

THE IDB

Inter-American Development Bank • July 1997

Reproductive health



Health brigade

**Progress for indigenous peoples ■ Conquering river blindness
Venezuela's thriving pines ■ Who benefits from privatization?**

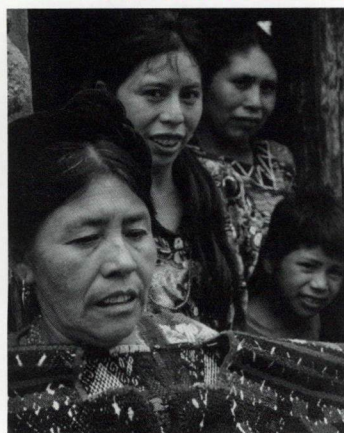
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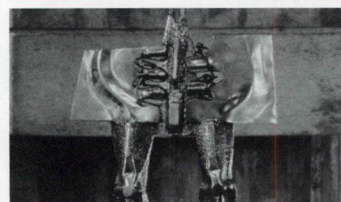
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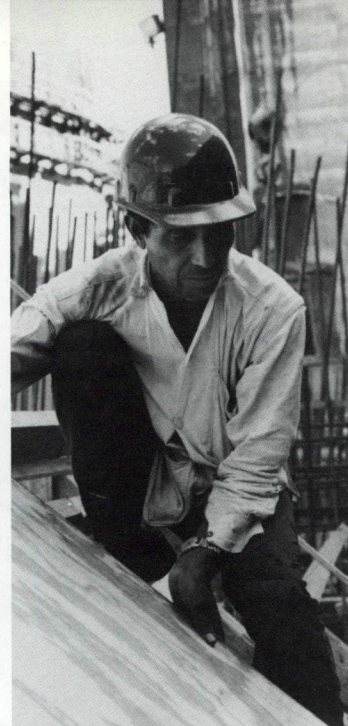
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Health brigade


Members of Guatemala's River Blindness Elimination Program team, gathered near the town of Pacayal, will determine the extent of the disease, conduct surgery to remove parasites and dispense medication. See story on page 12. (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.

Questions? Comments?

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ROGER HAMILTON—IDB

Friends and relatives of Carlos Catalán, leader of the town of Carmelita, gather at his funeral procession.

A death in the Petén

The hearse, an aging station wagon painted black, turned onto the dusty street. It was followed by the family members, walking arm in arm. Behind them a ragged band of trumpets, tubas, clarinets and bass drums produced a discordant sound that was nevertheless in tune with the poverty of the neighborhood and the events surrounding the death of Carlos Catalán, 36.

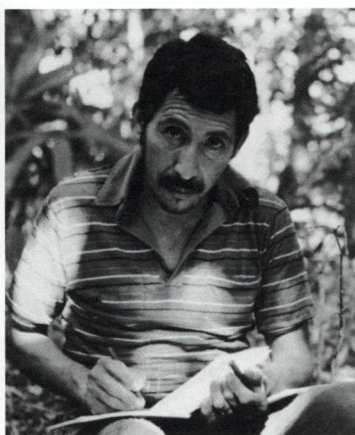
A few minutes ago, in a union hall bare except for bits of faded streamers, friends described Catalán's life and hopes. Among the speakers was Carlos Soza, director of ProPetén/Conservation International, a nongovernmental organization receiving IDB funding and a partner with Catalán in efforts to conserve local forest resources.

Catalán, Soza said, was a man who loved both the forest and his town of Carmelita, a tiny community at the end of the road in Guatemala's Petén forest. Like many of his neighbors, Catalán made his living by gathering forest products, among them chicle sap, the traditional ingredient in chewing gum.

Catalán was a recognized author-

ity on the Petén's multitude of plant and animal species and a valued friend of many scientists. He helped discover a new archeological site and a possible new species of deer.

Catalán saw firsthand that his community's way of life was being threatened. The Petén's forests are disappearing at an alarming rate, victims of logging and the incursions of land-hungry migrants.



Catalán: forest protector.

PROPETÉN/CONSERVATION INTERNATIONAL

With the support of ProPetén, Catalán set to work on a management plan for a 53,000-hectare forest concession that would help ensure his community's livelihood. The plan would spell out the rules under which community members could gather allspice and products for the floral and chicle industries, cut limited amounts of timber under strict management, and hunt and fish for local consumption.

After years of cajoling and consensus building, countless meetings and trips to the capital, the government approved the concession. The first shipment of wood cut under the plan was readied, and Catalán arranged for the trucks to come on

Sunday, June 8. Naturally, he wanted to be there. At 11:30 p.m., what was to have been a day of triumph ended in tragedy when Catalán was felled by a gunman.

Although Guatemala's civil war is over, the Petén and many other areas are living through a period of wrenching environmental and political change. Even a small town can be the scene of fierce rivalries and complex personal agendas. Although the town as a whole backed the forest concession plan, Catalán had received threats.

The procession continued past tiny stores, tire repair shops, cheap hotels, doorways with people peering out. It passed by the cemetery's ornate iron gate and ended in an overgrown corner of the field where a concrete vault, still dark and raw, had been built atop an existing one.

One speaker rose up and denounced the climate of lawlessness, and a bystander remarked that in the Petén, murders seldom go unavenged. Another speaker reminded the crowd that Catalán was not the first person to die defending the forest and his community's livelihood. In fact, many had already noted the uncanny similarities between the life and death of Catalán and his famous counterpart from the western Amazon, Chico Mendes.

Then the vault was troweled shut, closing a sad chapter in the efforts of one community to protect its environment and its way of life.

—the editor



Cárdenas: indigenous culture is the start-up capital for development.

INDIGENOUS RIGHTS

A new dawn for native peoples

Communities take charge of their own development

by Víctor Hugo Cárdenas

After centuries of existence at the margins of society, Latin America's indigenous peoples are now entering their countries' economic and political mainstream.

The population of indigenous peoples is increasing, and the territory they occupy is expanding. They are becoming full-fledged players in their nations' economies, and in some cases, the international economy. Their languages and cultures are not only surviving, but are becoming newly invigorated.

Many countries have made constitutional, legal and institutional reforms that are reshaping the traditional relationship between indig-

enous communities and the nation state. The constitutions of Bolivia, Ecuador, Mexico and Paraguay, for example, now recognize the multicultural character of states and the existence within them of indigenous peoples as unique entities with specific rights and distinct cultures and languages. In a number of coun-

Some 35 percent of Bolivia's municipalities are controlled by indigenous people.

tries, governments are granting indigenous communities the authority to manage their own affairs as well as the natural resources of the areas in which they live.

In addition, national institutions charged with managing relations be-

tween the government and indigenous communities are being upgraded in rank in Bolivia, Ecuador and Perú, converted into financial support agencies in Guatemala and Chile, or given juridical functions to promote indigenous rights, as in Mexico.

In country after country, traditional government policies based on assimilation and paternalism are giving way to new approaches founded on participation and consensus-building and a respect for the aspirations of indigenous peoples.

In the international arena, a new body of rules and principles is substituting the integrationist views that prevailed up until the 1980s. Examples include a convention of the International Labor Organization and the Agreement Establishing the Indigenous Peoples Fund, both of which are already in force, and the declarations of indigenous peoples' rights, which are under preparation in the United Nations and the Organization of American States.

Several specialized U.N. and OAS agencies (including the multilateral banks, the International Fund for Agricultural Development, UNESCO, UNICEF, the Inter-American Indian Institute and the Inter-American Commission on Human Rights) are adopting operating principles and rules that ensure that indigenous peoples are consulted on decisions that affect them and that their cultural rights are protected. Indigenous peoples named as beneficiaries of development projects now participate in their planning and implementation.

These developments are very encouraging. But we must now go beyond legal and institutional changes and transform the entire culture surrounding policies on indigenous people, including the attitudes of national elites and bureaucracies.

For many years development and preservation of ethnic, cultural and social identity were considered to be two conflicting objectives: attaining

The writer, vice president of Bolivia, was recently elected president of the Indigenous Peoples Fund.

the first would inevitably mean sacrificing the second. Even more, it was often argued that the very culture of indigenous peoples (and of the poor in general) stands in the way of their development. As a result, programs to help indigenous peoples sought to replace their language, culture, and productive and agricultural practices.

But we are finding a better way: development based on indigenous peoples' own identity. In this view, the start-up capital for development is the cultural and social assets of native peoples, catalyzed by the addition of new mechanisms and resources.

A good example is language. Past educational policies, which demanded the replacement of an indigenous people's mother tongue with Spanish, resulted in failure for many students and considerable waste of human and material resources. Now, experience with bilingual and cross-cultural education has shown that learning Spanish as a second language builds on the students' original "linguistic capital," reducing costs and converting education into an investment.

Today, in almost all countries with sizable indigenous populations, indigenous languages are receiving recognition and constitutional protection. In Bolivia, for example, an experiment in cross-cultural and bilingual education carried out over the past six years in 114 schools is now being expanded to thousands of schools.

A second example is the acknowledgement that indigenous peoples must have the opportunity to develop autonomously. Although the word "autonomous" still triggers the image of separatism in some quarters, it actually means a community's right to manage its own political affairs and its economic, social and cultural development.

Progress in decentralized government is already being made. In Bolivia, 35 percent of the country's municipalities—some 311 in all—are controlled by indigenous peoples. The local leaders set their own priorities and administer local financial resources.

A third example is the area of environment and natural resources. A recent study by the Steering Committee of the Indigenous Organizations of the Amazon Basin found that successful projects had a number of common features:

► They aim to manage rather than exploit resources.



Indigenous women apply for loans.

► They combine local resources and external credit and assistance and aim for financial autonomy.

► They seek a balance between family subsistence as a cultural objective and market-oriented production as an economic objective.

► They give the community responsibility for all phases of the project.

In the end, development of indigenous peoples cannot be separated from national development. Despite some radical rhetoric to the contrary, our peoples as a whole understand that their advancement is tied to that of their nations, and they are prepared to work to the benefit of both.



For a copy of the complete text of the presentation on which this article was based, go to www.iadb.org/sds/.

Pledges made to Indigenous Fund

Six countries have pledged a total of \$20 million toward an eventual \$100 million fund to finance development projects benefitting indigenous peoples.

The pledges were made at the Second General Assembly of the Indigenous Peoples Fund in La Paz, Bolivia, last May.

The funds will be deposited in a trust managed by the IDB, which helped to finance the fund's first years of operations.

The pledges were made by Bolivia, for \$5 million; Spain, \$5 million; Chile, \$5 million; Mexico, \$2 million; France, \$2 million; and Guatemala, \$1 million. A number of other countries also indicated their willingness to make contributions.

Also in La Paz, assembly delegates elected Bolivian Vice President Victor Hugo Cárdenas president of the Indigenous Peoples Fund. Cárdenas has been instrumental in strengthening indigenous rights in his country during his term of office in the Bolivian government.

The Indigenous Peoples Fund was launched in 1992 at the Second Ibero-American Summit in Madrid to act as a catalyst for self-development of native peoples in Latin America and the Caribbean. Its founding agreement recognizes indigenous people as "peoples within national states" with inherent rights as the original inhabitants of their countries. It also recognizes indigenous peoples' rights to control and manage their own resources, institutions and culture, and define their own development priorities.

The fund's resources will finance development projects that are proposed and carried out by indigenous communities.



For more information on the fund and related IDB activities, go to www.iadb.org/sds/.

HEALTH

The other side of the reproductive revolution

Falling birth rates are only one part of the story

by Paul Constance

Among the social and economic changes that have swept Latin America during the last generation, the evolution of women's reproductive behavior is one of the most striking.

As recently reported in this publication and elsewhere, fertility rates in Latin America have dropped by half since the 1960s, from an average of six children per woman to just over three today, and further declines are likely. This trend has cheered advocates of women's development, since declining fertility is associated with better education levels among women and greater female participation in the workforce.

These fertility trends also seem to indicate that most Latin American women have access to effective contraceptive methods that allow them to control the number and spacing of their children. Indeed, the statistics appear to show that the gap between women's reproductive goals and their actual reproductive experience is finally disappearing.

Unfortunately, the reality behind the statistics is more complex and less encouraging. While most Latin American women are attempting to limit their fertility, a high proportion of them still do not have access to the information, the services and the contraceptive methods necessary to do so safely and consistently. As a result, many of these women continue to give birth to children that were not planned or desired. And under the relentless financial pressure of feeding, clothing and educating their existing children, too many Latin American women resort to abortion.

According to a comprehensive study released last year by the Alan Guttmacher Institute, a New York-based reproductive research group, approximately 30 percent of all pregnancies in the region end in abortion. This rate is comparable to that of China and is among the highest rates in the world's developing regions, the study notes.

The study finds that Latin American women are having an average of 1.2 abortions during their reproductive years. Even more troubling is the fact that many of these abortions are being performed in dangerous conditions by untrained practitioners. An estimated 800,000 Latin American women each year are hospitalized because of hemorrhages, infection or other complications of

Most Latin American women want to control their fertility, but many still lack access to the information, services and contraceptive methods necessary to do so.

unsafe abortions, according to the study.

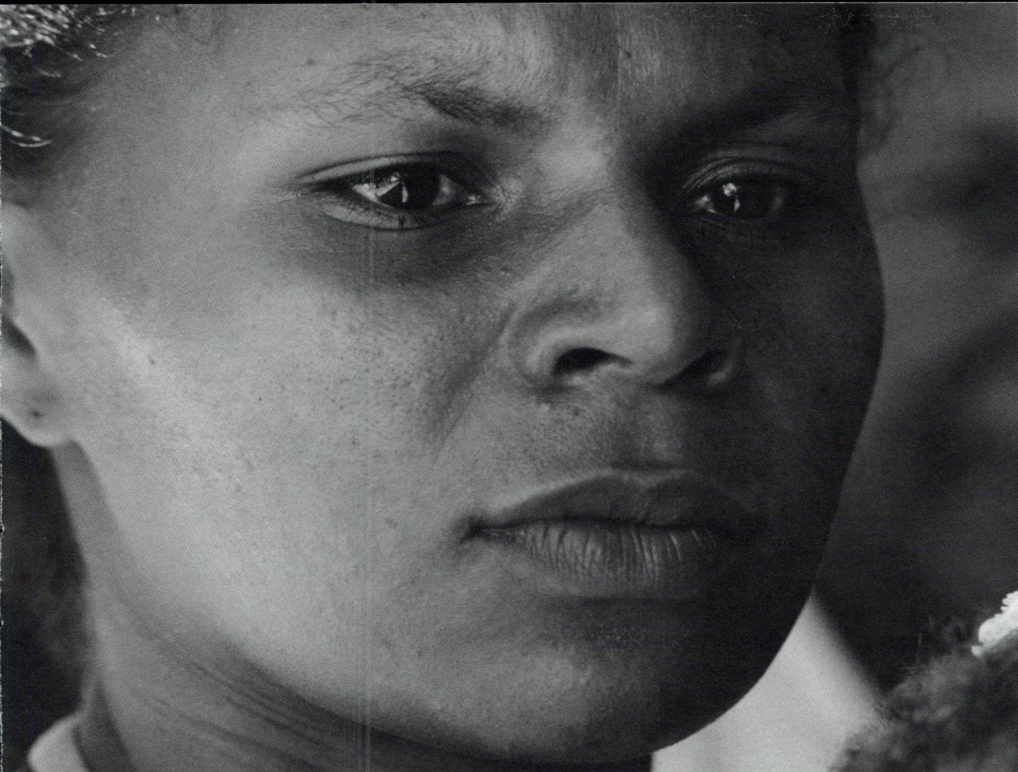
Claudio de Moura Castro, who heads the IDB's Social Programs Division, says the difficulty of obtaining a professional abortion in some countries leads many low-income women to knowingly perform dangerous procedures on themselves in order to guarantee admission to a hospital emergency room where a full abortion can be performed. "These incidents take a terrible toll on women's health and add very

substantial costs to medical systems that are already overburdened," Castro says. "And it can all be traced to the lack of access to family planning methods."

Castro said further evidence of the shortage of contraceptive options can be seen in the unusually high prevalence of female surgical sterilization in several of the region's countries, and particularly in Brazil. "Where women are able to choose from a variety of affordable contraceptives, they generally do not opt for sterilization in such high numbers," he said.

Contraceptive deficit. So while conditions for Latin American women are undoubtedly improving, the figures on abortion and sterilization show that the supply of effective family planning falls far short of demand. "The basic underlying cause of abortion in the region is the lack of access to information and family planning services," says Mayra Buvinic, chief of the IDB's Women in Development Unit. Figures compiled by the United Nations Population Fund (UNFPA) back up her claim. According to the UNFPA's 1997 State of the World's Population Report, the percentage of women in Latin America who would like to control their fertility but are unable to because they lack effective contraceptives ranges from a low of 17 in Colombia to a high of 43 in Bolivia. In other Latin American countries, an average of around 25 percent of women claim to have an "unmet need" for effective contraception.

The problem is especially serious among adolescent women, according to Buvinic. For example, between the 1980s and the 1990s, fertility among teen-age women actually increased in Brazil and Colombia. "Any increase in fertility among adolescent women is particularly alarming," she says, "because they suffer the most severe consequences from unwanted pregnancy."



DAVID MANGIRIAN—IDB

New approaches. Though it may seem obvious, the scope of this problem is underscoring the urgency of providing traditional “indirect” solutions to the unmet need for family planning.

“Increasingly, reproductive health experts are referring to education, employment and self-esteem as the most powerful and the most effective contraceptives of all,” says Clotilde Charlot, a social development specialist in the IDB’s Women in Development Unit who previously managed a large reproductive health program for working women in Haiti. “Unless low-income women are given the opportunity to develop marketable skills, generate income, and enhance their self-esteem, family planning service providers won’t achieve sustainable success in reducing unplanned pregnancies.”

While it will take years for many of the women who most need contraception to see these kinds of improvements, Buvinic sees encouraging signs on the family planning services front, based in part on a minor revolution that has taken place in the reproductive health field over the last decade. In the past, family planning services tended to focus narrowly on the distribution and promotion of contraceptive methods, according to Buvinic. In many countries such services were provided by a single government agency or small, non-profit institutions. Other aspects of

reproductive health, such as prenatal and postnatal counseling or problems related to sexual health and sexually transmitted diseases, were often not addressed by family planning services at all.

The result was that most individuals received only fragmentary information and assistance with their reproductive health needs, leaving many questions unanswered and leading to ineffective family planning practices.

Reproductive health experts are increasingly referring to education, employment and self-esteem as the most powerful and effective contraceptives of all.

Buvinic says that today, health experts are advising that all areas related to reproductive health, including those that affect men, should be addressed in an integrated manner. This focus attempts to address the totality of a person’s physical, social and psychological needs when it comes to sex and reproduction. Instead of relying exclusively on the medical profession, it advocates coordinated efforts by educators, social service providers, psychologists and politicians.


Too many Latin American women are still unable to safely meet their reproductive goals.

The IDB is promoting this integrated approach to reproductive health in a number of countries, according to Buvinic. The health services component of a \$60 million loan to Bolivia’s Social Investment Fund approved in 1995, for example, includes specific targets to increase the number of women receiving information or training about contraception from 35 percent to 60 percent. But this goal is part of a broader program to increase access to prenatal care and reduce infant and maternal mortality.

In Mexico, a \$500 million Program of Essential Social Services partly funded by the IDB combines annual targets for expanding family planning services with a nutrition and counseling program for pregnant and lactating women.

In Venezuela, the Association for Alternative Sex Education (AVESA), an NGO devoted to sex education for teen-agers, is using a \$500,000 technical cooperation grant from the IDB to fund an innovative public information campaign aimed at adolescents from low-income households. The campaign includes short radio announcements and newspaper inserts with candid information on avoiding pregnancy and sexually transmitted diseases. AVESA is also taking its educational materials to 60 schools and youth organizations that already work with disadvantaged youth.

These projects, along with several other efforts funded by the IDB, reflect the beginnings of a fundamental shift in the way family planning services are being delivered throughout Latin America. “I am convinced that the concept of integrated reproductive health services has been adopted by the leadership throughout the region,” says the IDB’s Buvinic. “Now the challenge is to implement it.”

 *The Guttmacher study can be read on the Internet at www.agi-usa.org, and the UNFPA report is available at www.unfpa.org.*

Reforms, regulations and privatization

■ When a state-run company is sold to private interests, the result is generally a more efficient, cost effective operation. But who reaps the benefits—a small group of wealthy shareholders, or society as a whole?

Who wins and who loses?

It all depends on how well government regulators do their job, according to a study on the outcome of utilities privatizations in Argentina. The World Bank study, which was the subject of a recent seminar at the IDB's Washington, D.C., headquarters, assesses the potential impacts of privatization in electricity, gas, water and sanitation, and telecommunications sectors in Argentina since 1989. It was carried out by researchers Omar Chisari and Carlos Romero from Universidad Argentina de la Empresa, along with World Bank specialist Antonio Estache.

Analyzing data from 1993 through 1995, the authors conclude that economic rates of return for utilities privatizations are extremely high. They also show that the "shadow price" for corresponding regulatory activity is also very high. This essential function of government is often ignored in privatization exercises.


"How serious governments are about the fair distribution of gains of reforms is revealed by how serious they are about regulation," say the authors.

Where regulators have been effective, operational gains clearly benefit all sectors and all income classes. Moreover, the poorest classes tend to gain relatively more than the richest classes, and income distribution improves as well.

Where regulators have not been effective, the owners of capital in the utilities sector end up retaining a

disproportionate share of the gains from reform. While the general public does see some benefits, they are likely to be insignificant. In the case of the Argentine privatizations, ineffective regulations reduced the gains by \$1 billion from what they would have been, representing an implicit tax of 16 percent on the average consumer paid directly to the owner of the utility.

At the same time, the study finds that the privatization of utilities "cannot be blamed for the significant increase in unemployment observed since 1993." On the contrary, most simulations show that effective regulation can lead to a small drop in unemployment.

 For a copy of this paper contact Antonio Estache via e-mail at aestache@worldbank.org.

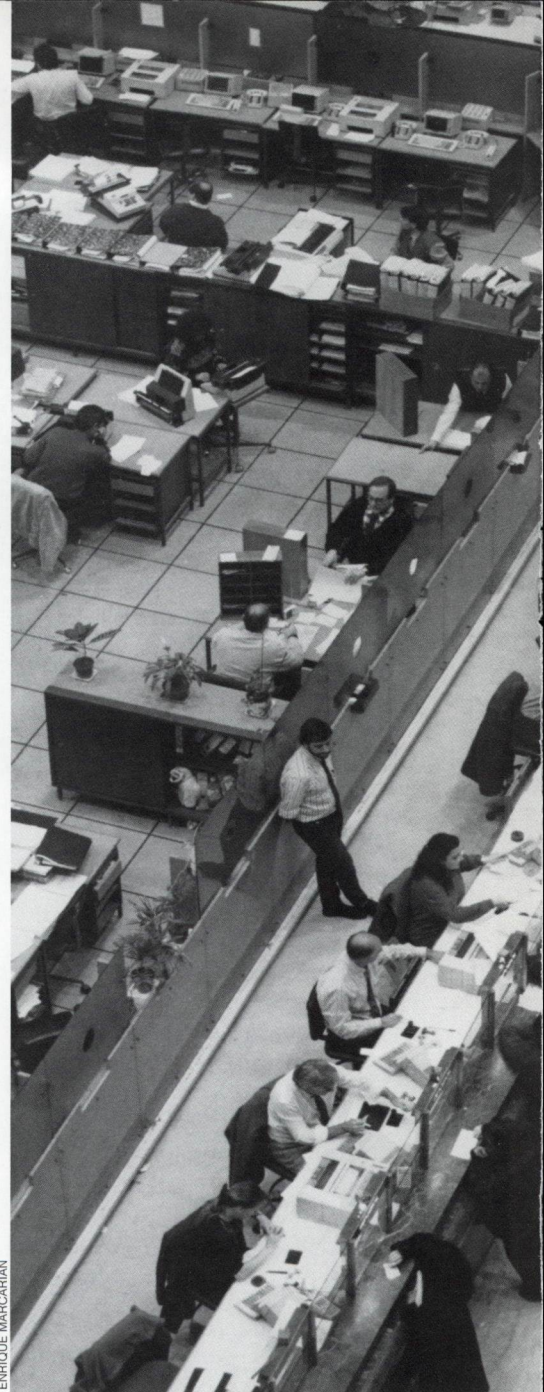
Banking and political power

■ Countries with high macroeconomic volatility, a weak judiciary, and a banking sector with considerable political and economic influence have a special need for a sound system of banking supervision.

Do bankers have too much clout?

But if banking supervision is to really work in such economies, regulators must be given more power than is often the case, according to Augusto de la Torre, an economist and former general manager of the Central Bank of Ecuador.

Speaking at a recent seminar at the IDB's Washington, D.C., headquarters, De la Torre called for a re-evaluation of the role of the state in



Concentrating political power in banks can

ensuring market discipline. "Where the perception of systemic risk is greater, the role of the state should be greater," he said. Authorities should be capable of punishing those who commit fraud and demonstrate that even the owners of the banks can lose money in a crisis, he added.

Legislation that limits the role of regulators to simply liquidating troubled banks can work in countries whose financial systems have been stabilized, such as in Chile, said de la Torre. But in countries where the financial system remains in transition, authorities must be



destabilize an economy.

given more freedom to intervene when necessary, he added.

De la Torre said he favored deposit insurance as a measure to protect depositors, because it explicitly charges for a service that would otherwise be implicit. He also recommended that both monetary policy and banking supervision be concentrated in an independent central bank.

"Politicized and corrupt judicial systems can be permeated by the interests of bankers," de la Torre warned. He called judicial reform indispensable to successful financial reform.

RANKINGS

Money isn't everything

Why Latin America shines in new poverty index

Despite the fact that Latin America has the worst income distribution in the world and high levels of poverty measured by income, the region compares favorably with other parts of the developing world when it comes to health and education.

A new Human Poverty Index (HPI), produced by the United Nations Development Programme and published in the UNDP's *Human Development Report 1997*, shows that eight Latin American and Caribbean nations rank among the top 10 in a survey of the 78 developing nations for which there is sufficient information.

Trinidad and Tobago, Cuba, Chile and Costa Rica are among the top five in the list, which is calculated on the basis of the percentage of a population that suffers deprivation in three areas: longevity, knowledge and a decent standard of living. Deprivation in longevity is represented by the percentage of people not expected to survive to age 40, and in knowledge, by the percentage of adults who are illiterate. Deprivation in living standards is represented by a composite of the percentage of people without access to

safe water, people without access to health services, and the percentage of underweight children under five.

Even the region's poorer nations, such as Haiti, Guatemala and El Salvador, are by no means at the bottom of the list. For example, Haiti ranks higher than 17 other countries, and conditions in Guatemala are better than in 32 other developing countries.

"Thanks to continued investments in the social sectors, conditions of living among the poor have undoubtedly improved in Latin America and the Caribbean over the past 10 years," says IDB economist Samuel Morley. "The number of poor people is falling thanks to reduced inflation and economic recovery in several big countries. But at the same time, the absolute numbers of poor people has increased in many countries."

Brazil is not included in the ranking because of its sharp regional contrasts. The poverty-stricken Northeast region has an HPI of 46 percent, the same as Guatemala. But the Southeast, with an HPI of 14 percent, ranks Brazil among the top 15 in the list.

Good reviews for Latin America

Countries ranked by Human Poverty Index (HPI), from less to most deprived

COUNTRY	HPI VALUE	HPI RANK	COUNTRY	HPI VALUE	HPI RANK
Trin. & Tobago	4.1%	1	Dom. Republic	18.3%	20
Cuba	5.1%	2	Honduras	22.0%	25
Chile	5.4%	3	Bolivia	22.5%	26
Costa Rica	6.6%	5	Peru	22.8%	28
Colombia	10.7%	6	Paraguay	23.2%	30
Mexico	10.9%	7	Nicaragua	27.2%	34
Panama	11.2%	9	El Salvador	28.0%	36
Uruguay	11.7%	10	Guatemala	35.5%	46
Ecuador	15.2%	15	Haiti	46.2%	61

Source: Human Development Report 1997, UNDP.

VENEZUELA

The fruit of foresight

Travelers flying over the arid flatlands of the Monagas and Anzoategui provinces in eastern Venezuela are often startled by the sight of an immense patch of green.

They are looking at one of the world's largest tree plantations: close to 500,000 hectares of Caribbean pine. Owned by Productos Forestales del Oriente, C.A. (PROFORCA), a Venezuelan government company, the plantation is the product of an ambitious project that began nearly 30 years ago.

That is when officials at PROFORCA launched a plan to make better use of the arid climate and poor soil conditions in large areas of the Monagas and Anzoategui by planting them with *Pinus caribea*, a tropical pine species that thrives in those conditions.

In the late 1960s, the notion of planting trees in Venezuela seemed almost comical. Blessed with vast

native forests, Venezuela's wood resources seemed inexhaustible. But over the last 30 years economic growth has gradually outstripped domestic wood supply, and the country is now a net importer of wood products.

As a result, PROFORCA's foresight is now paying handsome dividends. In the 1980s the company began selling concessions to harvest mature trees, and since then virtually all of PROFORCA's projected harvests through the year 2016 have been purchased by 10 private companies. Investors include Chilean wood products company Terranova S.A., Jefferson Smurfit Corp., the world's largest producer of containerboard and corrugated packaging, and other foreign and domestic companies.

During 1997 these companies will cut and process some 882,000 cubic meters of wood worth around \$4.6 million. The annual harvest will increase to 2.7 million cubic meters next year as more trees reach maturity, and

will plateau at 5.5 million cubic meters per year in 2016.

But unlike harvests from native forests, which in many cases are not being replanted after they are logged, PROFORCA's plantations are designed to produce a sustainable yield. The company plants an average 20,000 hectares with genetically improved pine seedlings each year.

The IDB has helped to fund two stages of the plantation project. A \$34 million loan in 1984 was used to plant 180,000 hectares of pines and construct a demonstration sawmill. In 1991 the Bank approved a \$62.5 million loan for the second stage of the project, which included planting 165,000 additional hectares, protecting existing stands from fire and pests and rehabilitating 324 kilometers of forest roads.

The IDB is also helping to fund agroforestry demonstrations for communities that live on the margins of the plantation. The plots, totaling 150 hectares, show how agricultural crops can be cultivated along with trees.

The greatest benefit for local residents, however, is jobs. In a region with few other economically viable industries, PROFORCA directly employs 730 full-time and 650 seasonal workers. By the time private wood processing companies are operating at full capacity early in the next decade, an estimated 3,600 additional jobs will be created near the plantation.



The PROFORCA plantation: today's seedlings are tomorrow's renewable wood resource.



Roadside attraction: Chaves Rojas

COSTA RICA

Flower farmer turns millionaire

Every woman who stops at "El Gran Parqueo" Restaurant, which opened in March near Naranjo, Costa Rica, gets a bouquet of red roses courtesy of owner Tobías Chaves Rojas. "The ladies leave here happy and contented," he says.

Flowers, and a loan from the IDB 16 years ago, helped to make Chaves Rojas a millionaire, and he's using them to turn his newest venture into another gold mine. Of course, it helps that he built the restaurant at an ideal spot on the Inter-American Highway an hour from the capital, and that the food is excellent. Chaves Rojas is already thinking of establishing a chain of restaurants at prime locations all over the country.



Chaves and his wife Bernadita outside their new restaurant near Naranjo, Costa Rica.

An optimist with a warm, confident smile, Chaves Rojas is a living rags-to-riches story. He grew up in the lush hills of Zarcero in central Costa Rica, the second of 10 children born to a poor farmer in 1938. At the age of 10 he was working as a farm laborer, bringing money home to his family. The local school only provided instruction through second grade, and the nearest school offering higher grades was a two-hour walk from his house. At 14 he took a job on a dairy farm, and there he stayed until he married at the age of 29.

Eventually Chaves Rojas began buying male calves from the dairy farm on credit and selling their meat to San José supermarkets. Soon he was earning \$45 a week. In two years he saved the \$1,200 he needed for the down payment on a truck.

Soon he was buying cattle all over Costa Rica and earning several hundred dollars a week, because, he says, he was very good at estimating a cow's weight and rarely overpaid its worth as meat.

"I couldn't believe how much money I was making," he recalls. "Sometimes I had to pinch myself to make sure I was awake."

A year later he bought his first house with all new furniture and appliances. He also bought a small farm in Zarcero, started raising carnations, and still had \$10,000 in savings left over. "My wife was so happy," he recalls. "But I was exhausted selling beef and raising flowers. So I flipped a coin to pick one or the other." Flowers won.

In 1981, Chaves Rojas obtained a \$60,000 loan through an IDB-financed agricultural credit pro-

gram to build more greenhouses and purchase French roses that enabled him to double his flower production. "The IDB loan was very important," he says. "It accelerated my business success."

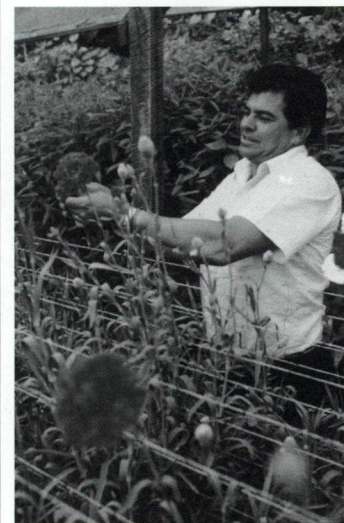
The loan has long since been repaid with interest. Profits have enabled him to acquire three dairy farms near Zarcero (including one on which he once worked as a milker), a grocery store run by his adopted daughter, now 19, and a small building in San José that he rents to a pizzeria. He has also built a large house with a swimming pool and invested \$135,000 in building his new restaurant. "A lot of young people think that because they're from a poor family they can't succeed in life," says Chaves Rojas. "I think I'm proof that you can. He estimates his net worth today at about \$1.3 million.

"We all have opportunities," he explains. "They're like the ocean waves, because they come and they recede. You have to grab the shrimp when they come in."

"But," says Chaves Rojas, "half of my success is due to my wife. She is a very economizing woman. She has always managed my finances. Too many people," he says, "just spend their money instead of investing it. The schools should teach kids how to manage money and teach them to work hard when they are young. Because later on in life they won't have the energy."

But at the age of 59, Chaves Rojas still gets up before six o'clock to make the 30-minute drive to his highway restaurant, where he delivers buckets of fresh long-stemmed red roses in time for the breakfast crowd.

"Roses are like my friends," he says. "They've helped me achieve what we have today."



It all started with flowers: Chaves Rojas in 1985.

REGION

River blindness in retreat

When Merck & Co., the United States pharmaceutical giant, announced 10 years ago that it had found a drug that could prevent onchocerciasis, one of the leading causes of blindness in Latin America and Africa, and that it would donate the medicine "wherever needed for as long as needed," it appeared that the last barrier to conquering this disease had fallen.

But not quite. Distributing the medicine to people in remote areas has proven more difficult than expected in Latin America. It took years of effort, and an \$18 million program to establish sustainable distribution systems before significant numbers of people began to benefit from the new drug.

The Onchocerciasis Elimination Program for the Americas (OEPA) recently reported that teams in Brazil, Colombia, Ecuador, Guatemala, Mexico and Venezuela distributed the medicine to about 200,000 people in 1996, 60 percent of their goal. In all, coverage was 98 percent in the high risk areas of Latin America where the effects of the disease are most severe.

According to OEPA officials, there have been no new cases of the disease in coastal Ecuador for more than a year and none in Oaxaca State, Mexico, for more than two years. Colombia is on the verge of eliminating the disease.

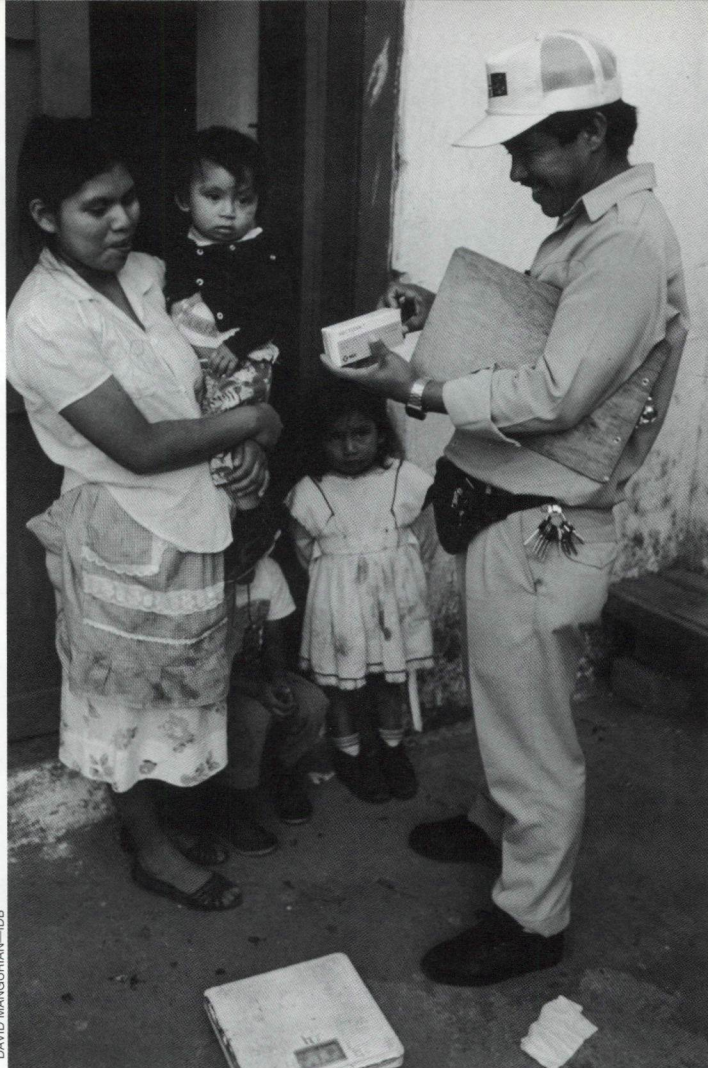
"We are very enthusiastic about the possibility of eliminating clinical manifestations (blindness and skin disease) of onchocerciasis in Latin America by our goal of year 2007," says OEPA Director Edmundo Alvarez.

Fly vectors. Onchocerciasis is caused by a parasitic worm that is transmitted between humans by a small blood-feeding blackfly that breeds in fast-flowing streams and rivers.

Adult worms, the thickness of a human hair, can grow a half-meter long in human hosts. They are usually encapsulated by fibrous tissue, forming nodules that are often visible under the skin on the head, neck or body.

It is not the worms themselves, but rather the millions of tiny offspring, called microfilaria, which an adult worm produces during its 12-14-year 'lifespan, that cause the damage. They migrate throughout the host's skin, producing scaling and itching that has been described as "poison ivy 24 hours a day," and to the eyes, where they create lesions that can result in permanent visual loss and blindness.

Efforts to eradicate the disease-carrying blackfly with insecticides proved expensive and unsuccessful in the Americas. In the late 1970s, scientists at Merck & Co. discovered that one of its antiparasitic medicines for livestock, ivermectin, appeared to be effective against the microfilarial stage of



DAVID MANGURIAN—IDB

A Guatemalan health worker distributes medicine.

onchocerciasis. Until then, the only medical treatment for river blindness, the common name for onchocerciasis, was by intravenous chemotherapy, which had severe side effects and was expensive.

Clinical field trials conducted by the World Health Organization in Africa and Guatemala in the 1980s proved that ivermectin killed the microfilaria produced by the adult worms. It also suppressed the worms' reproduction for about a year, thus halting progression of the disease in an infected person and interrupting its transmission to others during that period. Trials indicated that if 95 percent of the people in an affected area take iverme-

ctin once a year for a 12-14-year period (the lifespan of the adult worm), the disease can be eliminated, perhaps even eradicated.

Mexico started its elimination program in 1990, and Ecuador and Guatemala followed in 1991. But the other three countries lagged behind. In 1994, the IDB joined a group of donors, including the Pan American Health Organization, the River Blindness Foundation,



Last frontiers

Areas where river blindness is still endemic

and the Centers for Disease Control, to finance a five-year program to help all six countries establish sustainable mass distribution systems. Head offices for the Onchocerciasis Elimination Program in the Americas were established in Guatemala, which has 31 percent of all cases of river blindness disease in Latin America.

The IDB's \$4 million grant has been used to train teams of health workers, purchase medical equipment and four-wheel drive vehicles and boats to access remote areas, and for mapping and epidemiological studies to determine areas of concentration and to chart success.

Distribution of the medicine has not been easy. At first, health workers had to convince people that they actually needed to take the medicine.

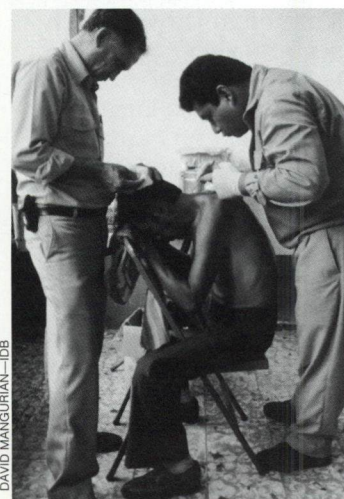
"For example, if they got a bump under their skin, they would say it was from a blow received in a fall," says Dr. Rodolfo

Zea, epidemiologist for Guatemala's Ministry of Health. "If they had a vision problem, they said it was caused by sap that dripped on them from some plant or tree."

Another problem was that some people experienced itching or swelling reactions to the medicine when they first took it, side effects that were worse than the early symptoms of the disease. Their friends were then afraid to take the medicine themselves.

In Ecuador, social workers developed a board game to help educate people about onchocerciasis. The winner would teach the losers more about the disease the next day. "Education is one of the main reasons Ecuador has nearly 100 percent coverage in its endemic areas," says Dr. Guillermo Zea, OEPA's deputy director and Rodolfo Zea's brother. "We are changing people's perceptions of the disease and its treatment," he said.

"I think things are going very well in Latin America because the governments are committed," says Frank Richards, deputy director of the Global 2000 River Blindness Program at The Carter Center in Atlanta, Georgia, U.S. "But I worry about the sustainability of this opportunity to rid the Americas of river blindness. Onchocerciasis is not a high priority health problem in these countries, and there's always the need to focus the health resources on malaria, dengue and yellow fever."



Removing cysts from an onchocerciasis carrier.



Short story competition winners receive awards.

ARGENTINA

Stories with a special message

Winning a literary competition can be the defining moment in a writer's career, offering much-needed assurance that a personal vision is meaningful to others.

In Argentina last March, 18 young writers experienced the thrill of recognition, receiving diplomas and medals for short stories that were selected from among 534 entries in a national competition.

But these prizes had a special meaning, because all the entries came from young people with physical or learning disabilities. The competition, entitled "Stories for a Future with Hope," was organized by the Instituto Psicopedagógico de Nivelación Aranguren, a foundation in Buenos Aires that serves disabled adolescents. The project received financial support from the IDB Cultural Center's Cultural Promotion in the Field Program.

According to Jorge Goldman, president of the Institute, the competition gave young people with disabilities an opportunity to set personal goals and demonstrate their potential as writers. The competition also provided a chance for the "outside

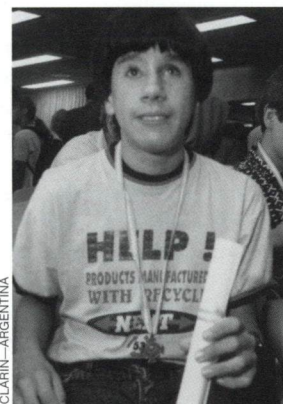
world" to experience and value the special perspectives and skills of people with disabilities.

"My Friend," "The Sneakers," "Hope Must Convince Sadness," "A Magic World," "The Ship that Thrilled the World," "Investigating a Love Story" and "The

Traveling Lion," were among the titles of stories receiving awards.

"We tried to solicit entries from young people from all over the country," said Goldman. "We thought we would get about 50 submissions, but we ended up receiving more than 500. It was thrilling to open envelopes postmarked from locations all over Argentina. We had hoped to make it a national project, and we really met our goal."

—Christina MacCulloch



Contest winner Sergio Ramacciotti.

LOANS

Panama. . . \$58.1 million

to help improve the quality, efficiency, and accessibility of education from preschool to 12th grade.



The resources will enable the Ministry of Education to modernize curricula, train teachers, develop and acquire learning materials, establish better evaluation and management systems, and improve efficiency.

Special emphasis will be placed on making basic education more accessible and relevant to indigenous and rural communities with the participation of parents' associations.

At the end of the six-year program, student scores on attainment tests are expected to rise by 20 percent and the percentage of students completing sixth grade is expected to increase from 78 percent in 1997 to 90 percent in 2002. Enrollment in preschool and higher secondary grades is also expected to rise substantially.

The total cost of the program is \$73.3 million.


Regional. . . \$100 million

to strengthen the Central American Bank for Economic Integration and to consolidate ongoing reforms.



The resources will support CABEL's efforts to gain access to international capital markets

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.

with an investment-grade rating and maintain that rating over the long term, as well as provide credit for onlending to the private sector.

TECHNICAL COOPERATION

Brazil. . . \$4 million to make high-priority social programs more effective, efficient and equitable.



The resources will help train a large number of federal and state employees involved in the design and implementation of social policies. Funds will also be used to provide basic management tools for 25 high-priority programs at the core of the government's social development strategy.

More than 700 federal and state public servants of different levels will receive training, including advanced instruction in the IDB's Inter-American Institute for Social Development.

Technical assistance

will be provided to strengthen management tools, such as information systems and performance evaluation.

The program will also establish a national network for social-sector design and management training.

The total cost of the program is \$7 million.

MULTILATERAL INVESTMENT FUND

Belize. . . \$792,000 to improve job placement and vocational training for youth entering the private sector work force.



The project will be the country's first effort to design, test and carry out an efficient labor market brokerage service that could be replicated within the vocational training system in the country.

At the same time, young people will receive training and technical assistance that will enable them to become business entrepreneurs as well as employees.

About 500 Belizean young people will receive training under the program, to be carried out by the Youth Start Plan.

A minimum of four intermediary training providers will be strengthened in their ability to deliver market-driven skills training, and at least 60 private firms and individual entrepreneurs are expected to participate in the program as employers, mentors, financial intermediaries and contributors to demand-driven skills training.

Guyana. . . \$875,000 to

help increase the competitiveness of the private sector by supporting



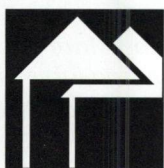
the modernization and institutionalization of a training system for middle level and technical management.

The program, to be carried out by the Consultative Association of Guyanese Industries, will introduce innovations in training in three growth sectors where employment is concentrated but competitiveness is lagging: engineering and capital goods construction, agribusiness and food processing, and services.

The program will consist of in-firm and short-term modular courses, which will be delivered by organizations such as the Guyana Management Institute and the Guyana Sugar Corporation. The University of Guyana will participate in accreditation.

As part of the program, the skills of 1,500 mid-level and technical managers will be upgraded, a cadre of qualified trainers will be developed, and a human resources management information system will be established.

Honduras. . . \$1.95 million grant to help small and medium-sized businesses to improve the quality of their labor force by investing in training.



The project will increase the competitiveness and productivity of companies in the construction, tourism and wood processing sectors by enhancing workforce efficiency and skills.

As an incentive for employers to invest in new training programs, the MIF resources will finance 50 percent of their cost.

The initiative, to be carried out by the Honduran Human Resources Advisory Center, also will promote a better supply of training services as a response to private sector demands.

The project will encourage a dialogue between the public and private sectors on an eventual reform of the national job training system. Two industrial groups will be selected to develop occupational performance standards, which will serve as pilot experiences for the creation of a national program of occupational standards and certification.

Mexico. . . \$1,767,550 to improve the productivity and competitiveness of small metal-working firms in the state of Jalisco.



The resources will finance technical assistance and staff training to support improvements in production processes and quality control.

Personnel from small firms will also be trained in the development of marketing, strategic and business plans to reach growing domestic and international markets for metal products.

Funds will also be used to support participating companies who wish to improve their environmental practices. The program is intended to strengthen the executing agency, the Instituto de Fundición y Maquinado de Jalisco.

INTER-AMERICAN INVESTMENT CORP.

Regional. . . \$3.5 million loan to Poly-productos de Guatemala, S.A., and Manufacturera Centroamericana, S.A., to expand production of both companies and the warehousing facilities of Poly-productos.



The two companies plan to diversify their product line and target nonagricultural clients with year-around production schedules. These changes are intended to help thereby

stabilize their cash-flow patterns and more fully utilize their resources throughout the year.

In addition, the companies will acquire equipment and machinery based on the latest technological advances in the polypropylene packaging industry. The United States and Canada are the chief export markets for the products, but regional export markets are growing as well.

The project, whose total cost is estimated at \$7.12 million, is expected to generate 190 jobs split evenly between Guatemala and Nicaragua and generate up to \$13 million in annual hard currency earnings.

BONDS

Dollar... \$500 million issued on the Euromarket with an annual coupon of 6 3/8 percent and a maturity date of June 27, 2002.

Lehman Brothers and J. P. Morgan were the joint lead managers of a syndicate of 15 international banks for the first issue, which was priced at 101.327 percent.

Pound Sterling... 200 million pound sterling issued on the Euromarket for a three-year term and a semiannual coupon of 6.4 percent.

Yamaichi International (Europe Limited) arranged the issue, which was priced at 99.1 percent and will mature on June 26, 2000. The bonds were targeted mainly to retail investors in Japan.

PEOPLE

Mario Marcel Cullell has been elected IDB executive director for Chile and Ecuador. He was previously the budget director of Chile's Ministry of Finance.

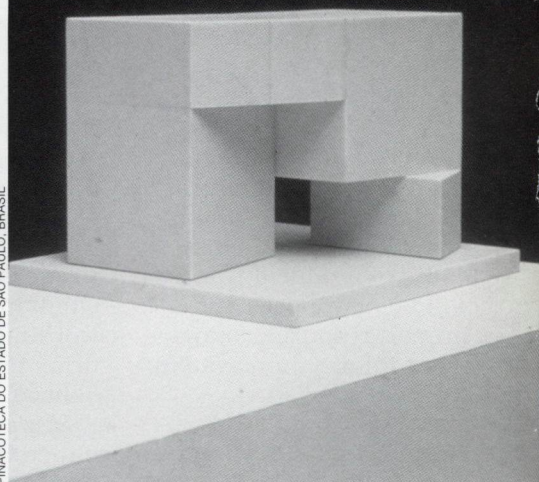
Luisa Rains was named chief of the Fiscal Division of the IDB's Integration and Regional Programs Department and **Edmundo Jarquín** was appointed chief of the State and Civil Society Division of the Strategic Planning and Operational Policy Department.

Both of these recently created divisions were previously units within their respective departments and both were previously run by Rains and Jarquín.

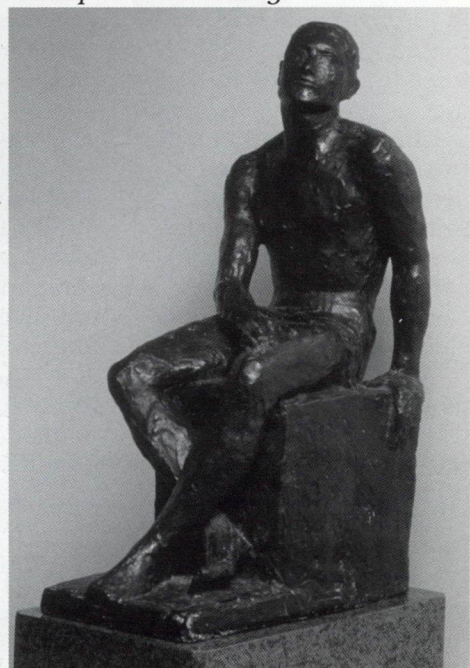
Saúl Hanono was named executive secretary of the IDB's Staff Retirement Plan. Hanono was previously chief of the Resource Mobilization Section in the Bank's Finance Department.

Eleanor H. Howard has been appointed head of the Office of Learning in the Administrative Department. She was deputy manager of Regional Operations Department 2. Howard is succeeded by **Terry Powers**, who was most recently a senior advisor in the Private Sector Department.

Bernardo Frydman has been named deputy manager in the Bank's Private Sector Department. He was the chief advisor of the same Department.



Sculptures by Maria Martins (left); Sérgio Camargo (above); and Ernesto de Fiori (below), on exhibit in the IDB headquarters building.



SCULPTURE

Brazil in three dimensions

Works that reflect a country's cultural diversity


Fifty-two pieces by 19 outstanding 20th century Brazilian sculptors have gone on display in the IDB Cultural Center Art Gallery and the IDB building's atrium.

Including large-scale works, such as Maria Martins' 300-kilogram bronze *Impossível*, the exhibit "Brazilian sculpture from 1920 to 1990: a profile," is the most ambitious undertaking of the IDB Cultural Center to date, according to its director, Ana Maria Coronel de Rodríguez. The showing was produced with the collaboration of the office of the IDB's executive director for Brazil and Brazil's Washington embassy.

The pieces reflect the cultural diversity of Brazil's art community,

which blends influences from Europe (mainly Portuguese, Italian, and German), Africa (nearly one million Africans were taken to Brazil during the 19th century alone), Asia (São Paulo is the home of the largest Japanese settlement outside Japan), and indigenous peoples such as the Guaraní and the Bororo. Even today, with the arrival of nearly 50,000 immigrants each year, Brazil's cultural landscape continues to evolve. Sculpture in Brazil has developed in close connection with architecture, a field in which Brazilian practitioners such as Lúcio Costa, Oscar Niemeyer, and Roberto Burle-Marx enjoy international recognition. Brasília, the

national capital whose design and planning began in 1949, illustrates the relationship between these two disciplines that has been replicated elsewhere. In the United States, for example, principles developed for Brasília were used in the redevelopment and planning of cities such as Albany, New York, and Portland, Oregon.

 For more information on the IDB exhibit, which will run until September 12, go to <http://ww2.iadb.org/cultural/center1.htm>.