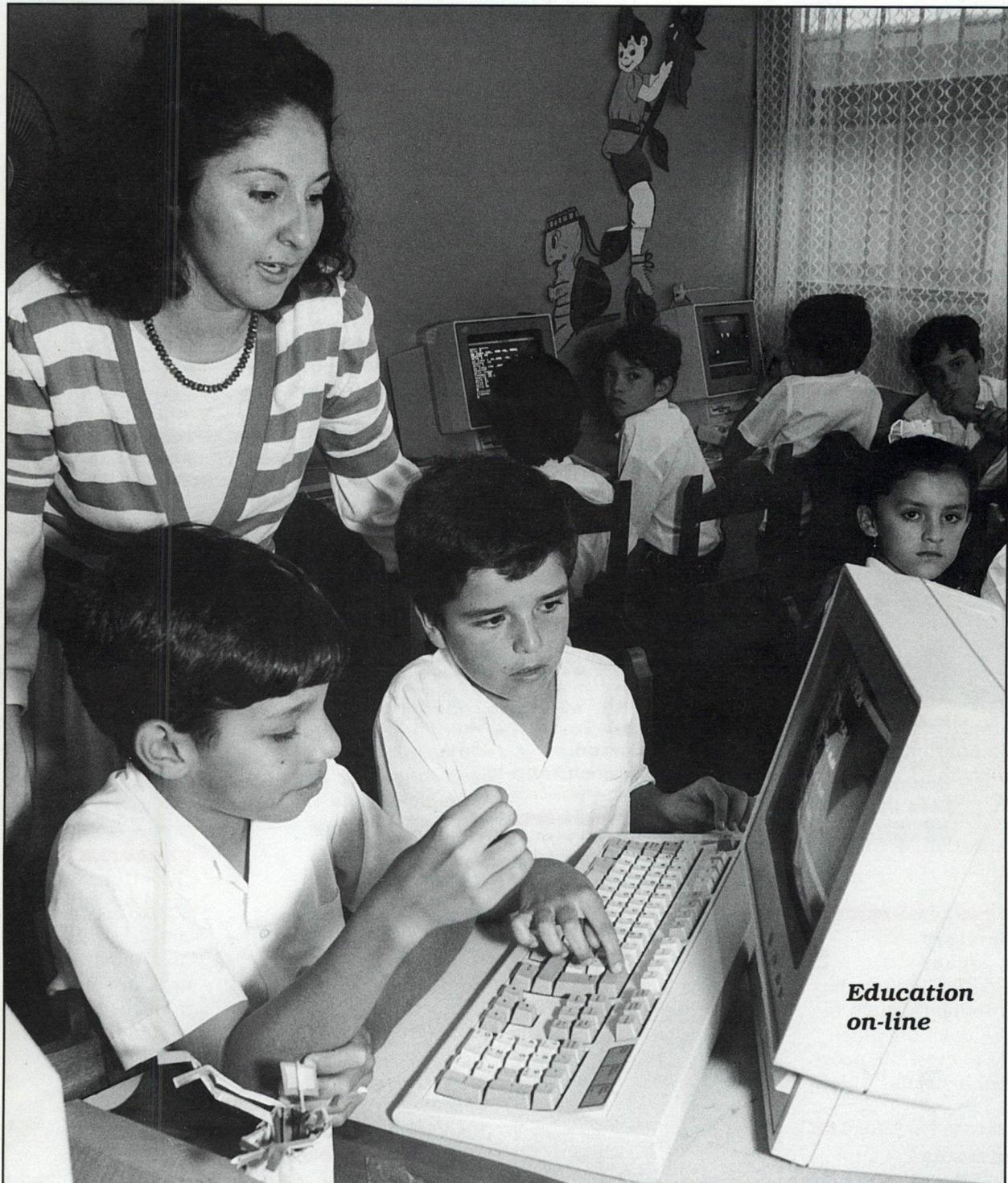


# THE IDB

Inter-American Development Bank • January-February 1997

Retirement's future



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on-line*

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Andean ecology ■ Latin America's invisible minority**

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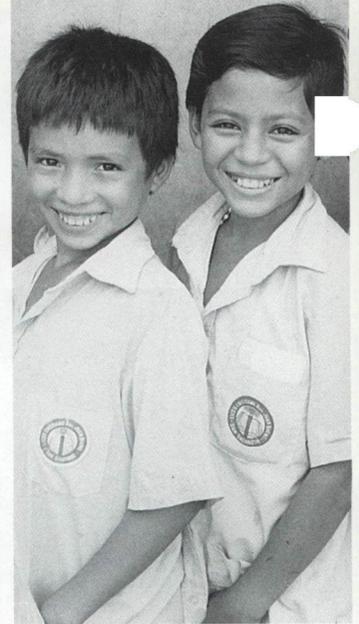
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**Blackboards and screens**  
 Fifth-grade students at the Ricardo Jiménez School in El Tejar, Costa Rica, get computer pointers from their teacher. Students at the school learn to combine math and computer graphics to study environmental problems. (IDB photo by David Mangurian).



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**The Bank at a glance**  
 The Inter-American Development Bank is an international financial institution established in 1959 to help accelerate economic and social development in Latin America and the Caribbean. 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 finance 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.

Questions? Comments?

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## Getting what you pay for

Health and education have improved in Latin America and the Caribbean over the past half century, but they have not improved enough.

For example, based on global correlations between income levels and education, adults in Latin America should have completed an average of 7.2 years of schooling. In fact, the average adult in the region has spent only five years in school. Similarly, the region's income level would predict a life expectancy of 72 years, when it is actually just 69. Other international comparisons show that Latin America should be able to prevent about 106,000 infant deaths each year.

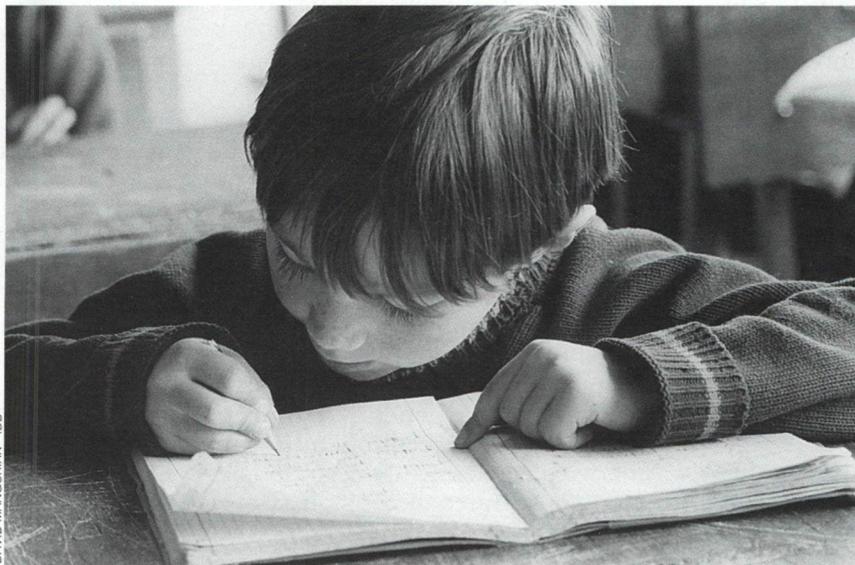
In human terms, these statistical legs translate into reduced quality of life. For the region's economies, they mean poverty, lower productivity and income disparities.

Progress has been slow despite years of effort and the commitment of billions of dollars in health and education spending. Governments have allocated as much as one third of their resources to these two areas, amounting to more than 7 percent of national income.

Should governments spend even more on social services? Recent analysis indicates otherwise. In most cases, more spending can result in only marginal improvements. For example, a comparison of educational performance in 53 countries shows that an additional 1 percent of gross domestic product spent on public education is associated with only a 2.4 percent increase in the number of students completing fourth grade.

The real explanation for a country's success in delivering social services lies more in how it goes about the job rather than simply how much it spends, according to a special chapter in the 1996 edition of the IDB report *Economic and Social Progress in Latin America*. The efficiency with which public resources are transformed into social services depends entirely on how the systems are organized: Are program managers accountable for results? Are staffs flexible and motivated? Is innovation rewarded? Do consumers

### *School systems must shift resources and authority from central bureaucracies to local teachers and students.*



DAVID MANGURIAN—IDB

of the services play an active role?

The key to understanding why some systems deliver services more efficiently than others lies in an analysis of the different actors and the rules they play by. In the traditional model, one large ministry simultaneously assumes the roles of financier, purchaser, provider, employer, promotor and regulator of

health or education services. All too often, this leads to poorly monitored results, low productivity and inefficient use of resources.

By contrast, a system where the various service delivery roles are separate and clearly defined tends to be more effective.

A critical issue is how funds can be allocated to reduce inequities in access to services. When funds are distributed solely on the basis of installed capacity—the size of the hospital or number of classrooms—the level and quality of services are not addressed. Studies also have shown the need for greater autonomy for service providers. It is at the individual school or hospital—and not in the central office—where decisions are best made on which supplies should be purchased, when maintenance can be deferred and when it cannot, which doctors and teachers are performing up to standards and which are not, and which

patients or students need special attention.

Finally, consumers must take an active role. By being able to choose among providers, whether in the public or private sectors, and by staying informed about the quality of services, they will be able to demand change and increase the system's responsiveness.

Public policy is most effective when it is limited to establishing and monitor-

ing the rules governing health and education service delivery. The heavy hand of government must be set aside in favor of a guiding hand that moves the system toward greater efficiency. In this way, the region can begin to accelerate the pace of social progress.

—William Savedoff  
IDB Senior Research Economist

## SOCIAL SECURITY

# The future of retirement

## Latin America charts new courses in pension reform

by Paul Constance

When policy experts in the industrialized world debate the looming funding crisis in social security and pension systems, they often end up talking about Latin America.

Ever since Chile's groundbreaking privatization of its social security system in 1981, the region has become a laboratory in public-pension reform. Over the last five years Colombia, Peru and Argentina have overhauled their pension systems. The IDB is supporting a pension reform launched in Uruguay last spring and recently approved funding for Mexico's planned restructuring of its social security system. Several other regional countries are fine-tuning pension reform packages that will kick in before the year 2000.

These reforms are being followed closely outside Latin America, because the problems faced by the region's pension systems are shared to a large degree by the industrialized nations. Moreover, many of the solutions that Latin American governments are adopting, including extensive use of individual retirement accounts, are considered among the world's most innovative.

**A global crisis.** Most of the world's social security systems were created in the first half of this century and based on a pay-as-you-go approach. That is, payroll taxes levied on today's employees are used to pay social security or pension benefits for today's retirees—on the assumption that workers will always exceed retirees.

But in the latter half of this century, birth rates have dropped worldwide and better health care has greatly increased life expect-

ancy. In many countries, fewer young people are entering the workforce just as the number of retirees is swelling. Forty years ago many Latin American countries had 10 to 15 workers for each retiree. Today, the average ratio is 5 to 1. In Argentina, Brazil, Uruguay and Peru the ratio is already less than 2 to 1. The average ratio among the industrialized countries belonging to the Organization for Economic Cooperation and Development is 2.6 to 1.

### Benefits exceed contributions.

Since pay-as-you-go pension systems generally do not build up financial reserves for the future, many governments are already finding that current contributions by workers are insufficient to pay retirees. These deficits tend to be paid for through higher taxes, transfers from other federal budgets, or cutbacks in benefits. In many countries, social security has become the largest single item in the federal budget.

In Latin America this problem has been compounded by other factors. Millions of workers in the informal sector and agriculture pay no payroll taxes at all, and a large percentage of employees in the formal economy evade payment. As a result, only 38.3 percent of Latin America's economically active population contributes to pension systems, according to the IDB's 1996 report *Economic and Social Progress in Latin America*. Indeed, since pay-as-you-go systems generally guarantee a "defined benefit" or pension regardless of a worker's actual contributions, many observers say these systems provide an incentive to avoid paying contributions.

Pension systems in Latin America are also more generous than many in the OECD. The median legal re-

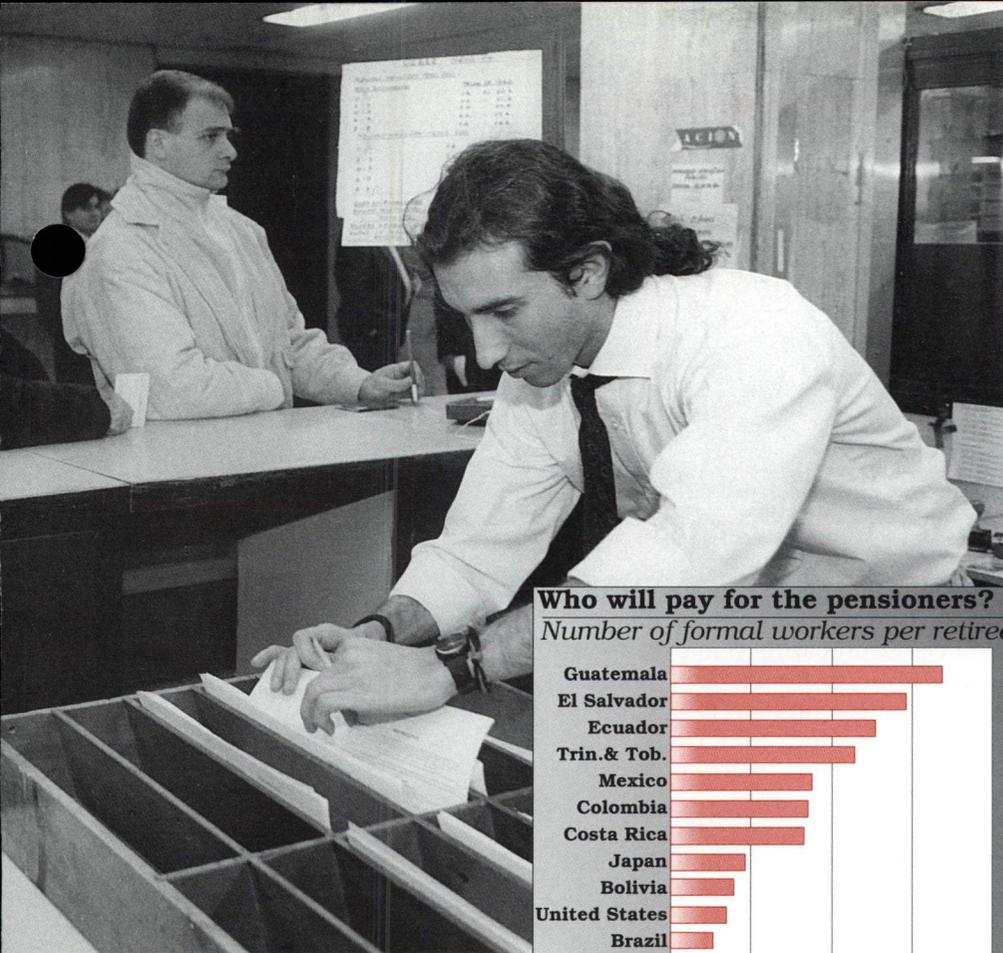


ENRIQUE MARKARIAN

tirement age in Latin America is 60 for men and 55 for women, compared to 65 for both genders among OECD members. Likewise, the size of each person's guaranteed pension, as a percentage of pre-retirement income, is much higher in many Latin American nations than the OECD average. These factors place an additional financial load on pension systems.

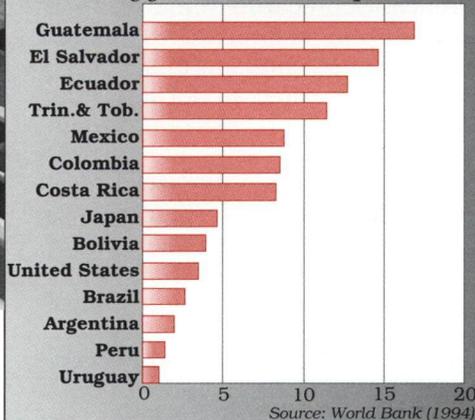
Despite the generous terms, Latin America's pension systems tend to benefit a small subset of the population made up primarily of former government employees and members of large unions. Overall, only 30 percent of Latin Americans over 60 receive any public pension at all.

**Equity with solvency.** In attempting to correct these imbalances, Latin American reformist governments have chosen a basic strategy of increasing pension system participation and coverage by creating a stronger link between contributions and benefits. This is where so-called individual retirement accounts come into play. Chile pioneered this approach, essentially eliminating its public pension system and requiring all workers to place 13 percent of their salaries in



### Who will pay for the pensioners?

Number of formal workers per retiree



individual retirement savings accounts managed by private companies. These companies, which are chosen by each worker and strictly regulated by the state, invest contributions in stocks and bonds. A retiree's pension benefit is based entirely on the amount that accumulates in that account over his working years, thus creating a powerful incentive to save.

All of the other Latin American pension reforms have opted for a variant of the Chilean scheme known as a two-pillar system. Here individual retirement accounts compete with, or are complemented by, a reformed version of the public pension system. Under the Peruvian (1993) and Colombian (1994) reforms, for instance, workers can choose to put their pension contributions in either the state-run system or a private individual account. In Colombia, participants are even allowed to switch between the two systems, with certain restrictions. Thus the state-run and private systems compete for contributors.

In the Argentine (1994) and Uruguayan (1996) reforms, on the other hand, workers are still required to contribute to the public pension system, but they are given the op-

tion of directing a portion of their contributions to individual accounts.

**Stricter terms.** In order to ensure that the state-run "pillar" of the pension system will be solvent in the future, Peru, Argentina, Uruguay and Colombia have all adopted variations of the following reforms:

- ▶ Raising the minimum retirement age. With a few exceptions, the earliest age at which workers can claim full pension benefits is now 65 for men and 60 for women.

- ▶ Raising the minimum contribution period. This ensures that people who claim a full pension have actually contributed for a sufficient number of years (typically between 25 and 35). Each of the reforms has also adopted systems to keep better track of each person's employment and contribution history.

- ▶ Adjusting the wage base for calculating pensions. Instead of computing the salary replacement rate of a worker's pension based on his average salary in the three years

*Retirees may eventually outnumber active workers in many Latin American countries.*

prior to retirement, post-reform systems typically base it on the last 10 years. This reduces the chances of some workers getting excessively generous pensions.

Each of the two-pillar pension reforms adopted numerous other adjustments, such as raising the contribution rate and limiting benefits to the heirs of retirees, aimed at improving solvency over the long run.

The verdict is not yet in on the effectiveness of these reforms. Although more than 10 million workers have already opted for individual retirement accounts in the reforming countries, some observers worry that there are too many incentives for workers to remain exclusively in the state-run pension systems. Others point out that evasion of payments has not yet diminished under the reforms.

Other experts warn that reforms to the state-run pillar of two-pillar systems will not necessarily generate sufficient savings to cover the "transition costs" of the reform: the money required to pay benefits to workers who are already too old to build up significant savings in the new system. "The recent reforms have not completely resolved these medium-term financial imbalances," says Eduardo Lora, an IDB economist and coauthor of the Bank report, "so much so that in some countries the need for further reforms is already being debated."

Despite these concerns, most observers believe that Latin America's pension reforms represent a workable starting point for solving one of the most politically difficult problems in contemporary public policy. Each of the reforms described above required an extraordinary effort in public education and political mediation among interest groups—such as current retirees and labor unions—who were initially deeply skeptical of reform. As such, these reforms are as much a testament to the maturity of democratic dialogue in the region as they are to sound fiscal planning.

## RACE

# Latin America's invisible challenge

*Afro-Latin Americans are finding a political voice*

by Samuel Silva

In a survey on race issues recently conducted in a Venezuelan school attended mainly by children of college-educated parents, one black student responded as follows:

"I have never met a black person who has done something for his country. And I do not agree with the idea of having a black Pope." Asked why he did not favor a black Pope, the student replied, "Because white is the color of peace."

Throughout Latin America, schools and the media ignore the identity, the accomplishments, even the existence of black minorities. Black children are denied a social and historical mirror in which to look at themselves, and they are deprived of role models to learn from. Blacks are the invisible members of Latin American society.

"Self-denial is the deepest wound that racism produces in personal identity," said Venezuelan psychologist Ligia Montañez at the "Forum on Poverty Alleviation for Minority Communities in Latin America" organized by the IDB in mid-November (see box). She was one of several dozen experts on the region's black communities who spoke at the event.

The phenomenon of the social invisibility of blacks, accompanied by economic disenfranchisement and officially unrecognized racial discrimination, creates what Michael Franklin, a community specialist with the Canadian think tank Cowater International Inc., calls the "solapado" or self-effacing complex.

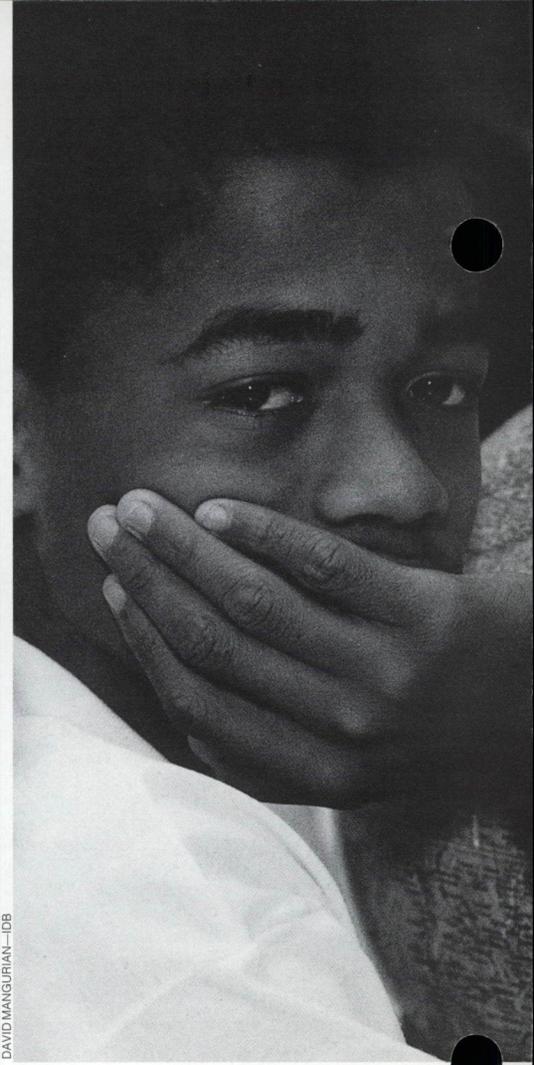
"Blacks in Latin America talk of the racial issue as a hidden problem, something so embedded in so-

cial behavior that it is not seen as discrimination," he said at the conference. Deprecating remarks about the hair and facial features of black children is so common in schools that parents see it as normal behavior, part of the process of growing up, according to Franklin.

In many settings, the word "negrito" ("little black" or "black boy"), referring to all blacks regardless of height or age, is considered a term of endearment. Newspapers, magazines, cartoons and comic books routinely depict Africa and Africans as brutal, uncivilized and condemned to poverty.

While many Latin Americans deny the existence of racism in their countries, some socially accepted jokes are violently racial.

**The figures of race.** Perhaps due to the "solapado" complex, most people in Latin America think that the number of blacks in the region is much smaller than it actually is. According to a recent study conducted for the IDB by Cowater International Inc., there are 90 million



DAVID MANGURIAN—IDB

blacks in Latin America and the Caribbean, and an additional 60 million persons can claim African descent. The figure is an estimate, since census takers in Latin American countries do not ask questions relating to race—yet another example of what some experts see as the "solapado" complex at work. This means that 150 million people in Latin America and the Caribbean are black, or 31 percent of the

## IDB commitment

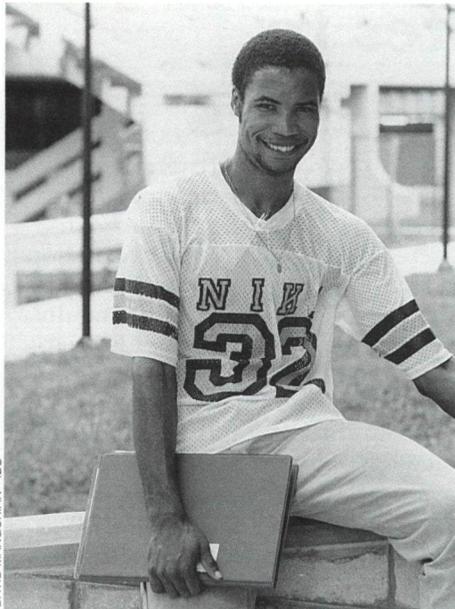
Speaking at the "Forum on Poverty Alleviation for Minority Communities in Latin America," IDB President Enrique V. Iglesias said the Bank plans to discuss the condition of Afro-Latin American communities in its policy dialogue with Latin American governments.

Racial discrimination is an "unspoken" problem, Iglesias said, and a candid discussion is the only way to approach a solution. "Bringing this subject out in the open is a way of awakening the region's critical

conscience," he said.

The forum examined a study funded by the IDB and the Canadian International Development Agency on black communities in nine Latin American countries: Argentina, Colombia, Costa Rica, Ecuador, Honduras, Nicaragua, Peru, Uruguay and Venezuela.

"It comes as no surprise that the study shows that black communities in Latin America are among the poorest of the poor," said Claire Nelson, the IDB expert who directed the preparation of the study and organized the resulting forum.



*Latin America's largest minority group is beginning to claim its share in the fruits of development.*



populate is not to civilize when one populates with Chinese or Africans."

Since the colonial era, Latin American blacks have been among the poorest of the poor, shunted into menial jobs while their children struggle for access to education or training. In Uruguay, a country with a sizable black minority and good overall levels of education, only six blacks graduated from the national university between 1900 and 1956.

To this day, there are few black secretaries or black bank tellers in Latin America, because newspaper advertisements for both positions specify candidates with "buena

presencia" (good presence), a phrase often interpreted as excluding blacks. The labor market for black men consists mainly of construction jobs, while black women mostly work as domestic servants.

"It is simply amazing that almost 500 years after Africans arrived in the region, they have yet to prove that they are there, that they exist," said Darien Davis, a historian at Middlebury College in Vermont.

Davis said it will be some time before the issue of racial minorities becomes as important in Latin America as it is in the United States, mainly because the broader economic and social problems of the majorities in the region are still far from being solved. Some Latin American countries are still developing a strong sense of national unity, according to Davis. Many others are struggling to stabilize their political systems, and the general sentiment is that Latin American countries will require decades of economic and social development before tackling race issues.

But to the extent that almost all blacks in Latin America are among the poorest of the poor, they belong to the larger social groupings whose problems need to be addressed right now, according to Margarita Sánchez, coauthor of the Cowater study. In this context the political invisibility of blacks makes it all the more difficult for countries to achieve their objectives of sustainable development.

"We must stop hiding reality," said Julio Gallardo, vice president of the Colombian House of Representatives, in summarizing the situation of Afro-Latin Americans. "Only if we make ourselves more visible will the donor community channel part of its resources to these communities."

 For copies of the study and conference proceedings, contact Claire Nelson at (202) 623-2588 or e-mail [clairen@iadb.org](mailto:clairen@iadb.org).

region's total estimated population of 490 million.

The Latin American country with the largest black population is Brazil, where 70 percent of the people—over 100 million—have some African blood. (By comparison, African Americans account for about 12 percent of the population of the United States.) Brazil's black population is far from invisible, but while racial issues there differ from those elsewhere in the region, conference participants from Brazil maintained that the country is far from being a racial democracy.

**Poorest of the poor.** Racial discrimination in Latin America is not new. In fact, it is as old as the conquistadores.

One of the first public defenders of the rights of indigenous peoples during the conquest, the Catholic priest Bartolomé de las Casas, advocated that their role as forced laborers be replaced with "the savages from Africa." Juan Bautista Alberdi, one of the fathers of the Argentine Constitution, once stated that "to

## Low-cost antidotes to stodgy science teaching

■ Science and math instructors in Latin America's elementary and secondary schools traditionally have confined their teaching to the classroom and the chalkboard. The justification usually given was that budget-strapped schools cannot afford laboratory equipment and materials.

But one expert firmly believes the real reason for stodgy science teaching is lack of imagination, not high costs, combined with an excessive emphasis on scientific theory instead of practice. To prove his point, Maurice Bazin, a French physicist and science education expert,

### Equipment need not be high tech

distributed pieces of cellophane tape to a group of IDB

economists, lawyers and education specialists at a seminar in November. He asked everyone to stick the tape to the table and then pull it off.

"What happens to the tape?", asked Bazin, encouraging the audience to hold the two pieces together and describe their observations. Bazin then showed how teachers can use everyday materials like cellophane to help students analyze natural phenomena and understand basic principles like the interaction of electrical charges.

One obstacle to achieving this goal is the training of teachers themselves, said Bazin. Many have decidedly nonscientific outlooks and almost no concept of how to teach science without a purely theoretical focus. Others would rather not conduct experiments or take the time to ask questions and make observations directly from nature.

Bazin believes that children are naturally curious about the world. The task of the science teacher, he says, is to guide that discovery and use it as a launching pad for theoretical understanding.

Bazin has been preaching this gospel in Latin America and Africa for the last 15 years. He has conducted dozens of science workshops in locations ranging from Luanda, Africa, to Brazil, where he recently advised the Department of Education of the Federal University of Santa Catarina.

Bazin directs a multicultural science teaching program at the Exploratorium, a renowned hands-on science museum in San Francisco, California. He is also part of a group of San Francisco artists and scientists that run the bilingual Mission Science Workshop/Taller de Ciencias de la Misión, which receives teachers, students and families from the city's primarily Spanish-speaking Mission District.

For more information on the Exploratorium, point an Internet browser to <http://www.exploratorium.edu/>.

## Minimum wages: raise or cut?

■ In developing as well as developed countries, conventional wisdom has long held that raising the minimum wage will increase poverty. Faced with higher payroll costs, the argument goes, employers in the formal sector will lay off workers to remain competitive.

But according to a study presented at IDB headquarters by Nora Lustig, a senior fellow at the Brookings Institution, and Darryl McLeod, a Fordham University professor of economics, a higher minimum wage can in fact reduce poverty in the short term.



Minimum-wage hikes can alleviate poverty

In their empirical study of a cross section of 20 developing countries (including 11 in Latin America), Lustig and McLeod found that higher minimum wages are associated with lower levels of poverty, and vice versa. But they also found that higher minimum wages are in fact associated with greater unemployment.

For policymakers, the authors argue that although there is no justifi-



HEALTH

# Fronts shift in the AIDS war

*Greatest hope lies in information campaigns*

Over 80,000 people have died from AIDS and AIDS-related complications in Latin America and the Caribbean, according to figures released in November by the Pan-American Health Organization.

In Brazil, the country hardest hit by AIDS, the epidemic is beginning to abate. The annual number of new reported cases there has dropped from 88.9 per million persons in 1993 to 59.9 per million in 1995.

New cases have also decreased in Mexico and several South American countries. But elsewhere, the AIDS problem has grown, most notably in Central America and in several Caribbean countries. In many countries, a larger percentage of the population is affected by AIDS than in the United States. And while the number of new cases has decreased

in the U.S. since 1992, it keeps rising in the Caribbean as a whole and in many Latin American countries.

According to AIDS experts, the greatest hope for reducing the incidence of the disease lies in providing information leading to behavioral changes. "It is clear that wherever there have been sustained and scientifically conducted communication campaigns on ways to diminish the risk of getting AIDS, along with notification and follow-up of cases and potential contacts in high-risk groups, the new cases of AIDS each year have begun to decline," says IDB health expert Tomás Engler.

The Bank has financed an AIDS education program in Honduras and a regional program to evaluate AIDS alertness campaigns.

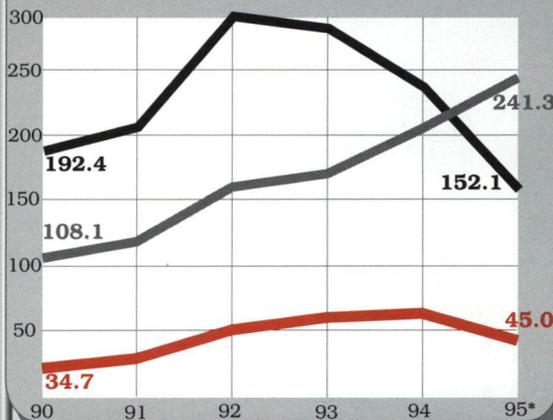
but hurt employment over time.

cation for giving a flat endorsement to minimum-wage increases as a measure to reduce poverty, "those in favor of eliminating or reducing minimum wages must be aware of the potential short-run cost to the poor."

For a copy of the study, contact Janet Herrlinger, Tel. (202) 797-6313; fax (202) 797-6003; e-mail [jherrlinger@brook.edu](mailto:jherrlinger@brook.edu).

## AIDS in the 90's

Annual new cases per million population



● United States ● Caribbean ● Latin America

\* Figures as of September 10, 1996. Data is incomplete due to delayed reporting. Source: Pan American Health Organization

IDB CHART BY CECILIA JACOBSON

## ENVIRONMENT

# More IDB aid for biodiversity

*Bank can draw on experience and mandate*

Can the IDB do more to help stem the loss of species and ecosystems in Latin America and the Caribbean? A recent workshop held at the Bank's Washington, D.C., headquarters concluded that it can. The IDB enjoys a considerable advantage because it can fund biodiversity through both the public and private sectors, said participants. They cited the Bank's high visibility and experience in the region and its ability to bring people together.

In addition, they noted, the Bank's donor countries strongly back biodiversity investments.

At the same time, participants identified several limitations the Bank faces in the biodiversity field. For example, its borrowing member governments so far have shown interest mainly in concessional financing for biodiversity conservation, which the IDB is unable to provide. Also, biodiversity projects are often most effective when implemented on a small scale, which

makes them relatively costly to prepare and carry out.

The results of the workshop will be used to develop a set of practical guidelines for Bank operations, identify innovative financial mechanisms for biodiversity support, and lay the groundwork for training Bank staff.

Projects the IDB has already funded in the field of biodiversity conservation have given the Bank valuable experience in bringing local communities into the process of designing and carrying out projects. Experts maintain that community participation is a basic condition for making projects truly sustainable.

Attending the workshop were representatives from nongovernmental organizations as well as experts from universities and international organizations.

**Action proposals.** Among the suggestions made at the workshop was the creation of an IDB biodiversity fund or funds for individual countries financed in part from the proceeds of privatizations. Another proposal was to consistently include biodiversity protection considerations in IDB-financed projects.

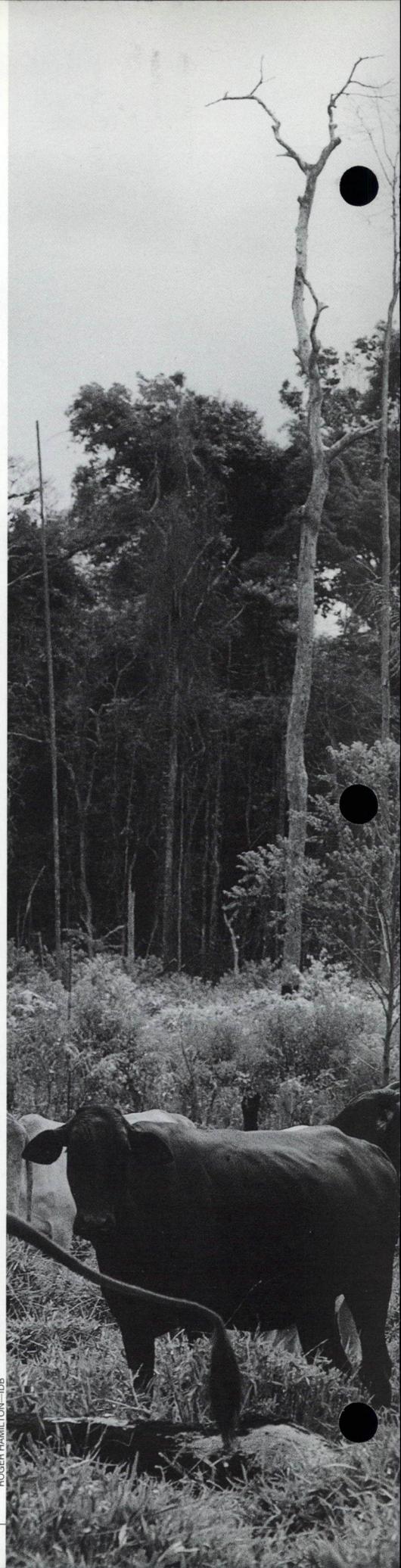
Participants cited a great variety of approaches that can be taken for protecting biodiversity (see box). At the same time, they acknowledged that declaring areas as parks or protected areas has not produced the expected results. One reason is that cash-strapped governments in Latin America cannot pay for management and enforcement, and the resulting "paper parks" have often fallen victim to economic interests or the invasion by settlers.

In many cases, official protection policies are followed less vigorously than unwritten policies that have the opposite result.

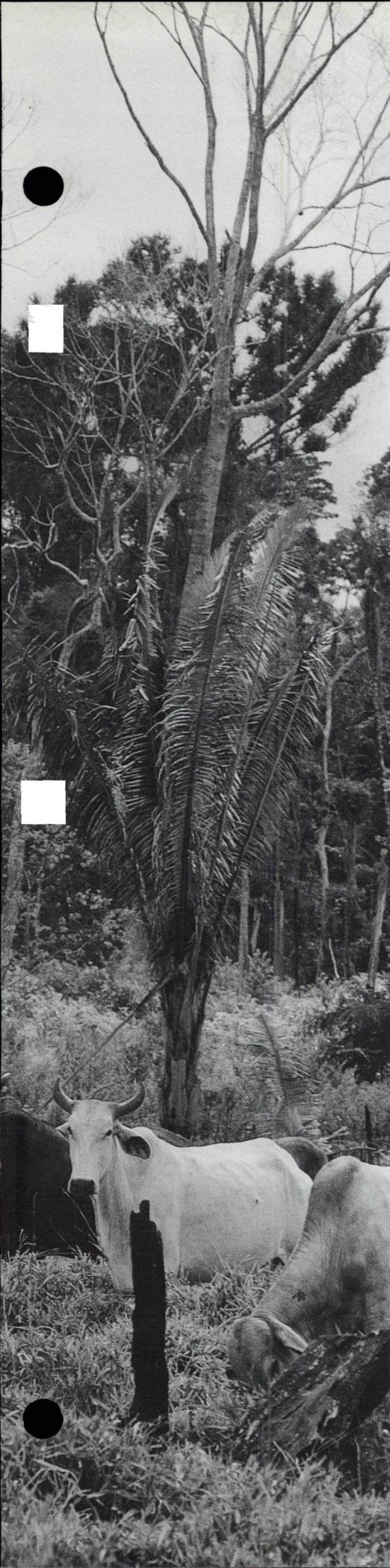


*A young frigate bird takes a skeptical look at the world around him.*

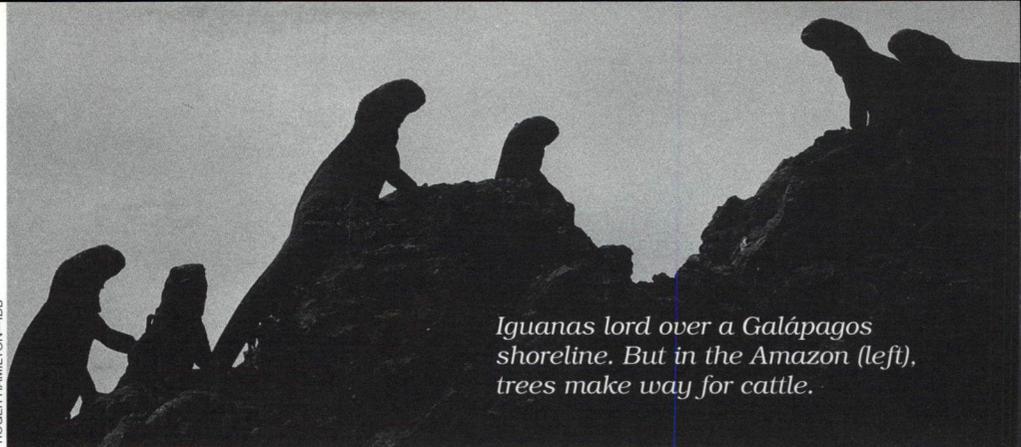
ROGER HAMILTON—IDB



ROGER HAMILTON—IDB



ROGER HAMILTON—IDB



*Iguanas lord over a Galápagos shoreline. But in the Amazon (left), trees make way for cattle.*

## A diversity of ideas

The search for ways to save ecosystems has spawned a wealth of proposals and pilot programs, many of them imaginative, ingenious, idealistic, even audacious. Below are some approaches discussed at the recent workshop.

**Correcting distortions.** Some \$1 trillion annually is spent worldwide on direct and indirect subsidies of energy, water, agrochemicals, marginal agriculture, deforestation and heavily polluting industries that lead to loss of biodiversity. Phasing out such subsidies could be the single most cost-effective way of conserving biodiversity.

**Biodiversity funds.** Although Latin American funds are small, and the oldest—in Costa Rica—only dates back to 1979, they are helping to preserve representative samples of ecosystems.

**Debt swaps.** The incentive for governments to pledge to protect natural areas in return for a reduction of its debt has diminished with the region's economic recovery.

**Tax benefits for NGOs.** In the past, nongovernmental groups in Latin America received tax privileges, such as tax deductions for donors of funds. Many governments have now replaced these benefits with relatively severe controls on the use to which NGOs can put the funds they receive.

**Tax benefits for private reserves.** In Brazil, private reserves are exempted from federal land taxation. But the land owners establish the reserves more because of the safeguards it offers against land invasion and agrarian reform than the avoidance of land taxes, which are very low. Higher land taxes and enforcement would increase the incentive to establish reserves.

**Research and training.** Nontimber harvesting, environmentally sound timber production, improved land-use planning, ecotourism and sustainable fisheries management can all contribute to biodiversity conservation and better lives for local people. The threats to biodiversity need to be addressed through research in agriculture and natural resources management and training, particularly in rural areas.

**Ecotourism.** Although national economies can benefit substantially, special measures must be taken to ensure gains for local communities.

**Philanthropy.** This is a key source of funds in the U.S. and other developed countries, but most developing countries do not have the combination of prosperity, tax incentives and philanthropic culture to make it work.

**Prospecting rights.** Pharmaceutical companies should compensate countries for the right to use biological compounds found in natural ecosystems. One problem is that the road from the forests to the pharmacy shelves is very long, and the final product is often made up of compounds from different places as well as the fruits of a considerable amount of value-added research.



ROGER HAMILTON—IDB

The world's longest mountain chain and home for some of its richest ecosystems, the Andes face numerous environmental threats.

America can be separated from the Andes," says the book. "All of the continent's natural, social and economic phenomena are related to the vertebral column of South America."

The report surveys the last thousand years of the region's history, its water, mineral and agricultural riches and the ecological features that made it one of the earliest centers for the domestication of plants and animals.

"It is time to put a stop to the conditions that result in the annual loss of millions of cubic meters of good soil, the destruction of forests and wetlands, the loss of energy resources, the pollution of lakes, rivers and the air by cities, mines and industries, and the erosion of cultural patrimony and ancient traditions," the book states.

The commission members call on countries to develop sustainable development strategies based on the accumulation of financial, physical and social capital and guided by coherent urban, demographic and rural development policies.

They also urge the development of new technologies, such as solar and geothermal energy, alongside the restoration of traditional cultivation practices, such as terracing.

The production of *Dawn in the Andes* was sponsored by the IDB, the Andean Development Corporation, and the regional office of the United Nations Development Programme. It follows three other books produced by the commission, *Our Own Agenda*, *Our Common Agenda for the Americas* and *Amazonia Without Myths*.

The commission is made up of four former heads of state, three Nobel Prize winners, and other leading figures from government and environmental affairs.

 Spanish copies of the book (available now) and English copies (available in early 1997) may be ordered from the IDB Bookstore, fax: (202) 623-1709 and e-mail [idb-books@iadb.org](mailto:idb-books@iadb.org).

ENVIRONMENT

## Warning sounded on Andean ecology

*Mix of technology and ancient practices urged*

A group of eminent public figures from Latin America and the Caribbean has issued a wake-up call over threats facing the Andean ecosystem and is recommending steps to preserve the region's riches for future generations.

The warning appears in *Dawn in the Andes*, an in-depth study introduced at the Summit on Sustainable Development in Santa Cruz, Bolivia, last December.

In the study, the Latin American and Caribbean Commission on De-

velopment and Environment paints a stark picture of a region beset by widespread poverty, urban water and energy shortages, diminished biodiversity, loss of soil, rapid population growth and threats to traditional cultures.

In addition to containing the world's greatest biodiversity, the Andes are also the principal source of water for the Amazon and the Chaco and Pampas regions of Brazil and Argentina.

"Nothing that happens in Latin



Bank support is helping Latin America and the Caribbean regain ground lost during the financial crisis of 1995.

1996 TALLY

## Lending tops \$6.7 billion

### More innovative operations, better quality

The \$6.74 billion in new loans approved in 1996 by the IDB will fund numerous poverty reduction efforts as well as projects to strengthen democracy, promote decentralization and support the private sector.

A report on the year's lending was made by IDB President Enrique V. Iglesias to the Bank's Board of Executive Directors at its final meeting on December 18.

The 1996 lending total is the second highest in the Bank's history. It also gives the Bank the distinction of being the region's main source of multilateral financing for the third year in a row.

Also last year, the Bank approved \$105 million in nonreimbursable financing for technical assistance to borrowing member countries and disbursed \$4.1 billion on previously approved loans.

In his report, Iglesias emphasized the IDB's responsibility to support member countries' efforts to modernize the state while maintaining

the Bank's traditional lending programs. He noted that 36 percent of the Bank's new lending was for programs related to modernization of the state.

Although Iglesias applauded Latin America's improved economic performance over the past few years, he said the need to reduce poverty remains the region's "dominant problem." A preliminary analysis of the Bank's 1996 lending showed that some 45 percent of the year's approved financing and 42 percent of the number of operations were targeted at poverty reduction.

Among the operations financed by last year's loans are:

- ▶ Direct support to Guatemala's peace process.
- ▶ Social security reform in Argentina, Mexico and Uruguay. Government decentralization in Argentina, Brazil and Colombia.
- ▶ Support to modernize the legislative process and strengthen democratic institutions.

▶ \$445.5 million in direct lending to the region's private sector, more than double that of 1995.

▶ Technical assistance for three regional programs to help prevent domestic violence.

**Quality lending.** Iglesias described the Bank's efforts to improve the quality of its operations and their implementation.

According to the IDB's latest portfolio management report, over two-thirds of the Bank's 387 active projects were performing normally, an improvement over previous years. Also, a staff assessment found that 90 percent of 147 Bank projects selected for review were likely to achieve their development objectives. In 1994, when 74 of these projects were examined in a similar review, 77 percent were judged likely to achieve their goals; in the following year, the percentage increased to 85 percent.

The improvements in project execution have resulted from more active monitoring of project execution, taking steps to break execution bottlenecks, and focusing greater attention on development results, according to Iglesias.

## TRINIDAD AND TOBAGO

**Roll the presses**

Hip, young and ready for action: the cover of the latest magazine to hit the stands in Trinidad and Tobago says it all. But more than just another with-it publication targeted at young people by old people, *Network Magazine* is actually produced by young people themselves.

The magazine (the double "T" in the name is for Trinidad and Tobago) made its debut in September along with television programs on subjects related to the world of youth.

The print and electronic media project is part of a program carried out by a Youth Advisory Group that was created by the IDB's Trinidad country office in conjunction with the Ministry of Sport and Youth Affairs and the University of the West Indies.

The group is helping to advise the IDB on how Bank-financed projects can best use the talents and energy of Trinidad and Tobago's young people.

The magazine, which is produced on a volunteer basis, publishes a broad range of features, including information on colleges, AIDS prevention, the arts, environment, sports and humor. A portion of the costs are covered by advertising.

"The IDB in Trinidad and Tobago has become a catalyst for efforts to em-



*Written by and for youth.*

power youth and develop their potential for service to their country," said Frank Maresca, the Bank's representative in the country.

## URUGUAY

**Mercosur missionaries**

Mercosur may be a household word in South America's Southern Cone, but many small businesses still don't know how they can benefit from the four-nation trade pact.

To help them out, Uruguay's Mercosur Commission set up 20 information centers, one in the capital of each of the country's departments, plus one each in the cities of Bella Unión and Young.

Each center offers access to the Mercosur Information System, a computer database and network developed with IDB technical cooperation. The system provides up-

to-date information on tariffs and trade policies, as well as statistics, product prices and information on investment opportunities, sources of credit and trade conferences relating to the Mercosur countries—Argentina, Brazil, Paraguay and Uruguay.

"The information centers allow us to disseminate the latest developments in Mercosur," said Agustin Espinosa, director of Uruguay's General Directorate of Integration and Mercosur. "But more importantly, they let us learn about the concerns and activities of businesses throughout the country."

A system operator and a coordinator are assigned to each of the 20 information centers, which are usually located in municipal government buildings and open during business hours.

Centers normally handle some 10 consultations per day. Most inquiries concern tariffs and policy, but lately businesspeople—particularly

owners of small and medium-sized enterprises—have used the centers as a source of leads for potential trading partners.

Working with local business groups, the information centers have also organized numerous business conferences and trade missions to nearby cities in Argentina and Brazil.

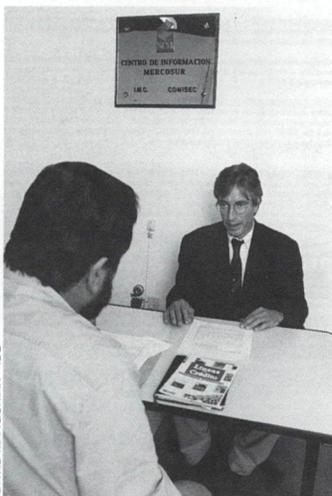
## COSTA RICA

**Power plant in a natural setting**

The inauguration of Costa Rica's Toro II hydroelectric power plant in late November boosted the country's electric power generating capacity to over 1.1 million kilowatts, the highest in Central America. Toro II, along with its sister plant, Toro I, which began producing power last year, are sequential run-of-the-river (reservoirless) plants with a combined capacity of 90,000 kilowatts.

The plants were built along the Toro River in the lush mountains near Sarchi, a rural town famous for its colorfully painted ox carts. Two thirds of the \$122 million cost of the plants was financed by the IDB.

Special efforts were made by the Costa Rican Electricity Institute (ICE) to minimize the environmental impact of the projects on the scenic area. Two spectacular waterfalls were left undisturbed. High tension power lines from the power houses were run underground to the edge



*Getting the latest on trade.*



PHOTOS BY INSTITUTO COSTARRICENSE DE ELECTRICIDAD

*Toro II: hydropower need not destroy the environment.*

**PARAGUAY**

**New skills for micro firms**

Are self-employed entrepreneurs and small business owners willing to spend hard-earned money on training?

In Paraguay, the answer is an emphatic yes. Over the past year some 3,500 microentrepreneurs there have paid to acquire skills ranging from bread-baking to bookkeeping at privately run business and vocational training institutions. Slightly over half the cost of the courses, which averages \$36 for a 15-hour session, was covered by vouchers distributed as part of an IDB-supported global credit program for micro-enterprise.

Participants, whose businesses must have no more than 10 employees and generate a maximum of \$45,000 per year in sales, can redeem training coupons at some 34 business training institutes throughout Paraguay.

According to Fleming Raúl Duarte, director of the program's technical executing unit in Asunción, about 60 percent of all participants opt for courses in manufacturing techniques, while the remainder choose to study management and accounting.

Liza Ramona Jiménez, the 40-year-old owner of a small book and photocopy shop, is a typical participant. Hoping for pointers on how to grow her business, she used a voucher to take classes in cost, tax and personnel manage-

ment at a local training center. Purchasing techniques she learned at the center helped Jiménez cut her costs by 35 percent while upgrading her inventory, ultimately boosting sales by 40 percent.

"I used to be passive with suppliers," Jiménez said. "Now I've learned to go out and hunt for bargains and better quality."

Duarte said business training institutions in Paraguay have not traditionally offered courses geared specifically to microentrepreneurs. The training voucher program, part of a larger program that extends credit directly to small businesses, was intended to stimulate both demand and supply for such courses.

It appears to be working. Participating training institutes have sold \$314,000 worth of courses to voucher recipients. Many institutes have altered their curricula and schedules to include short, practical courses geared to the concerns of microentrepreneurs, according to Duarte. "We're seeing the emergence of a market for small business training that is well on its way to being self-sustaining," he said.

the river canyon at extra expense so that they would not be visible inside the canyon. Areas affected by construction have already been reforested.

The power company also supported designation of 83 percent of the river's tributary watershed as a national park.

"We are proud to see that development can take place in harmony with nature," says project chief

Ronald Vindas Garita.

The inauguration of the Toro II power house was attended by Costa Rican President José Figueres and officials from the government and private sector firms involved in building and financing the project.

Firms from about one third of the IDB's 46 member countries supplied goods and services to the project. Included were tur-

bines from Slovenia, generators and transformers from Brazil, generator control equipment from Canada, penstock from France, and a power house crane for maintenance of the turbines and generators supplied by an Argentine firm.



*President José Figueres inspects Toro II. Argentine firm.*

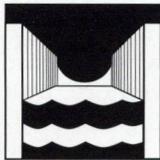


DAVID MANGURIAN—IDB

*Small company, big plans.*

**LOANS**

**Bolivia. . . \$70 million** to improve sanitation and water supplies in major cities.



The funds will be used to build 70,000 new water and sewage connections that will benefit 350,000 people. The program will promote private sector participation in the supply of water and sanitation services, consolidate the regulatory framework, and strengthen the national Water Board.

The IDB's Multilateral Investment Fund is expected to provide a \$980,000 grant to support the design of the regulatory framework for the water and sanitation sector.

**Brazil. . . \$275 million** for the São Paulo-Belo Horizonte highway.



The credit will help finance the second stage of a project to improve and widen the Fernão Dias highway between São Paulo and Belo Horizonte.

The \$550 million project will turn the two-lane road into a four-lane divided highway, reducing accidents and easing congestion. Investment and maintenance costs will be recovered by a tolling system operated by a private sector concession.

The first phase of the project, which is run by Brazil's National Highway Department and was also supported by the IDB, will

**INFORMATION ON IDB PROJECTS**

 More details about these projects, including press releases, project summaries and related white papers, are available electronically through the IDB's Internet home page (<http://www.iadb.org>). Check under the Press Services, Publications and Project Documents sections.

*IDB Projects*, a monthly compendium of planned projects and related opportunities to supply goods and services, is also available on the home page, under the Business Opportunities heading. For a sample copy of the print edition of *IDB Projects*, call (202) 623-1397, or fax x1403.

complete the widening of a 270 kilometer stretch of the highway by mid-1997. The second phase will upgrade the remaining 292.5 kilometer.

The highway connects strong agricultural and industrial economies and crosses two states that hold 32 percent of the country's population. The road is considered a strategic economic, social and cultural link between northeastern and southern Brazil.

**Brazil. . . \$10.2 million** to strengthen civil society through public-private partnerships.



A total of \$8.3 million will be used to support the Comunidade Solidária antipov-erty program run by the Fundação Banco do Brasil and finance improvements in the legal and regulatory framework that governs civil society organizations.

Funds will also be used to set up a nationwide information network to disseminate information on best practices in social service delivery and in

combatting poverty.

A \$1.9 million IDB grant will be used to establish a women's leadership training center that will promote women's participation in public life and disseminate information on women's issues. The program is a pilot project that will be carried out by the Instituto de Ação Cultural.

**Colombia. . . \$40 million** for modernizing departmental and local governments.



The credit will support a national process of government decentralization, ensuring sound tax administration and financial management in departmental and local governments.

The resources will also enable the central government to better monitor the finances of the subnational governments. A Registry of Debt and Guarantees will be established to increase the transparency of the debt market by enhancing the capacity of financial intermediaries to evaluate

commercial risk on loans to local governments.

The program will be carried out by the Ministry of Finance and Public Credit and Financiera de Desarrollo Territorial, S.A. (Findeter), a government second-tier financial institution. The total cost of the program is \$72.5 million. The Andean Development Corporation is providing \$25 million in cofinancing, and local counterpart resources total \$7.5 million.

**El Salvador. . . \$662,000** to reform and modernize commercial law and establish alternative dispute resolution mechanisms.



The nonreimbursable financing will be used to evaluate commercial laws and revise them to provide greater incentives for private investment and better suit El Salvador's current development goals.

An arbitration and conciliation center will be established within the Chamber of Commerce and Industry to test faster ways of settling legal disputes in the private sector.

The total cost of the project, to be carried out by El Salvador's government and the Chamber of Commerce and Industry, is \$1,024,000.

The project complements the country's broader efforts to modernize the judicial system, which are being supported by a \$22.2 million IDB loan approved last March.

**Guatemala.** . . \$84 million to re-build infrastructure and support the peace process and national reconciliation.



Two loans totaling \$50 million are designed to help rebuild physical, human and social capital in areas that were damaged by civil armed conflict during the previous two decades and help create a climate of confidence and trust. A third IDB loan of \$34.8 million will help improve sanitation and environmental management in the Guatemala City metropolitan area.

For details, see story on page 11 of the December, 1996 issue of *THE IDB*.

**Guyana.** . . \$17 million to rehabilitate critical infrastructure in low-income communities.



The funds will be used to improve daycare centers, primary schools, health posts, old-age homes, and residential drainage and water systems in rural areas.

Projects will be managed by the Social Impact Amelioration Program, which was established in 1990 with the help of two IDB technical assistance grants and subsequently supported by an IDB loan of \$13.5 million.

Individual projects are identified by community-based organizations that also contribute to the projects' implementation. Economic infrastructure

projects include the rehabilitation and upgrading of local roads, bridges and markets.

**Guyana.** . . \$1.5 million for environmental protection.

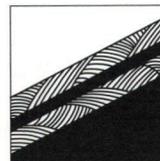


The non-reimbursable funds will be used to strengthen Guyana's newly established Environmental Protection Agency and to develop the country's legal and regulatory framework for natural resources protection and management.

In addition, the environmental protection capacities of the Guyana Forestry Commission and the Guyana Geology and Mines Commission will be strengthened.

**Guyana.** . . \$990,000

grant to finance legal advisory services and other technical expertise needed for a comprehensive reform of the electricity sector.



The reform program, supported by a \$45 million IDB soft loan to Guyana approved last year, includes privatization of the Guyana Electricity Corporation, the state-owned power company, and related policy, legal and regulatory changes.

**Haiti.** . . \$27 million to combat poverty through small-scale infrastructure projects.



This soft

loan is designed to benefit the poorest sectors of society by providing basic social and economic infrastructure.

The resources will finance the second phase of a program begun in 1995 and carried out by the Economic and Social Assistance Fund. The funds will be used to rehabilitate schools, health centers, water supply and sanitation systems, markets, irrigation systems and secondary roads.

Individual projects, which will cost a maximum of \$75,000, will also support nutrition and health programs for children and pregnant women, training for health personnel and literacy programs.

In addition, the resources will finance assistance to grassroots organizations, nongovernmental organizations, and municipalities in preparing and carrying out development proposals that require financing. Local counterpart funds for the program total \$3 million.

**Jamaica.** . . \$59.5 million for highway improvements.



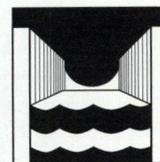
The funds will be used to overhaul a section of the Northern Coastal Highway in order to reduce transport costs and facilitate the growth of tourism and other industries.

Once improvements are completed, the 92-kilometer road section, between Montego Bay and Ocho Ríos, will allow travel at

up to 55 miles per hour.

The project will cost a total of \$85 million and will be carried out by the Ministry of Local Government and Works. Further planned improvements to other sections of the 270 km. Northern Coastal Highway will be financed by other bilateral and multilateral institutions.

**Mexico.** . . \$365 for sanitation in the greater Mexico City area.



The funds will help finance a massive program to improve sanitation, drainage and water supply efficiency in the Mexico City metropolitan area and adjacent agricultural valleys.

The total cost of the program is \$1.035 billion, with \$410 million in cofinancing expected from the Overseas Economic Cooperation Fund of Japan. Local counterpart funds total \$260 million.

Among the goals of the program are to prevent potentially catastrophic floods, improve health conditions, and curb environmental degradation in the Mexico and Mezquital valleys. Technical assistance will also be provided to improve coordination among local, regional and federal water supply entities.

The program, to be coordinated by the Comisión Nacional del Agua, is expected to reduce the incidence of waterborne diseases affecting an estimated 400,000 inhabitants of the Mezquital

(continued)

(from previous page)  
Valley and improve sanitation for irrigated farm products.

**Peru . . .** \$235.5 million to restructure the external debt.

The financing is part of \$800 million expected to be provided by bilateral and multilateral financial institutions to



DAVID MANGURIAN—IDB

### Tight angles for a watertight hatch

A worker at the Naves Industriales S.A. shipyard in Callao, Peru, measures a hatch for a 43-meter steel fishing boat under construction in the background. Conservera Roddy S.A., a private Peruvian fishing company, received a \$1.2 million loan to help build the \$4.5 million boat under an IDB-financed global credit program for private sector investments. Completed in late 1995, the boat is capable of refrigerating 500 cubic meters of fish.

restructure up to \$8 billion of Peru's debt. The restructuring would reduce the eligible debt by an estimated 50 percent.

The International Bank for Reconstruction and Development, the International Monetary Fund, the Export-Import Bank of Japan and private commercial banks are expected to provide financing for the debt "buy-back" package.

Designed along the lines of the Brady Plan, the buy-back program applies a menu of restructuring alternatives, including interest rate recalculation, a buy-back auction, cash payments of overdue interest, and debt-for-bond swaps.

The program will help reduce Peru's perceived risk among international investors and strengthen the government's structural reform and stabilization efforts.

**Peru . . .** \$58 million for public sector reform.

The credit will help fund a program to improve efficiency and effectiveness and raise productivity in public administration.



Run by Peru's Council of Ministers, the program will implement new management systems for finance, personnel and procurement in 14 administrative areas, while stressing measurable performance indicators.

The total cost of the program is \$195 million, \$137 million of which will be provided by local counterpart funds.

### MULTILATERAL INVESTMENT FUND

**Chile . . .** \$1.6 million in nonreimbursable financing for technical and business skill classes in secondary-level vocational schools.



With private sector support, this program will develop innovative training courses through three projects. This first project will develop new curricula that will be tested by 5,250 students at 10 vocational high schools.

The second project will develop business skill courses for testing by 10,275 students at selected schools throughout Chile. The third project will seek to improve math and science curricula at all vocational schools.

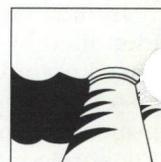
The total cost of the program, to be managed by the Center for Education Research and Development, is \$3.2 million.

**Jamaica . . .** \$1.4 million in nonreimbursable financing to support the development of a tourism



human resources management system. The program will be carried out by the Jamaica Hotel and Tourist Association.

**Peru . . .** \$3.5 million for credit and technical support to small companies.



The loan

will be used to establish the Fondo de Asistencia a la Pequeña Empresa, a fund that will provide equity financing and technical assistance to nontraditional, export-oriented companies with 10 to 100 employees and annual sales from \$200,000 to \$2 million.

The MIF investment will constitute 50 percent of the resources of the fund, and the remainder will be provided by other multilateral and bilateral organizations.

Small Enterprise Assistant Funds, a nonprofit organization based in Washington, D.C., will manage the fund.

**INTER-AMERICAN INVESTMENT CORP.**

**Chile.** . . \$5 million loan and \$5 million investment in In-vertec Pesquera Mar de Chiloé.



The resources will assist the expansion of company capacity for the production and processing of salmon, raising production from 2,600 tons to 9,000 tons annually.

The expansion will enable the company to meet growing demand for salmon consumption in Japan, which receives 70 percent of the firm's exports, as well as enter other markets. The company will increase production and exports of products with greater value added through investments in processing operations.

**BOARD OF DIRECTORS**



**Ernesto Selman** has been appointed alternate executive director for the Dominican Republic and Mexico.

A citizen of the Dominican Republic, Selman was formerly an investment analyst and consultant on privatization for the International Finance Corporation in Washington, D.C. Prior to that, he was administrator of the International Relations Department of All American Cables & Radio, Inc. a telecommunications company in Santo Domingo.



**Carlos Edmundo Vera Rodriguez** has been appointed alternate executive director for

Chile and Ecuador.

An Ecuadorian citizen, Vera worked for more than two decades as a television, print and radio journalist in Quito. He was co-founder of the daily *La Hora*, an editorial writer for three other major national newspapers and magazines, director of numerous television news programs and winner of many national journalistic awards.



**Orlando Isacio Bareiro Aguilera** has been named alternate executive director for Bolivia,

Paraguay and Uruguay.

A citizen of Paraguay, Bareiro served from 1994 to 1996 as his country's treasury minister, following a 20-year career in the same ministry holding other posts including vice minister of financial administration, director general of the budget and director of economic studies for the Under Secretariat of Economy and Administration.

**STAFF APPOINTMENTS**



**Helmuth M. Carl** has been appointed chief of the Compensation and Benefits Division in the

IDB's Administrative Department.

A Chilean citizen, Carl has worked at the IDB since 1978, first as a sectoral specialist in the Country Office in Mexico and later as a senior financial analyst and principal financial analyst in the former Project Analysis Department. Most recently he was principal financial analyst in the State and Civil Society Unit.

**IIC OPENS BOGOTA OFFICE**

The Inter-American Investment Corporation will open its third regional office in Bogotá, Colombia. The Corporation already has regional offices in San José, Costa Rica, and Montevideo, Uruguay.

A primary responsibility of the new office will be to supervise the projects in the Corporation's portfolio in Colombia, Ecuador, Peru and Venezuela as well as identify new investment projects.

**FIRST BRIEFINGS FOR JAPAN**

The IDB offered two briefings in Japan last October on business opportunities that result from the Bank's multibillion dollar lending program for Latin America and the Caribbean.

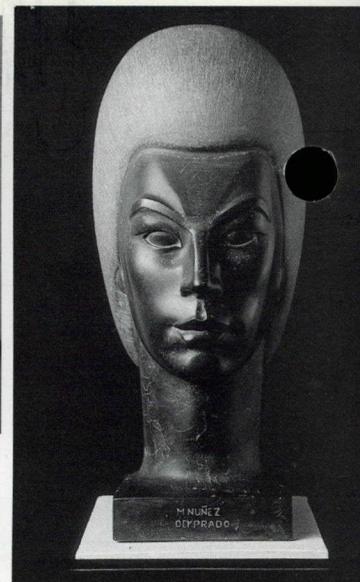
Among the speakers were Yukio Saruhashi, IDB executive director for Japan; Yoshihisa Ueda, the Bank's representative in Tokyo; Ricardo L. Santiago, manager of the IDB's Regional Operations Department 1; and Setsuko Ono, deputy manager, Financial Support Services Subdepartment.

The Tokyo event was attended by some 150 private sector representatives as well as ambassadors from several Latin American countries and officials from Japanese foreign-trade related organizations.

In Osaka, about 40 private sector representatives attended the briefing.

The briefings were the first of their kind organized by the IDB in Japan.

The first briefing was sponsored by the Japanese private sector organization Keidanren. The second briefing was sponsored by the Japan Export-Import Bank's Osaka office.



Paintings by Arturo Borda (left) and Jorge de la Reza (center), and a self-portrait in stone by Marina Núñez del Prado (right).

## BOLIVIA

# Art at a crossroads

*The search for national identity, 1925–1950*

Bolivia's leading artists of the second quarter of this century were like much of Latin America's intelligentsia: preoccupied with defining their country's national identity and expressing it through their art.

Unlike artists in other countries, however, they did not constitute a movement. They had no unifying social vision, artistic objectives, intellectual aspirations or spiritual ideals. But they did share the desire to reconcile universal culture with their nation's own history.

"Between the Past and the Present: Nationalist Tendencies in Bolivian Art, 1925–1950," on exhibit at the IDB's Cultural Center until January 24, puts the work of Bolivia's leading artists of the early-to-mid 20th century on display for the first time in Washington, D.C.

Included are paintings by Cecilio Guzmán de Rojas, Arturo Borda, Jorge de la Reza Prudencio, Raúl González Prada, Juan Rimsa, and Víctor Chvatal, as well as the sculptures of Marina Núñez del Prado. The exhibit reveals the ideological as well as artistic tensions that defined their work and separated them one from another.

### Reinventing nationalism.

Throughout Latin America, the period after World War I saw attempts to reform old ideologies and produce

new ideas to replace the economic and social systems that had been imposed on the continent.

For the Bolivian artists, this took the form of efforts to reinvent nationalism in the lost yearnings of the indigenous population.

One of the central figures in the exhibit, Guzmán de Rojas, espoused the notion that culture is the point of departure for all attempts to reorganize Bolivian society. His work, along with that of Jorge de la Reza, makes a kind of mystical use of images associated with Bolivia's native Indians—sombreros, flutes and reed pipes, condors, llamas, alpacas and sheep—while employing sympathetic images that came to be stereotypical depictions of the Indian physiognomy, in open defiance of Renaissance prototypes.

Guzmán de Rojas' vision reflected the populist ideology that penetrated nationalist sentiment in Bolivia after the Chaco War. The most crusading member of the group, he was frequently honored and appointed to top teaching posts, and succeeded in leaving his mark on an entire generation of Bolivian artists.

At the opposite artistic and ideological pole from Guzmán de Rojas stood Arturo Borda, another central figure in the exhibit, who seemed to regard Bolivia's indomitable pre-Columbian legacy as more of a

malady than a point of departure. One of his major works, *Illimani*, depicts Bolivia as a frozen mountain dominating other landscapes and surrounding elements, hiding within itself a sleeping volcanic heart.

**Folkloric focus.** Two foreign artists are featured in the exhibit: Juan Rimsa, who immigrated to Bolivia from Lithuania, and Austrian immigrant Víctor Chvatal. While the two also focused on Bolivian local reality and folk expressions, their work uses more technical precision and reflects the curiosity of foreigners.

Rimsa contributed new teaching techniques to Bolivian art, including greater freedom in color and composition, which he used to depict the country's diverse geographical zones—from the semitropical Sucre to the snows of Potosí.

Sculptor Marina Núñez del Prado, the only woman in the exhibit, was also perhaps the only one of the group who managed to transcend the limits of expression of the indigenous movement. Her work adapts enduring cultural issues to more contemporary meanings, making them more accessible to succeeding generations. The best known internationally of the group, she is also considered the bridge between the second and third quarters of 20th century Bolivian art.

"Between the Past and the Present" is the first historical exhibit of Bolivian art in Washington, D.C., and is intended to generate more historical research on and critical evaluation of its subject.