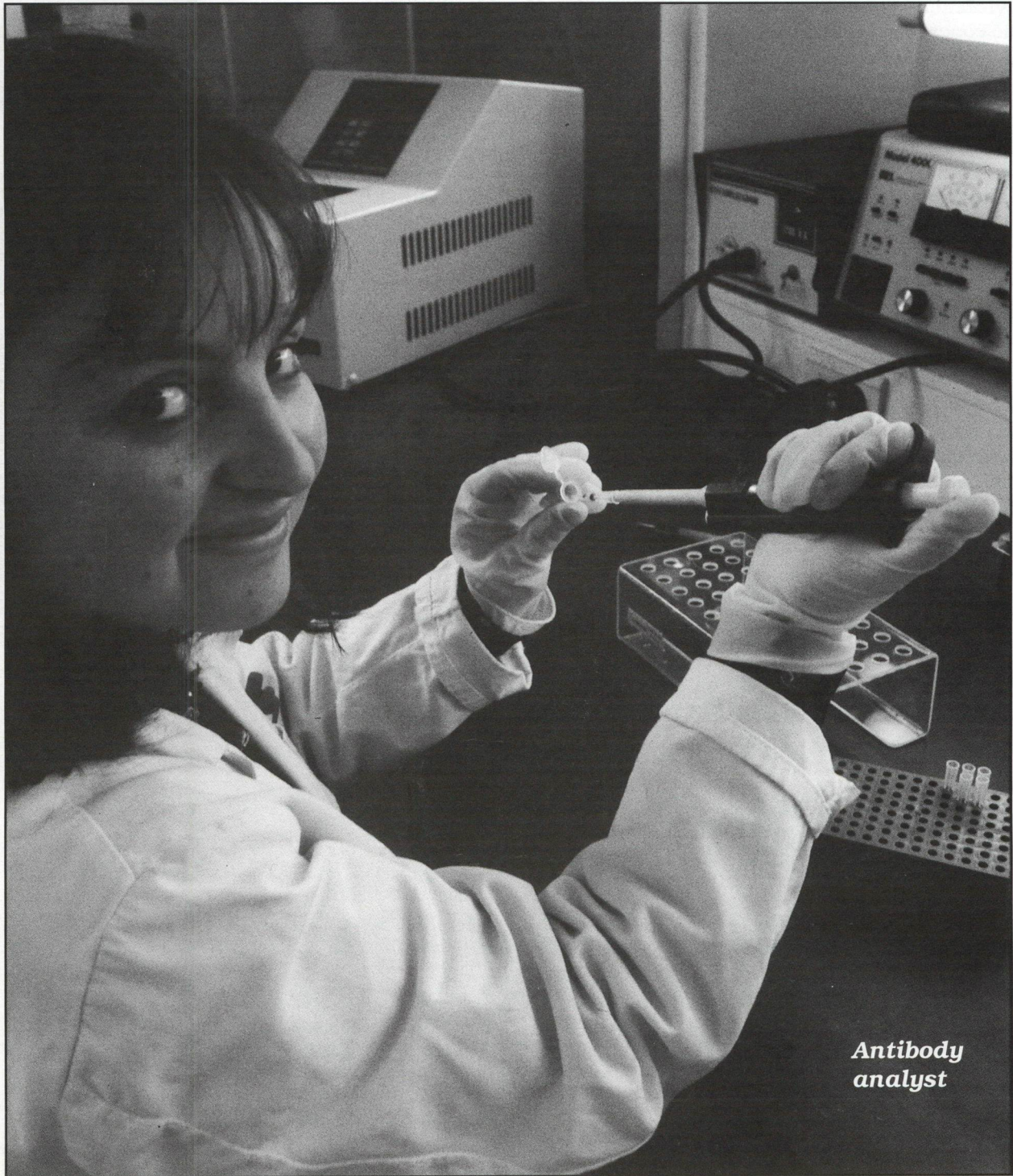


# THE IDB

Inter-American Development Bank • May 1997

Women and power



*Antibody  
analyst*

**Cities of the future ■ The growing cost of violence  
Economic perceptions vs. reality ■ One woman's story**



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As public concern over the spread of violent crime in Latin America increases, civic groups and governments are searching for new kinds of solutions. An IDB campaign will raise public awareness of domestic violence.

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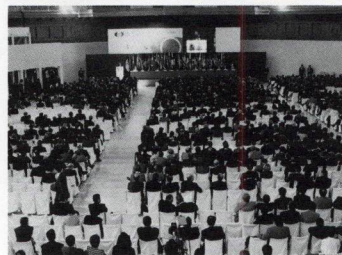
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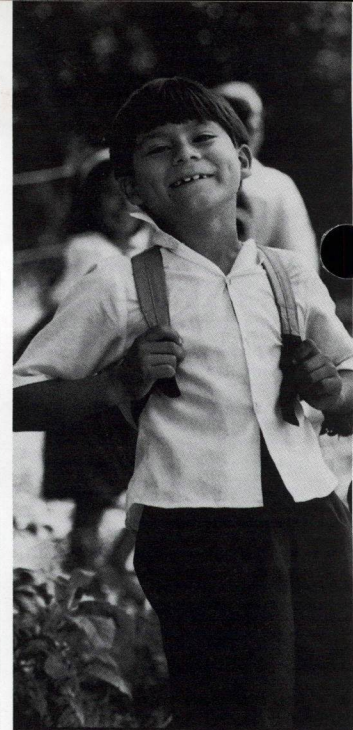
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Handcrafts by Chilean artisans were displayed in the atrium of the IDB's Washington, D.C., headquarters.

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Margarita Navia, a biology student at Colombia's Universidad de los Andes, studies immune response in humans who have received a malaria vaccine. She uses lab equipment that was partly funded by a \$400,000 IDB grant in 1989. IDB Photo by David Mangurian.



**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 36 years of operations, the IDB has helped to finance projects that represent a total investment of more than \$206 billion. The Bank has also fostered a more equitable distribution of the benefits of development and has been a pioneer in financing social projects.

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## The growing cost of violence

Latin America can take pride in many unique features—vast natural reserves, the near absence of military conflicts, and cultural and linguistic unity. But the region also has one very unfortunate distinction: the highest crime and murder rates in the world.

It is no longer possible to sidestep the issue of violence in Latin America, because it has come to affect virtually every sector of society and threatens to undermine the progress towards human and economic development that the region's countries have made in recent years. Indeed, it could be said that all Latin Americans are victims of violence, to the extent that it discourages investment, destroys physical and human capital and damages community life.

The causes of violence are legion, but almost all analyses describe a cycle of urban poverty, unemployment and insufficient social services. Physical insecurity engenders more poverty and curtails economic growth: recent estimates place the annual cost of violence at 2 percent of the region's GDP, or around \$15 billion.

A new appreciation for the complexity and magnitude of the problem can be seen in the wide range of responses at local, municipal, federal and international levels. The IDB joined these efforts last year, hosting a workshop "Ethics, Violence and Citizen Safety." In March of this year, the Bank and Rio de Janeiro Governor

Marcelo Alencar organized a seminar on urban violence attended by more than 100 specialists in development, justice and law enforcement.

For three days, participants in the Rio seminar analyzed the effects of violent crime on Latin America's cities as well as the costs and benefits of various crime prevention

strategies. Specific case studies from Rio, Caracas, Bogotá and Mexico City were presented, and a workshop analyzed the relationship between media coverage and criminal and domestic violence.

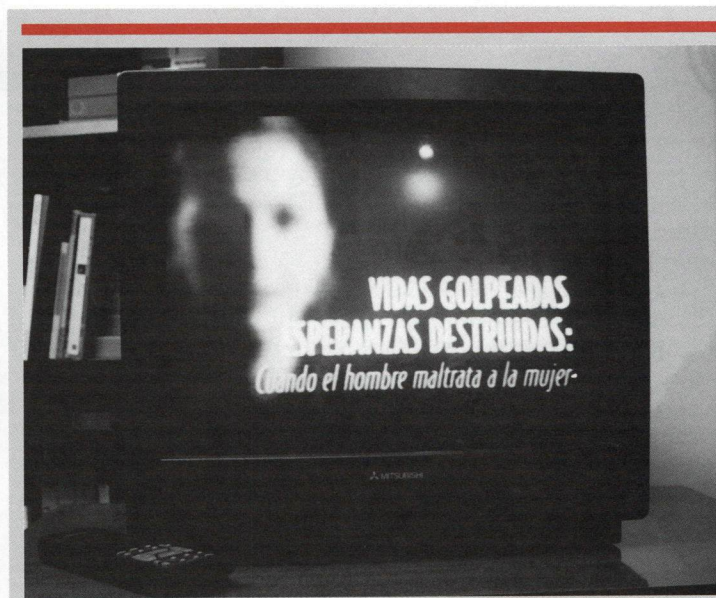
"Violence is not some sort of Biblical curse to which we have been fatally condemned," IDB President Enrique V. Iglesias said at the opening of the Rio seminar. He said he was convinced it is possible to wage a successful battle against violence,

and pointed to a number of proven strategies. Nevertheless, he acknowledged that an enormous amount remains to be done and warned that a failure to act soon would compromise future generations of Latin Americans.

Along with the Rio seminar, the IDB recently funded the production of a video on domestic violence that will be used in public education campaigns to raise awareness of this frequently invisible problem. Recent studies have shown that most violent criminals were either victims of or witnesses to violent acts during their own childhoods. The video will help to stimulate discussion of the problem while serving as a backdrop to a conference on domestic violence in Latin America and the Caribbean to be held in Washington in October.

The Bank is also sponsoring a series of studies to better reveal the human and economic impact of intentional and unintentional violence in the region. The results of these studies will strengthen ongoing efforts to develop public policies and strategies to combat violence at its source.

—Santiago Real de Azúa



### In their own words

*Long considered a strictly private matter, the problem of domestic violence will move further into the public sphere with the help of an IDB-produced video containing hard-hitting images of victims and interviews with both men and women.*

*The documentary will be the cornerstone of a broad-based campaign that will attempt to raise awareness of both the personal costs of domestic violence—such as physical injury, mental illness, and loss of self-esteem—and its social and economic impact as well. "There is mounting evidence that levels of violence determine in part a society's ability to achieve sustainable and equitable growth," states Mayra Bwunic, chief of the IDB's Women in Development Unit. Reliable data on the incidence of domestic violence in Latin America are scarce, but experts estimate that between 25 and 50 percent of the region's women are affected.*



## EQUITY

# The unfinished revolution

## *New approaches to promoting female leadership*

by Mala Htun

Call up a mid-level manager at a typical company in Latin America, and there is a reasonably good chance you will talk to a woman. Women hold an average of 25 percent of administrative and managerial positions in the region, and the figure goes as high as 37 percent in some countries.

Yet in the halls of political power, Latin America's women are conspicuously rare. Only two women—Violeta Chamorro of Nicaragua and Eugenia Charles of Dominica—have ever served as elected heads of state in Latin America and the Caribbean. Regionwide, women account for only 6 percent of cabinet ministers and 10 percent of national legislators.

The trends are similar for women in leadership positions in political parties, labor unions and the private sector. Only in nongovernmental organizations do women in Latin America hold a significant number of leadership positions.

The issue is important, and not just because women deserve the same opportunities as men. The presence of women in decision-making positions makes it more likely that women's interests are incorporated into policymaking and implementation. Where women hold power, issues relating to women's rights, children and families have a higher policy profile. Furthermore, women leaders provide positive role models for other women and send a message to society that women deserve equal treatment.

A closer look at the lack of female representation among decision makers suggests that three general

types of obstacles stand between women and power:

► *Structural.* Fewer women than men work in the formal labor force, and those who do tend to have lower-paying and lower-status jobs. This affects their access to "leadership networks" and their opportunities to become leaders on their own merit.

► *Cultural.* Society's expectations about gender roles influence women's own choices about their careers as well as employers' decisions on hiring, pay and promotions.

► *Discrimination.* While declining, outright sex discrimination continues to inhibit women's full participation in both the economy and politics.

**Quotas, pro and con.** In Latin America, only one country, Argentina, stands out for having a relatively high representation of women in politics: a full 28 percent of the members of the Argentine House of Representatives are female.

Why? The answer is at the heart of a controversial debate about how to foster women's access to leadership positions. Argentina, and more recently, Brazil, have adopted a system of quotas for political leaders and candidates that was pioneered in the countries of Northern Europe. Quota policies establish a minimum percentage of women's representation among political candidates and on party executive boards. Such policies typically mandate that 40 percent of every political party's leadership and candidate lists must be women.

In the Nordic countries, where political parties adopted such quotas voluntarily, the result has been a large number of women in the top ranks of government. Fully 35 per-



MINISTRY OF JUSTICE—CHILE



cent of members of parliament in these countries are women, as are 31 percent of cabinet ministers.

Proponents of quotas maintain they can achieve similar results in Latin America and the Caribbean, and indeed, that quotas are the only effective way of getting significant numbers of women into political decision making in the short term. Opponents argue that quotas discriminate against men and, at the same time, undermine women's efforts to rise to leadership without special treatment.

On their side, proponents of quo-

*Htun is a Ph.D. candidate in political science at Harvard University.*





*Women in power: Clockwise from top left, Soledad Albear, Chilean minister of justice; Cristina Zuccardi, national congresswoman for the Argentine province of Mendoza; Janet Jagar, prime minister of Guyana; and Brazilian Senator Benedita da Silva.*

tas can point to the fact that, in most cases, organizations—including businesses, universities, political parties and elected bodies—with significant numbers of women in leadership positions are those that use quotas.

There are, to be sure, other ways of promoting women into positions of leadership. Less controversial, for example, are “pool enlarging” strategies that seek to expand the number of women who can compete successfully for leadership positions. Such strategies include university scholarships and leadership internships for younger women, as well as funding for female political candidates, active recruitment of women for top posts, and leadership and professional training to improve women’s qualifications and confidence.

Similar to quotas, though less drastic, are strategies based on “gender preferences.” These give women preferential treatment by making gender a consideration—



CAMARA DE DIPUTADOS—ARGENTINA



GUYANA CHRONICLE

though still one among others—in hiring, promotions and other competitive processes.

In practice, neither of these strategies has proven as effective as quotas, at least not in the short term. Despite near parity with men in higher education (nearly 48 percent of university students nationwide are women) and in political participation (a fairly high proportion of rank-and-file members of political parties are women), Latin American women remain woefully underrepresented at the decision-making level.

Outright discrimination, it would seem, continues to exclude many

qualified and interested women from power.

This indicates that quotas are a necessary, though not a sufficient, remedy. Quotas are a sure-fire way to guarantee women access to power, but they do not ensure their effective leadership. For that, other measures are needed.

**Women’s networks.** One such measure is to create networks among women leaders and link them to women’s political movements. It was that sort of network that helped the Mexican congressional women’s caucus in the 1980s to secure the passage of a series of penal code reforms concerning rape and other sex crimes.

In Brazil, the feminist research and advocacy center CFEMEA helps connect the Brazilian women’s movement to elected representatives in both the congress and senate. It monitors the progress of women’s concerns in the legislative process and advises federal parliamentarians on women’s issues.

Leadership training is also an essential element in any strategy to promote women in decision making. Brazil’s “Women Who Aren’t Afraid of Power” program is just such an effort, providing leadership training for women candidates through seminars and conferences and a booklet with advice on effective political campaigning and information on women’s historical and current status in Brazil.

It is also important to address the work-family conflict that prevents so many women from gaining access to power. In this regard, child and family support policies, such as parental leave, subsidized child care, flexible work hours, and government-supported child allowances must be considered. But such policies are often costly to taxpayers or employers, or both. To date, the low number of women in decision-making positions has thwarted a serious effort to find feasible solutions to these policy dilemmas.





At the cities seminar: (from the left) IDB President Iglesias, IDB urban expert Robert Daughters and Rio de Janeiro Mayor Luiz Paulo Conde.

## CITIES

## Government closer to home

*Decentralization is key to successful urban planning*

by Samuel Silva

Let's face it, our cities are crowded.

Latin America is the most urbanized region in the world. Seventy-five percent of its people live in urban areas and 40 of its cities have more than a million inhabitants. The 73 million people in the region's seven largest cities account for almost 20 percent of Latin America's entire population.

The region's cities contain most of its productive facilities, communication and financial services, trained human resources, and governmental and corporate power. But the cities also concentrate poverty, crime and pollution. Big cities mean big problems, but also hold great potential.

All signs point to even greater importance for cities in the future. In

particular, globalization has created a renaissance in the power of cities and, by extension, of municipal governments. "Economic globalization gives cities and local government new relevance," said Saskia Sassen, professor of urban planning at Columbia University. "Globalization does not cover the entire planet but instead constitutes a network of large cities, united by telecommunications and transportation."

Sassen spoke at a seminar on "The Latin American and Caribbean City in the New Century," organized by the IDB last March in Barcelona, Spain, as part of the annual meeting of the Bank's Board of Governors. The seminar's more than 700 participants included 50 mayors from Latin American cities.

"Europe is a system of cities more than a group of countries," agreed Maravillas Rojo, deputy mayor of

Barcelona, during a discussion of the origins of the European Union at the seminar.

The process of globalization strengthens the role of cities as centers of economic, social and cultural development, said Richard Batley, director of the University of Birmingham's Development Administration Group. Cities are key players in the globalization trend, since they maintain direct links with other cities and multinational companies, which themselves are based in cities. "The impacts of globalization converge in urban territory," he said.

A natural consequence of this new role of cities is the need to delegate more power to them, a reality that runs counter to Latin America's strong centrist traditions. Cities will continue to increase their autonomy, because of their ability to make the quick decisions needed in the fast-changing global economy.

The growing role of municipal and local governments also bodes well for the region's ability to advance its social and political agendas, according to Alberto Etchegaray, president of Chile's National Council on Poverty Alleviation. "[This trend] is closely related to the growing efforts to improve quality of life, deepen democracies and rationalize public policies," he said.

One reason is the greater efficiency of municipal governments. As seminar participants noted, municipalities operate locally, bypassing the middle layers of bureaucracies to get things done. In addition, the resurgence of participatory democracy in the region has gone hand in hand with the rise of local governments with their decentralized power structure.

In sum, all the current economic, political and social trends converge towards increasing the power of cities and local governments. Success in dealing with pressing urban problems will depend upon how well municipal governments collaborate with constituencies such as the private sector and local communities.



For María Gaspar González  
and her family, urban life  
is a daily struggle.

## The view from an urban hillside

### One woman's story

With no water or electricity in her home, María Gaspar González, of Tegucigalpa, Honduras, exemplifies the complex and sometimes daunting challenges that many citizens of the region's cities face.

She has six children. Her husband works two shifts a day as a security guard in a local hotel, from 2:00 p.m. to 6:00 a.m. every day. He goes to sleep at 7:00 a.m. every morning and she wakes him up at noon to go back to work.

"We don't eat breakfast because we don't have enough money for three meals a day," she says. "The children are used to it now. Sometimes we eat only lunch. If we don't have any money, we don't eat anything. The stomach has to amuse itself with a glass of water."

But even getting enough water for a family's everyday needs can be a major challenge. In Gaspar González's neighborhood, people can buy water by the bucketful from resellers, who in turn purchase their supplies from tank trucks. Or she can haul it from a distant polluted stream.

"We go to the creek for water, because buying it is too expensive. Sometimes I go to the creek three times a day. I come back tired and sweaty. We bathe outside the house. I put up a cloth so people won't see us."

Her neighborhood's streets are made of dirt, as is the floor in her house. "When it rains, everything turns to mud," she says. "Shoes get stuck in the mud, so we carry our shoes by hand."

"We use candles for light," she adds. "And I'm afraid of walking around at night, because there are a lot of criminals who come here. You can't leave your door open, because they would take everything."

Gaspar González says she would



DAVID MANGURIAN—IDB

most of all like to have water and electricity. "Water first," she says, "because for light you can manage with a candle. Not so with water. You just have to go and get it, and there's nobody to stay with the children and take care of the house."

She sighs. "Life today is more difficult than it used to be."

Her case, unfortunately, is not uncommon. There are currently 150 million people living in poverty in Latin America and the Caribbean, and the growth of the region's urban population is outstripping the availability of services. As a result, the proportion of urban residents living

in poverty is higher today than in the 1970s.

The IDB is directing an increasing amount of resources to urban development programs, including potable water supply, sanitation, neighborhood improvement and housing rehabilitation, urban transportation, and strengthening local governments.

Although the Bank's emphasis is changing, its vocation has not: the Bank's very first loan financed a water and sanitation program in Arequipa, Peru.

—reported from Tegucigalpa  
by David Mangurian



REFORMS

# Economic perceptions versus reality

*Conflicting assessments of a decade of reforms*

by Samuel Silva

Open the international business section of a newspaper in London, Tokyo or New York, and you are likely to see an upbeat article on the structural reforms that have turned Latin America into a favorite destination for foreign investors in recent years.

But a look at the editorial pages of newspapers in any Latin American capital gives a starkly different impression. According to a 1995 poll conducted in 16 of the region's countries, the average person in Latin America does not perceive his condition to be improving. Despite the fact that the number of people below the poverty line has stabilized at around 150 million since the early 1990s, some 75 percent of Latin Americans think that poverty has increased in the past few years.

"There is no doubt there is frustration in certain sectors," IDB President Enrique V. Iglesias said at the opening of the Bank's March annual meeting in Barcelona, Spain. His remarks underscored an enduring paradox of contemporary Latin America: if investors believe the region's economic prospects to be so bright, why do so many of its resi-

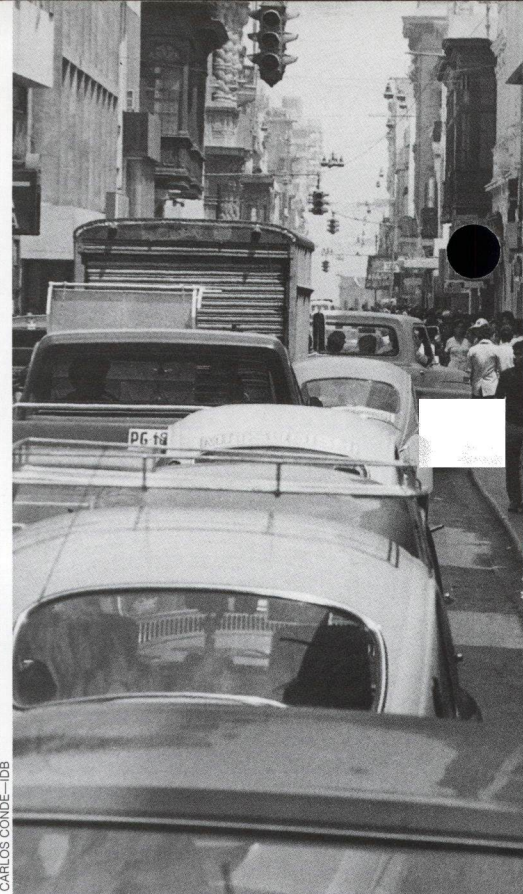
dents have a clouded outlook?

The popular answer holds that current discontent is caused by the short-term pain associated with radical reforms. Privatization, trade liberalization and fiscal reform have allowed Latin America to regain the confidence of investors and recover ground lost during the debt and inflation crises of the 1980s. But these reforms have also forced formerly state-owned industries to trim payrolls in order to become more competitive, increasing unemployment and exacerbating the already wide gap between rich and poor. Likewise, fiscal austerity has resulted in cutbacks to many social services.

But some observers are now proposing a different explanation for popular discontent. According to IDB Chief Economist Ricardo Hausmann, the blame may well lie in reforms that have not been extensive enough to deliver the anticipated benefits.

Drawing from a number of new IDB studies, Hausmann concluded that the region's countries could be achieving higher rates of economic growth and greater success in reducing poverty if they intensified and broadened the reform process.

One of these studies, by IDB



CARLOS CONDE-IDB

economists Eduardo Lora and Felipe Barrera, estimates that deepening all aspects of reform and completing the process of macroeconomic stabilization could add two percentage points annually to long term growth, or 20 percentage points in the next 10 years.

The study was one of five papers prepared by the IDB and debated by high-ranking Latin American government officials and senior international experts at a seminar "Latin America After a Decade of Reforms: What Comes Next?," that took place prior to the Bank's annual meeting in Barcelona.

Delivering a summary of the IDB papers, Hausmann said the region's present growth rate of 3.8 percent would have been 5.7 percent—enough to significantly reduce poverty and income inequality—if the

### Pessimism reigns

- 75%** of Latin Americans think poverty has increased in the 90's
- 67%** believe that wealth distribution in the region is unfair
- 61%** believe that their country is not developing
- 45%** believe that the general situation in their country is bad

Source: Latino-Barómetro.

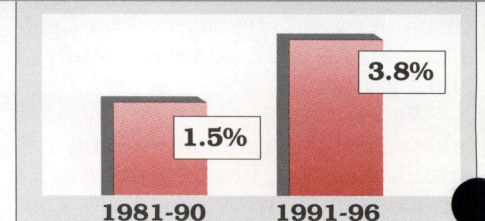
### But economies are stabilizing...

	1986	1996
Countries with inflation higher than 25%	10	3
Countries with fiscal deficit higher than 3% of GDP	14	5

Figures taken from the 26 Latin American and Caribbean IDB member countries.

Source: IDB-OCE, 1997

### growth is accelerating...



Average GDP growth of 26 countries in Latin America and the Caribbean.

Source: Lora and Barrera, 1997.





To many Latin Americans, the benefits of structural reforms are not always apparent.

Indeed, all the seminar participants stressed the importance of carrying out reforms while at the same time keeping in mind the actual needs of ordinary people.

**Here and now.** Antonio Kandir, Brazil's minister of planning and budget, said deciding on reforms is easy compared to the task of carrying them out. He said political concerns must be addressed to effectively implement the reform process.

"There will be sustained strong growth if inequity is avoided," said Chile's Finance Minister Eduardo Aninat. "But if only a few people benefit from economic growth, there will be a growing risk of instability and social commotion."

"In Mexico we constantly hear comments that the macroeconomic side is doing fine but that this does not translate into well-being for the people," said Mexican Finance Minister Guillermo Ortiz. Replying to a question as to why broad reforms in Mexico do not seem to be as effective as they should have been, Ortiz said that "the reform process takes time." Britain and Chile are examples of nations that are showing the benefits of a reform process that began decades ago, he added.

"Inequality and social tension will probably increase in the region unless specific steps are taken to fight them," said Harvard economist Dani Rodrik. Specifically, he suggested that the region's governments increase investment in human resources, health, housing, and—once again—education.

reform process had been deeper and broader. Moreover, he claimed that although Latin America still has the greatest inequalities in the distribution of wealth in the world, the region would be 20 percent poorer if it had not undertaken the recent reforms.

**The education factor.** The region's growth would be even higher if governments were reforming education and investing more effectively in that sector, maintained Hausmann. So far, he noted, progress in education in Latin America has been "unusually slow."

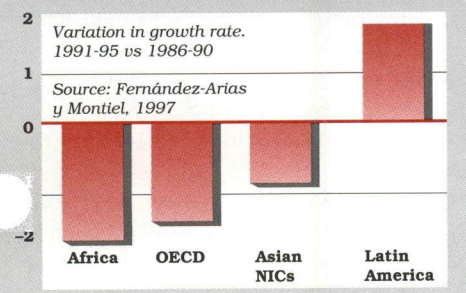
One of the structural differences between Southeast Asia and Latin America is the fact that in Asia the labor force has an average of nine years of schooling, while in Latin America the average is only five

years. "Lack of education generates an unequal income distribution," added Hausmann.

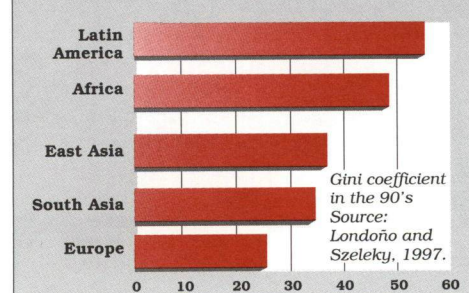
The IDB studies show that in Latin America certain reforms have been more widely adopted than others. Trade liberalization and financial reform have been widespread, while reforms in taxation, pensions, education and labor markets have lagged, according to Hausmann. Although Latin America has privatized more industries than any region in the world, privatizations have been concentrated in a handful of countries. Privatization needs to become more extensive to have a greater impact, he said.

Hausmann acknowledged that the biggest difficulty in accelerating the implementation of reforms is the dislocations and near-term hardships that they invariably produce.

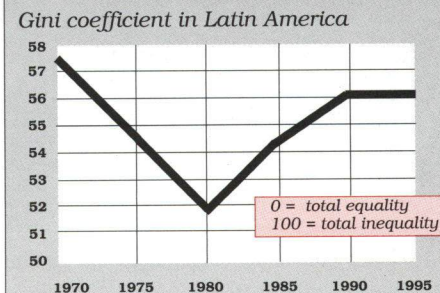
### in contrast to other regions.



### Income distribution still lags...



### but has recently leveled off.





BARCELONA

## Bank governors urge steps to reduce region's poverty

*Create jobs, reform the state, strengthen private sector*

The governors of the IDB closed their 38th annual meeting in Barcelona in March expressing guarded optimism over the course of economic and social development in Latin America and the Caribbean.

On the one hand, they agreed that there is a new Latin America, and that the reforms carried out by the region's countries during this decade have shown solid results, as witnessed in part by the resilience demonstrated by the region in the face of the 1995 peso crisis.

But at the same time, Bank governors and other conference participants emphasized the unfinished business: to reduce poverty and the gap between rich and poor.

"Still current is the formidable challenge of eradicating marginalization and critical poverty," said Mexican Secretary of Finance and Public Credit Guillermo Ortiz.

He added that only by doubling its growth rate, from the current average of 3 percent to 6 percent, could Latin America "create the jobs we need to bring about an unequivocal improvement in well-being." This assessment was echoed in

papers presented at a seminar on the future of economic reform, one of the six IDB seminars that preceded the annual meeting (see article page 8).

The governors said that reaching a 6 percent growth rate will require deepening the economic reforms already undertaken and adopting measures to increase savings, boost investments in infrastructure and training, accelerate institutional reforms in the state, and strengthen the private sector—particularly small and medium-size businesses.

The governors also focused on what the IDB itself is doing or could be doing to reduce poverty. Several governors urged the Bank to redouble efforts to reach its goal of directing 35 percent of its lending resources to the group of least developed member countries.

Many of the governors stressed the need to replenish the resources of the Bank's Fund for Special Operations (FSO), the highly concessional window that offers long-term loans at very low interest rates to the region's poorest countries.

The governors began discussions



WILLIE HEINZ—IDB

of a menu of options for raising about \$200 million in additional funds for the FSO over the next four years. A special meeting has been set for June to examine the issue.

Also in Barcelona, the governors agreed in principle to support the Highly Indebted Poor Countries Initiative, in which multilateral and bilateral creditors would collaborate in ensuring permanent exit for the debt rescheduling process for the poorer, most heavily indebted countries that sustain good economic policies over an extended period.

**Royal opening.** The annual meeting was inaugurated in a Baroque-styled palace overlooking Barcelona before an audience that included the King and Queen of Spain, Nicaraguan President Arnoldo Alemán and Spanish Prime Minister José María Aznar.



MARCEL-JJ SAEENZ—EL PAIS

Head table line-up: IDB President Iglesias, Nicaraguan President Alemán, and King Carlos and Queen Sofía of Spain.





ROGER HAMILTON—IDB

*With Barcelona as a backdrop (left), participants file into the National Palace for the inaugural ceremony. Posters about the meeting hang before the Sagrada Familia church (above).*

## A meeting that broke records

*Attendance hit all-time high*

The Catalonian capital of Barcelona, Spain's second largest city and the country's industrial powerhouse, also became the de facto economic capital of Latin America and the Caribbean from March 13 to 19 with the arrival of nearly 4,500 participants to the IDB and the IIC annual meetings.

The gathering was by far the best attended in the history of the Bank.

Not a room was left in any of the city's three-, four- and five-star hotels, and some late arrivals had to find accommodations in nearby towns. International banks such as J.P. Morgan, Salomon Brothers and Merrill Lynch sent contingents of up to 50 people each. Many news agencies sent teams of journalists.

Although Barcelona's attractions undoubtedly contributed to attendance, the real reason was most likely the growing interest in economic possibilities presented by Latin America and the Caribbean. The region has become a star in the international investment community, and its moves to strengthen the private sector, streamline government and tackle social problems augur well for the future.

The meeting was also the venue for the largest-ever number of associated events. Among them were IDB-sponsored seminars on the Latin American city in the new century, the next steps in economic reform, small and medium-sized enterprises, new banking technology and evaluation. Non-IDB events included a Euro-American meeting of chambers of commerce, sessions on tourism in Latin America and the Caribbean, a seminar on European monetary union, as well as presentations by a number of countries.

Barcelona tourism officials estimated that the event brought \$7 million in revenues to the city.

conomic progress," and pointed to his country's growing role in the region's economic growth. Last year, he said, Spain exported 20 percent more to the region than it did in 1995, for a total of \$6.15 billion.

King Juan Carlos closed the session by congratulating the IDB for promoting reform of the state, helping to consolidate civil society, working to increase equity and fostering respect for indigenous cultures.

The city of Cartagena, Colombia, will host the 1998 annual meeting, followed by Paris, France, in 1999.

## IIC to discuss capital increase

The governors of the Inter-American Investment Corporation (IIC), a member of the IDB Group that held its 12th annual meeting in Barcelona in conjunction with the IDB, will begin discussions in June to increase the institution's capital.

"The IIC has done a good job and merits our support," said Nicolas Imboden, governor for Switzerland, in a statement that echoed that of a number of other governors. However, he added, the Corporation "does not have the necessary capital base to execute its mandate in a meaningful way." The IIC, which funds small and medium-size businesses, also welcomed Denmark as its 20th member at the meeting.

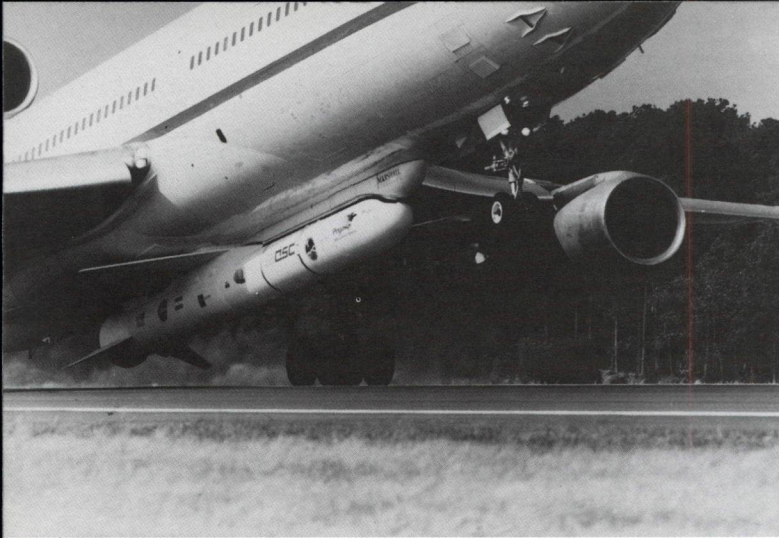
The IDB governor for Spain, Rodrigo Rato, his country's economy and finance minister, was elected to the position of chairman of the Board of Governors. He takes over from Argentine Economy Minister Roque Fernández, whose country hosted last year's meeting.

In his inaugural speech, IDB President Enrique V. Iglesias addressed the challenge of globalization.

"No country today can distance itself from globalization trends, especially the countries of our region," he said. Globalization touches every corner of our lives, raises ethical questions regarding social equity, and reduces options for economic policy," he added.

Spanish Prime Minister Aznar nailed Latin America and the Caribbean as a region that is "on the road to liberties, modernization and eco-





NASA

**ARGENTINA**

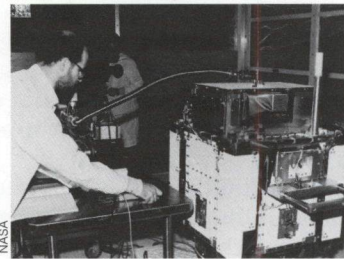
**Orbiting sentry scrutinizes sun**

One of the first scientific satellites designed and built in Argentina has begun returning data on solar physics to its control center in Buenos Aires province.

The satellite, known as SAC-B, was developed by Argentina's National Space Commission (CONAE) with U.S., Italian and Brazilian collaboration. It was launched in late 1996 from the U.S. National Aeronautics and Space Administration's (NASA) base in Wallops Island, Virginia. Some pieces of equipment for the project were purchased with funds from an IDB-financed technology development loan designed to encourage cooperation between Argentina's scientific research centers and the private sector.

Speaking after the launch, Argentina's ambassador to the U.S., Raúl Granillo Ocampo, said SAC-B "will have a far-reaching impact in both the scientific and the economic spheres." Data collected by the satellite will help scientists understand solar flares, gamma ray bursts and other phenomena that could potentially damage telecommunications and electricity networks on earth.

*The launch vehicle bearing SAC-B is carried aloft at NASA's Wallops Flight Facility in Virginia. The satellite (below) during pre-launch testing.*



NASA

Granilla Ocampo said the project was an example of the cooperation on sensitive technologies made possible by Argentina's non-proliferation policy towards weapons of mass destruction.

SAC-B, which weighs around 190 kilograms and orbits 550 kilometers above the earth, was designed and built by 40 scientists and technicians at Argentina's Institute of Astronomy and Physics. The U.S. contributed an instrument for measuring the diffuse X-ray cosmic background. Italy provided solar energy panels and an instrument for measuring magnetospheric phenomena. And a panel of Brazilian experts tested the completed satellite.

The ground control center in Buenos Aires province that is monitoring SAC-B is the first telemetry and satellite control facility in Argentina.

**THE BANK IN ACTION**

**TRINIDAD AND TOBAGO**

**Low-cost dehumidifiers**

The Caribbean's warm, humid climate makes it a natural greenhouse for local agricultural producers, but with one major problem: many fruits, vegetables, herbs and even woods must be dried in order to survive shipment to distant markets.

Large-scale producers can afford to purchase gas or electric-powered driers that are able to extract the moisture out of thousands of pounds of fruits, peanuts or timber.

But medium and small-sized farmers cannot afford such equipment, according to Oliver Headley, a professor at the University of the West Indies (UWI) in Barbados. "So they often see large parts of their crops spoil or they just don't bother trying to export them."

Over 20 years, technicians at the university's St. Augustine and Cave Hill campuses have devel-

oped a variety of low-cost driers designed to fit the budget of small producers. Their designs are based on simple corrugated tin panels, painted black, that trap heat from the sun under sheets of glass or fiberglass and then draw the hot air through an enclosed box or building by means of a small electric fan.

Last year the IDB approved a \$233,000 loan to UWI to disseminate and commercialize its solar drying designs. "We are now taking orders from agricultural cooperatives and timber companies all over the Caribbean," said Headley. The project runs through 1998, by which time he hopes it will be financially self-sustaining.

The UWL driers come in a number of sizes. The smallest, known as "cabinet" dryers, hold up to two square meters of material and are used for banana chips and other dried fruits. The "artisanal drier" can hold around 100 kg. of produce and dry it in two or three days. A timber drier installed at Northern Sawmills in Toco, Trinidad, can dry up to 30 square meters of green wood in two weeks, and a 130 square meter unit at the Friendship Plantation in Barbados is used to dry six tons of hay at a time. The university is also building a drier adapted from a commercial 20-foot metal shipping container.

Most of the orders for driers received at the university have come from small onion and timber producers.



WILLIE HEINZ-IDB

*A heat-absorbing panel used on a solar drier.*



*A young beneficiary  
and his mother.*

**HONDURAS**

**Fuller bellies,  
keener minds**

A program to prevent malnutrition using an innovative system of vouchers last year benefited 310,000 Honduran mothers and children and 11,000 senior citizens.

In the program, mothers in areas of extreme poverty with school children in grades 1-3 can qualify for a \$3 monthly coupon provided that their children attend classes regularly. The coupons can be used to buy groceries or school supplies at most stores. Mothers of infants and preschool children can also qualify for a coupon if they take their children regularly to their local health post for vaccinations and other basic health care and nutrition education.

Launched by the government in 1990, the program is credited with helping to boost primary school attendance. The IDB provided a \$20 million loan in 1995 to help continue the program for four additional years.

According to a U.S. Agency for International

Development study, the program's operating costs are less than half the cost of distributing food directly to families, because there are no storage or distribution expenses.

San José de Comayagua, a rural community of 600 homes scattered among sugar cane fields and aging coffee trees in western Honduras, is a typical beneficiary of the program.

Most residents scratch out a subsistence-level living farming tiny plots of land and by harvesting coffee and sugar cane for a few large farms. Many of them take their children out of school during harvest season because they can earn up to \$1 a day picking coffee. The mothers of 390 children in San José de Comayagua receive coupons. Thanks in part to the program, school enrollment is up 20 percent, the dropout rate has fallen 20 percent, and 95 percent of the community's children have been vaccinated, compared to just 40 percent before the program began.

"One of the things we like," said school director Gloria Isabel Izaguirre



DAVID MANGURIAN—IDB

Alcerro, "is that the coupons come in sealed envelopes, three coupons every three months. The mothers open the envelopes right in front of the school officials who thereby witness that they've received their coupons."

But the percentage of children affected by malnutrition in San José de Comayagua, which stood at 98 percent in 1991, is still above 80 percent, according to Rausura Reyes, the town's nurse.

When an IDB official visited the community recently, dozens of mothers assembled at the community's health center with their children and placards of appreciation for the program.

"With your help, we have the hope that our children will suffer less," read one placard.

"Malnutrition is widespread in our municipality, and a lot of people still need the cash coupons," said Orlando Mejía Rosa, town mayor. "We're asking for more help because we really need it."

"The money our husbands earn doesn't stretch enough to buy all the food we need," said María Sánchez. "I spend most of the coupon they give me on a carton of powdered milk that lasts a week. It's a help."

The program also offers training for coupon recipients in activities such as sewing or raising vegetables, chickens and pigs. Participants are taught credit management skills and are encouraged to form communal "banks" that can disburse small loans to finance the productive activities.



DAVID MANGURIAN—IDB

*San José residents show support for the voucher program.*



**LOANS**

**Brazil.** . . \$25 million to

help modernize economic and statistical research institutions and to establish a nationwide information system.



The Instituto de Pesquisa Econômica Aplicada will coordinate the project, which will strengthen several institutions whose basic functions are economic research and planning and the production of socio-economic data.

The total cost of the program is \$31 million.


**Colombia.** . . \$10 million

to support the construction, maintenance and operation of a 32-km toll road between Cali and Florida.



Concesiones de Infra-

**INFORMATION ON IDB PROJECTS**

 More details about these projects, including press releases, project summaries and related 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.

estructura S.A., a private company, will receive a \$10 million loan from the Bank's ordinary capital and \$15 million in loans from commercial banks.

Grupo Ferrovial of Spain and Cruz Blanca of Chile, through their local subsidiaries, and Construcciones Civiles of Colombia, will sponsor the project.

**Panama.** . . \$56 million in financing for PYCSA Panama S.A., a private

company awarded a concession to build a toll road from Panama City



on the Pacific coast to Colón on the Atlantic.

The IDB is financing two segments of the road: the 13-kilometer Northern Corridor in Panama City, which connects the Balboa port area with the western and northern sectors of the capital; and a 16-kilometer segment of the Panama City-Colón Express Highway.

The financing, which consists of \$40 million from the Bank's ordinary capital and a syndicated loan of \$16 million, is the first approved for Panama from the IDB's Private Sector Department.

**Panama.** . . \$11.2 million

to expand the public sector's macroeconomic and fiscal management capacity.



The resources will be used to modernize institutions charged with fiscal programming and finan-

cial management and to improve areas such as tax administration and economic analysis. The beneficiary institutions include the Ministry of Planning and Economic Policy, the Ministry of Finance and Treasury, and the Office of the Comptroller General.

**MULTILATERAL INVESTMENT FUND**

**Bolivia.** . . \$1,479,450 to support a

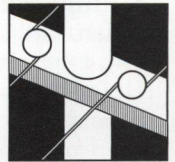
program to modernize labor relations.



The funds will help promote a national dialogue on the need to modernize that sector and improve the institutional capacity of the Labor Ministry.

**Dominican Republic.** . .

\$1.2 million to help establish a new regulatory framework for the energy sector.



The resources will help restructure the electric power subsector by instituting a new regulatory framework and by setting up a regulatory body.

**Dominican Republic.** . .

A \$663,000 grant to train public and private sector representatives in alternative labor dispute resolution techniques, and to



assist the National Secretariat of Labor in drafting strategies.



**First loan.** Belize Central Bank Governor Keith Arnold and IDB President Iglesias signed a \$2.6 million loan—Belize's first from the IDB—in Barcelona. It will finance environmental protection and highway improvements.



## PAN AMERICAN HIGHWAY PLANS

The IDB has agreed to study alternatives for financing the modernization of the Pan American Highway in Central America at the request of the Bank governors for Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

The agreement was made in March during the Bank's annual meeting in Barcelona. The Bank and the Central American countries will study options for financing, operating, and managing the proposed modernization project.

Political changes and growing economic integration in the Central American isthmus have led to growing interest in rehabilitating and widening the highway, which serves as a crucial commercial link between the region's countries.

## CENTRAL AMERICAN CONSULTING GROUP

The Multilateral Steering Committee of the Consultative Group on Regional Technical Cooperation for Central America (GCR-CA) met at IDB headquarters in April to define a strategy for its meeting in Brussels, Belgium, this October.

The Brussels meeting, to be held at the headquarters of the European Union, will address on-going efforts toward institutional reform and economic integration in Central America.



WILLIE HEINZ-IDB

## Loan for power link

*Finance ministers from Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama joined IDB President Enrique V. Iglesias, Nicaraguan President Arnoldo Alemán and Spanish Prime Minister José María Aznar to announce an agreement to proceed with the electrical integration of Central America. The event, which took place during the Bank's annual meeting in Barcelona, followed the approval of \$185.5 million in IDB financing for the project.*

During the April meeting the steering committee reviewed studies undertaken by Central American governments and the IDB on the feasibility of creating a harmonized economic zone and consolidating markets in goods, services, electricity and energy.

## PEOPLE

**Juan Manuel Fariña**, previously chief of the Regional Technical Cooperation Division of the Integration and Regional Programs Department, was named chief of Country Division 1 in Regional Operations Department 1. He was succeeded by **Juan Manuel Corredor**, who was the country representative for Costa Rica.

**José Agustín Riveros**, the former Bank representative in Paraguay, is now representative in Venezuela. Riveros succeeds **Alejandro Scopelli**, who is leaving the Bank after

many years of service.

**Luis Vergara**, the former deputy representative of the IDB's Dominican Republic country office, has been named the representative in El Salvador.

**Terry Powers**, previously chief of the Finance and Basic Infrastructure Division 3 in Regional Operations Department 3, was named a senior advisor in the Private Sector Department. He was succeeded by **Jaime Marcos Fernández**, who was previously principal economist in the Bank's Finance and Basic Infrastructure Division 3, Regional Operations Department 3.

**Leonardo A. Da Silva**, the former Bank representative in the Dominican Republic, was named a senior advisor to the Multilateral Investment Fund at Bank headquarters. He was succeeded by **Stephen E. McGaughey**, who was the Bank's country representative in El Salvador.

## A FRIEND IN TOKYO

The IDB's Japan Country Office recently hosted a seminar at Tokyo's Imperial Hotel at which Honduran President Carlos Roberto Reina addressed the Japanese investment community.

Speaking to some 100 private and public sector representatives and Latin American ambassadors to Japan, Reina described his country's commitment to streamlining government and modernizing the productive sector. He also reviewed Honduras' progress in the social sectors, noting in particular the strides his country has taken in expanding coverage of sewerage systems, thanks in part to Japanese financial and technical assistance.

The seminar was one in a series that earlier this year featured Venezuelan Foreign Minister Breli Rivas, who told an audience of 130 of his country's modernization plans.





ADOLFO SANTA MARIA M.

D. SURIAN-IDB

## New markets for ancient arts

*Works of Chilean artisans dazzle D.C.*

When Hillary Rodham Clinton stepped into the atrium of the IDB's Washington, D.C., headquarters building recently, she was greeted by a dazzling array of hand-made ceramics, woven baskets, silver jewelry and carved wood.

The handicrafts were part of "Artesanías de Chile," a traveling exhibit of the work of 400 Chilean artisans that graced the atrium for three weeks beginning in late February.

The first lady praised the beauty and quality of the pieces and was told about their role in creating employment for low-income households. The exhibit was organized by Chile's Fundación Tiempos Nuevos, which is headed by Chile's first lady, Marta Larraechea de

Frei, and partly supported by IDB small project funding.

"We travel the country making direct contact with artisans, and then we help them to market their work," said Ana María Soto, the foundation's coordinator. "We visit their homes and their workshops and advise them on maintaining a consistent quality level. They set their own prices, but we advise them so they do not undercharge for their work. The idea is to help artisans value their work and price it accordingly," she added.

While most of the crafts in the exhibition represented traditional styles, some were replicas of museum pieces and a few reflected modern design concepts.



*Wood carvings and ornate jewelry wrought in silver illustrate only a small part of the varied artisanal traditions from Chile.*

"We wanted to show how handicraft designs have evolved even as the artisans preserved their traditional techniques," said Soto. The exhibition highlighted the cultural and geographical diversity of Chile. It included stone carvings, metalwork and textiles from Chile's northern Andean region; stone "maoais" and wooden crafts from Easter Island; blankets, hats and jewelry from the Central Zone; and weavings, ceramics, Mapuche silverwork and wood carvings from the Chiloé region.

Fundación Tiempos Nuevos seeks to support artisan traditions that are gradually disappearing, as is the case with the Yagan tribe in the south. "We hope that training can help to preserve some of the cultural and historical traditions that would otherwise be lost," said Isabel Toledo, a foundation official.

Pointing to a hand-crafted wood boat, Toledo explained that it is a replica of boats still used in the Chiloé archipelago and southern Chile in general. "It was built by a young, blind craftsman who did a wonderful carving job," she said, adding that he was able to learn the techniques merely by touching and listening to others' spoken descriptions.