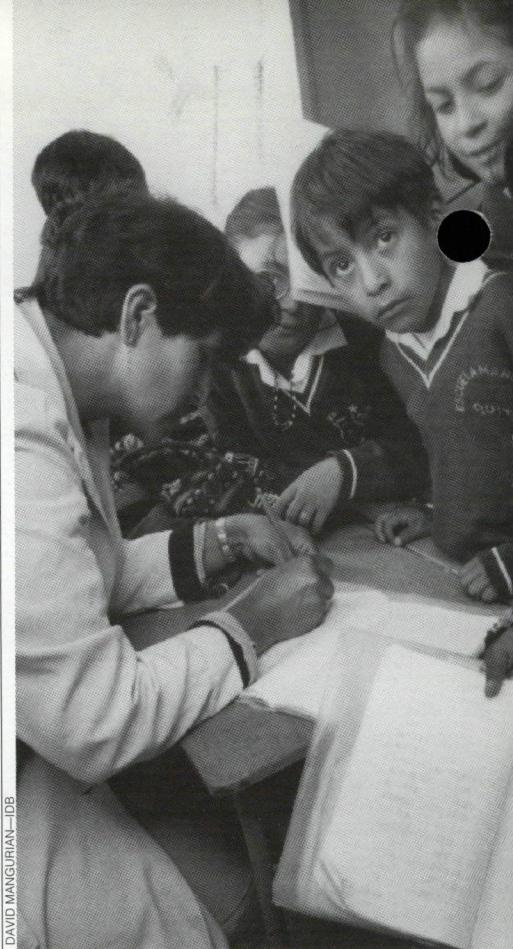
The Ministry of Education wants to control teacher appointments, since these pay political dividends, while the project staff wants local appointments, for much the same reasons.

There are practical problems as well. Many of the books that have been distributed in the project are far too difficult for the students who must use them. The biology book for the fourth grade, for example, uses terms such as "spermatophytic and phanerogamous plants," something studious pupils might memorize but would never actually use in their daily lives.

Shop classes are taught by teachers with university degrees but no practical experience. Class work does not prepare students for real-life occupations.

Students' desks come with the name of a local politician painted on the back, even though they are purchased with public funds. The school cannot complain to the ministry, which approved the practice, or they might get no desks at all.

In short, the project is rife with the kinds of failures that character-



DAVID MANGURIAN-IDB

ize many projects in the social sector. It remains far behind schedule and continues to suffer from institutional conflicts at all levels.

Case study two

This project, also for rural education, is aimed at developing a network of innovative rural schools that provide support to smaller schools not directly involved in the project.

The project leaders are largely enthusiastic and dedicated, and their

The choice is between long bumpy projects with unrealistic expectations and long bumpy ones with achievable goals.

commitment is shared by the principals, teachers and students in the participating schools.

The schools are fully—though not lavishly—supplied with materials and equipment rarely seen in rural areas. Classrooms are decorated with lively teaching props created by the teachers themselves. Cuisenaire rods are used to teach mathematics

The writer is chief of the Bank's Social Programs Division.



at the primary level, and non-Spanish-speaking students have books in their own language.

Classes are conducted using a number of novel techniques. For example, students monitor their own attendance and help determine the questions that will appear on their own exams.

A major objective of the project has been to increase parent participation, and here it has met with considerable success. PTA meetings discuss community needs as well as student affairs.

Perhaps the project's most interesting feature is the relationship between the hub schools and smaller schools within their communities. The former provide full technical support for the latter, including training of teachers in the preparation of teaching materials.

Both the schools that are directly participating in the project and the indirect participants are doing far better than the average rural school.

Which is better?

Early, project number one is the sure and project number two is the success story. Right?

In fact, both cases describe the same project. In the first, the con-

ventional indicators of performance show the project to be a major disappointment. It is hopelessly behind in meeting its timetable and is rife with staff conflicts.

The second description takes a longer, more interpretative view of what the project has achieved in its six-year history: better rural schools, the benefits of a network of hub and smaller schools, parent and community participation.

Both evaluations are valid, but neither holds a monopoly on the truth. The shortcomings indicated by the "first project" are real, as are the successes described in the second.

What lessons can be drawn from these two evaluations?

First, it is nearly inevitable that social sector projects—whose constituencies are by definition weak—will fail to meet deadlines. Another inherent problem is the time it takes to fight a thousand large and small battles with indifferent or antagonistic bureaucracies. Indeed, the long time it takes to get anything done could be considered the price of building an institutional framework necessary to carry out any project. A social project cannot be approached in the same way, with

the same expectations, as a project to build a highway or hydroelectric plant.

Ten years, in fact, is not an unreasonable amount of time for carrying out a social sector project. During this time, the IDB provides a protective hand through its funding as well as stability through international contracts, external transparency, meritocratic rules and other safeguards. In this sense, protracted implementation is not evidence of failure, but a natural and effective way of sheltering new institutions in a hostile administrative environment.

But such projects need more than just longer timetables. They need close monitoring and plenty of flexibility to adjust to unexpected developments. They also need commitment on the part of the current powers that be.

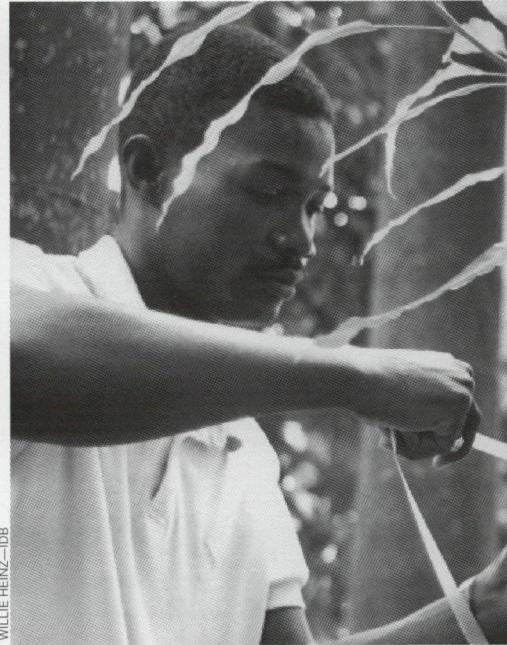
The choice is not between short, smoothly executed projects and long bumpy ones, but rather between long bumpy projects with unrealistic expectations and long bumpy ones with achievable goals. With realistic goals—and lots of hard work—even difficult social projects are likely to come up smelling of sweet success.



WILLIE HEINZ—IDB

Digging out

Workers dredge drainage canals as part of an effort to improve sewerage services in Port-au-Prince. The program also includes the reforestation of lands surrounding the canals to avoid erosion.



Tree transplant

Cenatus Dassaint, a technician at mango nursery on the outskirts of Port-au-Prince, grafts a branch of an export variety of mango tree into the stem of a faster-growing variety.

HAITI

Commitment to recovery

IDB heads international assistance effort

The elections are over, the transition completed, and Haiti's long, tough job of political and economic reconstruction continues.

The new administration's transition team has reopened a dialogue to continue the recovery program launched by the previous government to overcome the effects of years of economic and political turmoil. The process will be difficult and risky, but it is necessary.

At this historic crossroads, Haiti has the support of the international community, including the IDB. The Bank has been the country's major

source of multilateral financing since the restoration of constitutional government in late 1994, and last year alone approved \$181 million for the country.

In 1995, the Bank approved three small-scale projects for \$1.5 million, 20 technical cooperation operations for \$5.2 million, and one project by the Multilateral Investment Fund for \$700,000.

The 1995 IDB financing approved was equal to more than half of all Bank support to the country in the previous 30 years.

In addition, the Bank reformu-

lated and reactivated 10 projects with total undisbursed resources of \$132.2 million and four technical cooperation operations totaling \$4.1 million. Included are projects in irrigation and drainage, potable water, education, agriculture and transportation.

Disbursements last year totaled a record \$78 million, more than seven times the pre-embargo rate of about \$10 million annually.

Throughout the island republic, projects are underway to revive the economy and provide basic services. Irrigation and drainage canals are being rehabilitated, seeds, fertilizers, pesticides and equipment are being purchased. Hillsides are being reforested with fruit trees and disease-resistant coffee plants.

Crews are at work rehabilitating



School in a box

Volunteers assemble packets of school materials for rural Haitian schoolchildren in grades 1 to 4. The IDB-funded program also is building new schools and rehabilitating others, giving teachers advanced training and reforming curricula.

roads, bridges, markets, schools and hospitals. Solid waste disposal sites are being relocated, and potable water systems are being repaired. Machinery is being purchased to restore electric generation and transmission facilities.

Haiti's microentrepreneurs are receiving training and credit through IDB-financed projects carried out by nongovernmental agencies. Beneficiaries include women in four cities, microentrepreneurs in the Port-au-Prince area, and small-scale farmers throughout the country.

An important objective of IDB lending to Haiti is to help strengthen government institutions and improve the business environment.

These pages show glimpses of a country ready and eager to get back to work.

Market matron

Marie Claire Marthe sells dry goods at her market stand in Port-au-Prince. She has received two loans totaling \$660 from the IDB-funded Haitian Fund for Aid to Women, a local nongovernmental organization that assists microentrepreneurs.

WILLIE HEINZ—IDB



JAMAICA

Business briefings for Caribbean consultants

Advice on how to win contracts

Some 250 consultants met in Kingston, Jamaica, last November for the IDB's first business opportunities briefing in the Caribbean.

At the meeting, representatives of consulting firms from Jamaica, Barbados, Belize, Guyana, Trinidad and Tobago, and Suriname learned about the IDB's operations in the Caribbean and how private firms can increase their participation in Bank-funded development projects.

Bank officials detailed the IDB's pipeline for the Caribbean region, explained procurement procedures and conducted a workshop on how to prepare a bid proposal.

During one panel discussion, consultants voiced their concerns that international consulting firms are being given preferential treatment over local firms. Ciro De Falco, manager of the Bank department that includes the Caribbean, responded that at least 25 percent of consulting contracts awarded in the previous 12 months had gone to local firms.

Opening the meeting, Jamaica's IDB Deputy Governor Shirley Tyndall applauded the Bank for its quick response to a request by the Caribbean governors to address the needs of consultants in their region.



DARIO GESTON-PERU

Project completed

IDB President Enrique V. Iglesias and Peruvian President Alberto Fujimori greet well-wishers at a celebration to inaugurate the newly rehabilitated Huarmey section of the Pan-American Highway. About three-quarters of the 2,600-kilometer roadway was renovated with the help of IDB financing.



DAVID MANGURIAN-IDB

Opportunity for education abroad.

SCHOLARSHIPS

Ticket to study

Applications on the rise

The Japan-IDB Scholarship Program has awarded 28 scholarships for the academic year 1995-96 for study in the Northern Hemisphere, including the United States and Europe, and three for study in Japan. Up to 10 more awards for study in South America will be made.

Applications to the program have grown steadily since its inception in 1991. Some 500 for study in the Northern Hemisphere were received for the 1994-95 academic year, increasing to 612 for 1995-96.

Applicants must be nationals of a Bank member country, generally under 35 years of age and holders of a university degree in a field related to the economic and social development of the region. They must also have at least two years' work experience in the public sector and already have been admitted to a master's or Ph.D. program.

During the first few years, a large percentage of scholarships were awarded in economics and public administration, according to Naoko Kamioka, the program's coordinator at IDB headquarters. But more applications are now being received for study in fields such as the environment and social services, including education and public health.

Kamioka also says that while scholarships are granted for either master's or doctoral level studies, priority has been given to the master's level in recent years.

MIAMI

Business network opens U.S. office

Will pair up private firms

The three-year-old Bolívar Program, a worldwide network of offices and business alliances promoting private sector innovation and international joint ventures for Latin American firms, has opened an office in Miami, Florida.

The program began operations in March 1992. It has grown to 68 offices in 18 Western Hemisphere countries, including the new Miami office and a Quebec office, in addition to an office in Paris.

The program has received a total of \$13.7 million in nonreimbursable financing from the IDB and the IDB-ministered Multilateral Investment Fund.

Bolívar Program staff evaluates prospective business ventures and innovative products, awards its Seal of Merit to selected products, and manages an extensive computer network to pair up business and technology partners.

With the program's help, more than 99 firms in Latin America, Europe, Israel and the United States have formed joint ventures to produce and market products and services, including:

- The anticancer drug interferon.
- Biodegradable detergent produced from sugar.
- AIDS diagnostic kits.
- High protein soup.
- Animal feed from termites.
- A vaccine against hoof-and-mouth disease.
- A small portable harp with the same quality sound as large harps.
- Taxis that run on liquid gas.

According to Bolívar Program General Secretary Hugo Varsky, the Miami office will help identify opportunities for U.S. investors, help Latin American firms gain access to U.S. know-how, and promote joint ventures.



Sophisticated Buenos Aires this year is hosting the IDB's annual meeting.

ANNUAL MEETING

Bank governors meet in Buenos Aires

Key forum on Latin American issues

The IDB's Board of Governors will hold its 37th annual meeting in Buenos Aires, March 25-27.

The 2,500 participants will include official delegates from the Bank's 46 member countries, observers from international organizations, representatives of private banks and other business firms, members of nongovernmental organizations and journalists.

The governors will review the Bank's *Annual Report 1995* and present views on the institution's future activities, as well as analyze the economic and social situation of the countries of Latin America and the Caribbean.

The IDB meeting is considered the most important yearly forum on Latin American and Caribbean financial and development issues.

The IDB meeting will be held concurrently with the 11th Annual Meeting of the Board of Governors of the Inter-American Investment Corporation, the IDB Group member that promotes private sector development in Latin America and the Caribbean.

Preceding the meeting will be a series of four seminars on priority subjects:

► *Physical integration.* Participants will look at physical infrastructure as a factor in trade and economic integration among the countries of Mercosur, Bolivia, Chile and Peru. The role of the private sector will be given particular attention.

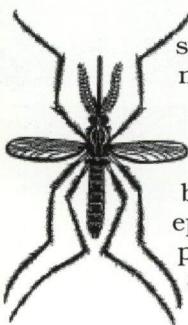
► *Volatility.* This seminar will look at the fundamental links between fiscal policy and economic volatility in Latin America, the stabilizing role that budget institutions can play and the establishment of fiscal rules.

► *Educational reform.* Participants will analyze the dynamics of reform, the evaluation of educational performance, training and certification of teachers, and secondary and technical schools.

► *Subregional integration.* The seminar will review European and Asian economic integration experiences along with the most important examples from Latin America and the Caribbean to consider options for the future.

JAMAICA**Disease outbreak under control**

An outbreak of dengue fever—once thought to have been nearly eradicated in Latin America and the Caribbean—spurred Jamaican health authorities late last year to take urgent action to control the spread of the mosquito-borne disease.



The outbreak neared epidemic proportions last September, prompting the Ministry

of Health to declare a "dengue alert" and urge medical professionals and the public to take precautions. The government also used a \$50,000 IDB grant to purchase 50 drums of Malathion, a pesticide used for the chemical control of the *Aedes aegypti* mosquito vector.

The outbreak was brought under control after some 1,930 cases of dengue fever and related disease, including three deaths, were reported.

Dengue fever is endemic to tropical zones in Asia, Africa and the Americas, but it has only recently resurfaced as a major public health threat in Latin America and the Caribbean. Outbreaks in a dozen countries of the region led the Pan American Health Organization last summer to declare the epidemic a major public health concern.

So far, Brazil, Venezuela,

El Salvador and Guatemala have reported the most cases of dengue fever in Latin America. In addition to Jamaica, other Caribbean islands also reported significant numbers of cases.

Dengue causes high fever, skin rash, severe headaches, nausea, vomiting and pain in the muscles and joints. Infections of the dengue virus may show few or no symptoms, or they can progress to dengue fever, dengue hemorrhagic fever, or dengue shock syndrome.

Dengue fever is most common in unplanned urban areas with high housing density and bad environmental conditions.

PERU**More profit with less pollution**

A fishmeal plant equipped with new technology to reduce pollution and increase production recently began operations in Callao, Peru.

The plant, owned by Pesquera Capricornio, cuts down on both effluent and wastage by using an improved system for



Welding a finishing touch.



DAVID MANGURIAN—IDB

pumping fish out of the holds of fishing boats.

Conventional fishmeal plants use large quantities of water and an unloading system that is rough on the fish. The water, which becomes contaminated with blood and bits of flesh, is often returned untreated to the harbor, causing health problems and a bad odor. In the process, up to 10 percent of the fish protein is lost in the water.

The new plant uses an advanced pumping system with rubber turbine parts manufactured by Netzschi Mohnopumpen GmbH of Waldkraiburg, Germany. The system is so gentle that less than 1.5 percent of the fish are damaged, compared with up to 50 percent in conventional systems.

"Our pump can save a fishmeal plant \$2 million a year," says Netzschi Sales Manager Rolf Reiter. Netzschi has already sold seven pumps to other Peruvian companies and ex-

pects to sell 20 to 30 more this year as fishmeal producers are forced to comply with Peru's tougher antipollution laws.

Another feature of the Capricornio plant is equipment that captures and recycles steam used during processing, thus reducing the strong smell for which fish processing plants are so infamous.

"This plant was built to protect the environment," says Pesquera Capricornio General Manager Giovanni Mandriotti.

The \$8 million plant was built with the help of \$2.1 million from a \$100 million IDB-financed industrial credit program carried out by Peru's Corporation for Development Finance (COFIDE). The plant, which was built in just half a year by 60 workers, now employs 50 people. It can process 50 tons of fish per hour and expects to begin exporting "prime" quality fishmeal to Japan for trout and salmon farms.



The new fishmeal plant and the construction crew that built it.

BRAZIL

Killing grubs, saving forests

Farmers in Brazil's southern state of Paraná have gained a powerful ally in their fight against an insect pest and at the same time have joined the movement to save what's left of the endangered Atlantic Rain Forest.

Grubs that harm banana plants are being controlled by a biological method developed at the

University of Santa Catarina with the support of Brazil's National Environmental Fund, financed by the IDB.

The method, which uses a fungus that is toxic to the insect pest, is being field tested by farmers in the Guaraqueçaba Environmental Protection Area with the guidance of agronomists from the Wildlife Research and Environmental Education Society (SPVS). The agricultural extension work is also re-

ceiving support from the same IDB-financed fund.

The insect pest, *Cosmopolites sordidus*, is a major threat to the bananas, which are a principal cash crop for small farmers. The insect lays its eggs in the trunks of the plants, and the emerging grubs eat the tissue, sometimes weakening the plant until it falls. The farmers had previously controlled the pest with applications of chemical insecticides.

In the new method, the farmer makes a small cut in the plant's trunk and applies the fungus *Beauveria bassiana* to the wound. The smell from the open incision attracts the insects, which are killed by the fungus.

While the ultimate goal of SPVS is to save the forest, its first step is to win the confidence and cooperation of the local people.

"Bananas are what is interesting to the farmers," says Geraldo Mosimann da Silva, SPVS agronomist. "So we help them with bananas. Then we start talking to them about conservation, about the Guaraqueçaba ecosystems, and give them information about environmental regulations."

The Guaraqueçaba area, a patchwork of forest and farms under varying degrees of protection, is the largest remnant of a forest that once stretched from Brazil's southernmost state of Rio Grande do Sul all the way to Rio Grande do Norte. During the past 450 years of settlement, some 90 percent of the original forest



An SPVS agronomist demonstrates the new technique.

has been felled to make way for farms and cities. But the tiny patches that remain are home to an astonishing variety of plant and animal species, many of which are endemic.

The SPVS is helping to preserve the Guaraqueçaba area by developing management techniques, carrying out research on native flora and fauna, studying recovery of damaged areas, and conducting educational programs.

BARBADOS

Projects on line

Government officials in Barbados no longer have to dig through filing cabinets for reports on infrastructure and development projects. It's all there on their computer screens.

The new computer system, designed and developed by the ARA Consulting Group of Canada, brings together data on ongoing and possible future development projects throughout the country.

The need for the new database was pointed out by an IDB-financed study done by ARA on how to improve the government's planning and project cycle management.

According to the study, the main problem was a lack of formal prioritization of capital expenditure projects. As a result, the consulting firm worked with the government to improve the system for analyzing projects and to strengthen the institutions involved.

LOANS

Bolivia. . . \$25.6 million to improve management of agricultural water resources.



The funds will help organize an efficient national system to manage and coordinate the use of water resources for agricultural production. The program will also help improve and rehabilitate infrastructure of small irrigation systems, increasing the incomes of small farmers in economically depressed areas.

The total cost of the program is \$32.9 million.

For more information contact: Dirección Nacional de Riego y Suelos, Secretaría Nacional de Agricultura y Ganadería, Avenida Camacho 1471, La Paz, Bolivia. Tel. (591-2) 39-1508, fax (591-2) 35-7535.

Brazil. . . \$300 million to expand credit to the productive sectors.



The resources will enable the Banco Nacional de Desenvolvimento Econômico e Social do Brasil to lend resources to financial institutions to enable them to provide credit to private companies for the acquisition of capital goods and to finance startup costs.

The program will enhance the ability of private companies to modernize and compete in a framework of increasing international competition.

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>

For more information contact: Banco Nacional de Desenvolvimento Econômico e Social do Brasil, Av. República de Chile 100, 6º Andar, Caixa Postal 1910, CEP 20001-970, Rio de Janeiro-RJ, Brazil. Tel. (55-21) 277-7081, fax (55-21) 220-2615.

Colombia. . . \$38 million for health services reform.



The resources will support far-reaching reforms designed to achieve universal and equitable health services coverage.

The program will implement a series of closely integrated technical and training activities designed to put in place the necessary institutional, regulatory, and technical framework needed to carry out the reforms. Emphasis will be placed on providing preventive and primary care to the one-third of the population now without access to basic health services.

The total cost of the program is \$63 million.

For more information contact: Ministerio de

Salud, Carrera 13, N° 3274, Bogotá, Colombia. Tel. (57-1) 336-5066, fax (57-1) 336-0296.

Colombia. . . \$9.4 million to help improve the administrative, investigative, and technical efficiency of the nation's judicial system.



The resources will enable the attorney general's office to enhance its human resource management system, consolidate information systems, streamline management structure and establish a new evaluation and monitoring system.

For more information contact: Fiscalía General de la Nación, Calle 35, N°43, Bogotá, Colombia. Tel. (57-1) 285-4567, fax (57-1) 288-2828.

Costa Rica. . . \$18.7 million for a wind turbine electric power plant, the first commercial-scale, privately owned and operated windpower project in the world to be

built without government incentives.

The 20-megawatt plant, powered by 55 wind turbine generators, will help meet the country's growing electricity needs in an environmentally friendly way.

The plant will be owned and operated by Plantas Eólicas S.A., sponsored by Grupo Zeta of Costa Rica and Charter Oak Energy, a subsidiary of Northeast Utilities of the United States.

The IDB financing consists of a loan of \$7.2 million from the private sector window of the Bank's ordinary capital and \$11.5 million to be provided by a commercial bank under a subscription of participation agreement.

Guyana. . . \$38.1 million from the Fund for Special Operations to help modernize agriculture and strengthen environmental protection.



The resources will enable the Ministry of Agriculture and the Ministry of Finance to undertake legal and regulatory reforms to improve drainage and irrigation, land management and price competitiveness for rice exports.

The program will encourage a more active and realistic land market through reforms in the regulatory framework, helping to consolidate private land rights.

In addition, Guyana will establish an Environmental Protection Agency and

put into operation the new Toxic Chemicals Control Board.

The total cost of the program is \$49,339,000.

Honduras. . . \$160 million from the Fund for Special Operations to help modernize the public sector.



The program will reduce government expenditure and promote efficiency in public administration by increasing private sector participation in the economy through privatization and concessions for major public services.

The program will eliminate duplication and unnecessary functions of the public sector and establish a more effective system for investment planning and expenditure allocation.

The total cost of the program is \$226.8 million.

Mexico. . . \$250 million to help modernize private sector financial institutions and increase the supply of credit to productive enterprises.



A component of the program will strengthen Nacional Financiera S.N.C., a state bank that onlends to private financial institutions.

The total cost of the program is \$500 million.

For more information contact: Nacional Financiera, S.N.C., Insurgentes Sur 1971, Torre 4, Piso 8, C.P. 01020 - Mexico D.F.

Tel. (52-5) 325-6000, fax (52-5) 325-7249.

Nicaragua. . . \$15.3 million from the Fund for Special Operations to promote conservation of natural resources.



The program will target 4,700 small and medium-sized farms, boosting the production and incomes of producers by applying improved forestry and agricultural techniques designed to ensure the sustainability of economic activity and environmental protection.

Indigenous communities will receive training in environmental management and sustainable development practices, including techniques for protection against forest fires and dealing with disease and pests.

The program, which is being supported by the Swedish government and by the Nordic Development Fund, has a total cost of \$24.4 million.

Nicaragua. . . \$1.9 million from the Fund for Special Operations to modernize the tax system.



The resources will support an ongoing program to strengthen the Revenue Department of the Ministry of Finance by improving management controls, achieving greater efficiency in tax audits and inspections, and training personnel.

Panama. . . \$30 million to help restructure the country's foreign debt with commercial banks.



The program, which is also being supported by the World Bank and the IMF, will reduce the short-term debt burden on the balance of payments, lower the country's risk premium on international capital markets, and regularize relations with foreign creditors.

The country's \$4 billion foreign commercial debt is expected to be reduced by \$1.14 billion. The government will issue lower-interest bonds, compared with those previously con-

tracted, as well as discounted bonds to clear the arrearage in principle and interest, backing those bonds by purchasing U.S. Treasury zero coupon bonds as collateral. It will also guarantee interest payments through several revolving funds.

The total cost of the program is \$216 million.

Peru. . . \$21 million for reform of rural land markets.



The resources will support the establishment of a flexible and transparent rural land market through regularization of ownership, providing clear property

(next page please)



Open house

A school on Cat Island, Bahamas, opened its doors recently to a group of IDB executive directors on a mission to inspect IDB-financed projects. The visitors were Julio Angel, Havelock Brewster, Jorge Hernández-Alcerro, Guy Lavigne, Barry Malcolm and Ronald Scheman. The group also visited a power plant expansion project and an urban renewal program.

(from previous page)

titles to farmers.

The program will establish a single, automated system for registering rural property and will regularize ownership of all holdings created under agrarian reform.

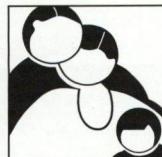
In addition, it will strengthen the National Natural Resources Authority to enable it to better monitor, evaluate and track natural resource utilization and management.

The total cost of the program is \$36.5 million.

For more information contact: Ministerio de Agricultura (MINAG), Paseo Zela, Piso 6, Jesús María, Lima, Perú. Tel. (51-1) 431-0623, fax (51-1) 432-7998.

SMALL PROJECTS

Chile. . . \$1.3 million to provide credit and other services to 2,525 low-income micro-entrepreneurs and self-employed workers, 66 percent of them women.



The resources will be used by Fundación Sointral and Fundación Tiempos Nuevos, two private, nonprofit institutions, to expand into new areas of the country and consolidate financial self-sufficiency.

For more information contact: Fundación Tiempos Nuevos, Hinderberg 709, Santiago, Chile. Tel. (56-2) 225-3929, fax (56-2) 225-8417. Also: Fundación Sointral, Lord Cochrane 146, Depto. 1,

Santiago, Chile. Tel. (56-2) 632-9192, fax (56-2) 698-6142.

MULTILATERAL INVESTMENT FUND

Regional. . . \$385,000 to strengthen the Caribbean Conservation Association.



The resources will enable the association to become a modern information bureau equipped with the appropriate technology and a trained and experienced staff that will gather and distribute information for use in protecting the environment.

INTER-AMERICAN INVESTMENT CORPORATION

Argentina. . . \$2 million equipment investment and \$8 million loan to be mobilized from commercial banks for Sagemüller, an integrated producer of poultry, meat products, animal feeds, rice and flour.



The financing will support Phase II of the Sagemüller agribusiness project, consisting of the expansion and further automation of a poultry slaughterhouse, modernization and expansion of a feed mill, construction of a new grain storage facility and renovation of the existing facility, installation of a new plant for the pro-

duction of yerba mate, and construction of a new pet food plant in Brazil.

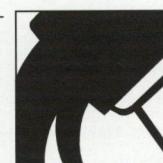
Phase I of the project, supported by a \$4.6 million IIC loan, was successfully completed in 1994.

Mexico. . . \$3 million investment in a trust to be managed by Promotora Probursa, S.A. de C.V., a wholly owned subsidiary of Grupo Financiero Probursa, one of the country's most prominent financial groups.



Grupo Financiero Probursa has been selected to be the Mexican Partner of Advent International Corporation, which, together with the IIC, is sponsoring the Latin American Private Equity Fund. The parallel investment trust will invest in medium-sized firms that require capital for expansion, diversification or restructuring, in parallel with Procorp, S.A. de C.V., a Mexican private equity investment company managed by Promotora Probursa.

Peru. . . \$5 million loan and \$2.1 million equity investment for construction and operation of Compañía Papelera Industrial del Perú, which will produce 25,000 tons a year of bathroom tissue, paper towels and paper napkins for the domestic market from recycled waste paper.



Regional. . . \$3 million

equipment investment in the Central American Investment Fund, the first venture capital fund in that region.



The fund will seek a \$25 million capitalization, to which the Commonwealth Development Corporation of Britain will contribute \$8 million. The remaining \$14 million will be contributed by local investment companies, one from each participating country.

The fund will provide growth capital for small and medium-sized businesses in Central America and will have a closed-end structure with a life of 10 years.

BONDS

Yen. . . 30 billion Japanese yen (\$296 million) issued in the Eurobond market, reestablishing the IDB's presence in the Japanese public bond market after an absence of two and a half years.

The six-year and two months bond issue carries a coupon of 2.25 percent per annum and was priced at 100 percent, yielding 2.25 percent on an annual basis to investors. It is being managed by Nikko Europe Plc. Out-of-order co-leads were Daiwa Europe, IBJ International and Nomura International.

Marks. . . Nikko Bank (Deutschland) GmbH arranged for the Bank a DM 140 million (US\$100 mil

lion) five-year Euro medium-term note. The notes are to be placed with retail investors in Japan. The proceeds of this issue were swapped into a floating rate U.S. dollar financing.

Rand. . . . The Bank launched its first South African bond issue in the amount of 250 million rand, which were swapped into fixed rate U.S. dollars at advantageous terms.

The issue, which was priced at 101.15 percent with a 13 percent annual coupon, matures on Feb. 28, 2001. Deutsche Morgan Grenfell was the lead manager in a syndicate that included 15 international banks.

Pesetas. . . . A 10,000 million Spanish peseta bond issue, for the equivalent of US\$80 million.

The five-year bonds have an annual coupon of 8.625 percent and were priced at 101.28 percent, yielding 8.71 per year to investors. This yield is 23 basis points below the comparable Spanish government bond. Banco Santander de Negocios, S.A., and SBC Warburg—acting through SBC Sociedad de Valores—are the joint lead managers of the issue. The proceeds of this bond issue will be swapped into a floating rate U.S. dollar financing.

Marks. . . . A 300 million Deutsche mark public bond issue, for the equivalent of US\$203 million.

The five-year bonds have an annual coupon of 4.625 percent and were priced at 100.735 percent,

yielding 4.83 per year to investors. Dresdner Bank AG., Caisse des Dépôts et Consignations and IBJ International PLC are the joint lead managers and bookrunners of the issue. The proceeds of this issue will be swapped into U.S. dollars at an attractive funding level for the Bank.

NEW IDB INTEREST RATE

The Bank approved changes in interest rates on the convertible-currency portion of loans from the ordinary capital for the first half of 1996.

The lending rate on the outstanding balances of variable-rate loans approved after January 1, 1990, is now 6.89 percent.

For disbursements on loans approved between January 1, 1983, and December 31, 1989, the lending rate is 6.66 percent. A credit fee of 0.50 percent, representing a 0.25 percent waiver from the full fee of 0.75 percent, will be charged on all undisbursed loans during the first semester of 1996.

IN PRINT

Publications Catalog.

The Bank's publications catalog reflects the institution's increasing pace of publishing activities.

The catalog is available in English and Spanish from the External Relations Office, IDB, 1300 New York Ave., N.W., Washington, D.C. 20577. Tel. (202) 623-1753, fax (202) 623-1709.

PEOPLE

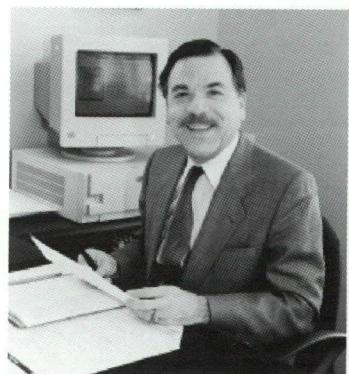
Walter Arensberg has been appointed chief of the Bank's Environmental Division.

A citizen of the United States, Arensberg has had an extensive career in the field of environmental planning and management and policy research. Most recently he was deputy director of the World Resources Institute's Center for International Development and Environment, where he administered programs for natural resources management, environmental monitoring and support for community organizations, among others, and coordinated WRI's work with the United States Agency for International Development. He has also been a partner in the architectural, engineering and urban planning firm of Skidmore, Owings & Merrill, where he directed environmental assessments and land use projects in the U.S. and Latin America. Previous to that he was a consultant with the National Urban Coalition and an evaluation officer with the U.S. Peace Corps.



Walter Arensberg

Arensberg has a B.A. and a master's degree in city planning from Harvard University.

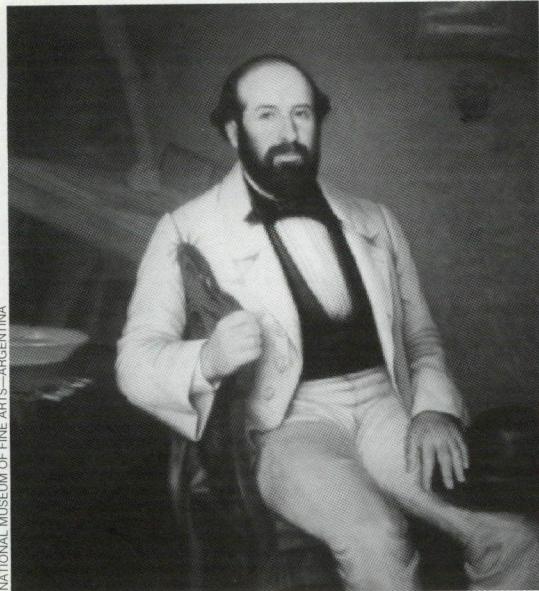


Armando Chuecos

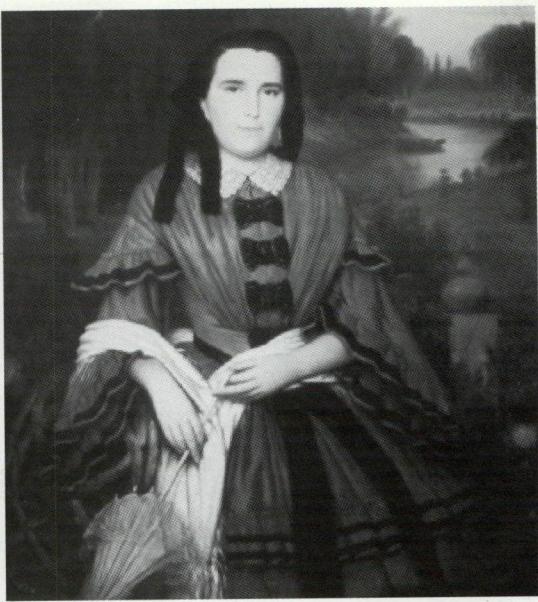
Armando Chuecos has been named deputy secretary of the IDB.

A Venezuelan citizen, Chuecos joined the Bank in 1974 as a junior professional in the Legal Department, where he later became senior attorney, senior counsel for operations and assistant general counsel in charge of the Legal Institutional Office. He also served four years as technical assistant to the executive director for Panama and Venezuela. Before joining the IDB, he was an attorney for Venezuela's Supreme Electoral Council and was in private practice in his country.

Chuecos holds a law degree from Venezuela's Universidad Central, an M.A. in urban and regional planning from Pittsburgh University, and an M.S. in administration with a concentration in international finance from George Washington University in Washington, D.C.



NATIONAL MUSEUM OF FINE ARTS—ARGENTINA



Portraits by Prilidiano Pueyrredón are from the National Museum of Fine Arts, which is in the same neighborhood as some of the mansions from which its holdings came.

BUENOS AIRES

A city of Old World elegance

A celebration of turn-of-the-century life and times

There is no other place in the Americas like Buenos Aires. Its broad avenues, graceful mansions, imposing public buildings and bohemian cafes lend an air of sophistication more like Paris or Milan than Bogotá or Mexico City.

Buenos Aires did not come by its Old World ambience by accident. It was fashioned carefully over several decades straddling the turn of the century. With its eyes fixed on Europe, this city of immigrants openly and enthusiastically emulated the great urban centers of the Continent, not just in physical appearance, but also in intellectual and social life.

The result is an enduring elegance that is being celebrated by a special exhibition of paintings, sculpture, photographs and both decorative and utilitarian objects in ceramic, silver and bronze at the IDB Cultural Center art gallery in Washington, D.C. The 82 works were

lent by major Buenos Aires museums. The exhibition, titled "What a time it was... life and culture in Buenos Aires—1880–1920," also pays tribute to the city that will host the 37th annual meeting of the IDB's Board of Governors.

Cultural transformation. At the start of the period covered by the exhibit, Argentina, and Buenos Aires in particular, underwent a

transformation brought on by two factors: education and immigration.

"We must make of the humble gaucho a man useful to society... we must turn the whole republic into a school," said Argentine President Domingo Faustino Sarmiento in 1868, as quoted by IDB Cultural Center Curator Félix Angel in the exhibition catalogue.

At the same time, tides of European immigrants

were flooding the country to seek their fortunes. In 1914, one-third of the country's people were immigrants, many of them Italian and English. They were welcomed as cultural emissaries and bearers of a new spirit of enterprise.

The country's transformation brought about decisive cultural change. The newly arrived Italians established the lyric theater and an architectural style reminiscent of the Renaissance. The local population embraced the French beaux-arts style and neoclassicism, whose architectural and decorative motifs faithfully represented European models and became the preference of the upper classes and the government. The broad avenues of Paris inspired city planners in Buenos Aires.

Rise of local art. In the field of fine arts, domination by foreign painters gradually gave way at the turn of the century to local artists and sculptors, who expressed historical scenes and portraiture in post-neoclassic or romantic styles. Subjects that reflected the personality and tastes of caudillos and ranch owners were abandoned in favor of works destined to hang in the mansions of the Buenos Aires oligarchy.

Today, despite the years that have passed and the inevitable changes that have taken place, Buenos Aires retains its fin-de-siècle elegance, giving it special status as a part of Latin America's cultural heritage.



NATIONAL MUSEUM OF FINE ARTS—ARGENTINA



MUSEUM OF DECORATIVE ARTS—ARGENTINA

An incense burner; a bronze by Juan Bautista Carpeaux.