

Summit of the Americas

The IDB Agenda to Support the Mandates of the Summits of Quebec and Nuevo León

Activities and Strategic Programs



Report to the Summit of the Americas

Mar del Plata, Argentina

November 2005

Summit of the Americas

The IDB Agenda to Support the Mandates of the Summits of Quebec and Nuevo León

Activities and Strategic Programs

Report to the Summit of the Americas

**Mar del Plata, Argentina
November 2005**



Inter-American Development Bank



Loading

By Golde White

Barbados, 1890-1977

Watercolor, 25.4 x 30.6 cms

From the Private Collection of Karl Broodhagen, included in the "Parallel Realities—Five Pioneering Artists from Barbados" exhibition presented by the IDB Cultural Center in Washington, D.C. on May 20 until July 16, 1999.

Sustainable Development Department
Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577

sdsinfo@iadb.org
202-623-4205 (fax)
www.iadb.org/sds

Graphics production by ITS/GSV-Design Unit

Contents

Introduction	1
I. Public Governance and Political Development	5
IDB Strategic Programs	
Program for the Support of Democratic Governance	
Global Legal Information Network (GLIN)	
Program to Train Young Democratic Leaders	
Program for Violence Prevention	
Program to Support the Justice Studies Center for the Americas	
Mandates of the Summits: Making Democracy Work Better	7
Electoral Processes and Procedures	
Transparency and Good Governance	
Fight Against Corruption	
Empowering Local Governments	
Strengthening Human Rights Systems	
Mandates of the Summits: Justice, Rule of Law and Individual Security	16
Access to Justice	
Hemispheric Meetings of Ministers of Justice	
Transnational Organized Crime	
Violence Prevention	
Strengthening Participation in Hemispheric and National Processes	
II. Integration and Economic Development	23
IDB Strategic Programs	
Program to Support Trade and Integration	
Regional Infrastructure Program	
Program to Promote the Implementation of International Standards for Financial Markets	
Mandates of the Summits: Trade, Investment and Financial Stability	31
Trade and Investment	
Economic and Financial Stability	
Corporate Social Responsibility	

III. Ecology and Sustainable Development 37

IDB Strategic Programs

Program to Respond to Natural Disasters
Program for the Sustainable Development of the Meso-American Bio-logical Corridor

Mandates of the Summits: Disaster Management, Environmental Foundation for Sustainable Development 40

Disaster Management
Environmental and Natural Resource Management

IV. Equity and Human Development 57

IDB Strategic Programs

Program for Comprehensive Poverty Reduction Strategies
The Inter-American Teacher Training Program
Voluntary Youth Service in the Americas Program
HIV/AIDS Program
Program for Dignified, Active, Productive and Healthy Aging
Program for Integrated Community-Based Projects for Excluded Groups
Program to Train and Incorporate Youth into the Entrepreneurial Sector
Program for Legal Security and Sustainable Development of Indigenous Lands

Mandates of the Summits: Growth and Equity 71

Development Financing
Enabling Economic Environment
Enhancing Social Stability and Mobility
Education
Science and Technology
Health
Gender Equality
Indigenous Peoples

V. Connectivity and Technological Development 85

IDB Strategic Programs

Program for Regulatory Initiatives to Promote Connectivity
Telecenters Program for Community Development
Connectivity Program for Excellence in Higher Education
Program for the Democratization of Information Technology

Mandates of the Summits: Infrastructure and Regulatory Environment, Connectivity, Education 87

Declaration of Connectivity

Foreword

During the Hemispheric Summit that took place in Quebec, Canada, in April 2001, the Inter-American Development Bank presented a set of 22 strategic programs intended to contribute to meeting the mandates that stem from the Summits of the Americas and the commitments that are part of the Plan of Action adopted in Quebec.

Since then, the IDB has carried out intensive and complex financial and technical activities in the context of those 22 strategic programs. The programs fall into five areas that summarize the mandates adopted by the Heads of State and Government of the Americas, namely: democratic governance and political development; integration and economic development; ecology and sustainable development; equity and human development; and connectivity and technological development.

During the Special Summit in Monterrey, Nuevo León, Mexico (January 2004), the IDB presented a report summarizing achievements made since 2001 with respect to the programs presented in Quebec. In addition, the Declaration of Nuevo León establishes new mandates.

On the occasion of the Hemispheric Summit in Mar del Plata, once again we have taken a moment to examine how far we have come on the road to achieving the programs that were presented during the Quebec Summit and in the Nuevo León Declaration. We are pleased to offer this document, which provides information on the progress made.

Luis Alberto Moreno
President
Inter-American Development Bank

Introduction

The transformations and reforms initiated in the early 1970s, which led to a new regional political and economic scenario characterized by positions of greater convergence between countries, have opened the road to a new era of hemispheric cooperation.

The Hemispheric Summits of Heads of State and Government arose during this new era of cooperation. As a multilateral forum, these summits have provided leaders from the hemisphere with a new platform on which to find consensus and take collective actions based on shared values. It has also supported the desire to work together toward common objectives, especially toward the construction of a more comprehensive vision of development. This new multilateral dynamic began with the Summit of the Americas, held in Miami in late 1994. A second summit was held in Santiago de Chile in 1998, and a third in Quebec, Canada, in 2001. Alert to its changing problems and challenges, the community of American nations celebrated a Special Summit in Monterrey, Mexico, in early 2004.

As part of the inter-American system, the Inter-American Development Bank has accompanied these summits with dedicated interest and attention. In this sense, the IDB has increasingly been aligning its financial and technical activities with the guidelines, mandates and commitments adopted by Heads of State and Government under the framework of the summit process. At the same time, the IDB has coordinated actions with other international organizations in order to generate synergies and broaden the scope of hemispheric cooperation.

From Quebec to Mar del Plata

At the Quebec Summit of 2001, the Inter-American Development Bank presented a set of strategic programs in the areas of democratic governance and political development, integration and economic development, environment and sustainable development, equity and social development, and connectivity and technological development. Since then, the IDB, in cooperation with its member countries and other institutions and international organizations, has developed a wide range of activities supporting those strategic programs that coincide with the priorities adopted by the Heads of State and Government in the Quebec Declaration and Plan of Action.

Over the past five years, the IDB has been very active in its efforts to update or formulate new sector strategies. These strategies are documents that define programmatic priorities for the Bank's actions in different areas and, therefore, have enormous implications both for the institution's dialogue with member countries and for operational activities, whether financial or technical. It is important to emphasize that through this process to update and formulate strategies, the IDB has increasingly been aligning its activities with the more harmonious vision of development emerging from the Hemispheric Summit process.

During the last several years, the Bank has prepared a set of new strategies in the areas of sustainable economic growth, poverty reduction and promotion of social equity, modernization of the State, social development, competitiveness, integration and environment. It is also in the process of preparing and approving strategies in the fields of education, health, indigenous peoples, information technology, rural development, small and medium businesses, infrastructure and capital markets.

This report lists a series of financial, technical and institutional actions and activities implemented since 2001 by the IDB as a way to follow up on the strategic programs presented in Quebec and the mandates adopted at that hemispheric summit, as well as the Declaration of Nuevo León.

Democratic Governance and Political Development

In order to fulfill the Plan of Action mandates that fall into the areas of “Making Democracy Work Better” and “Justice, Rule of Law and Individual Security,” the Bank has supported five strategic programs: the Program for the Support of Democratic Governance, the Global Legal Information Network, the Program to Train Young Democratic Leaders, the Program for Violence Prevention and the Program to Support the Justice Studies Center for the Americas. The Bank has also approved several loans and technical cooperation operations for projects that address: modernization of the public sector; reform of the judicial system; strengthening of institutional capacities for trade negotiation; modernization and institutional and technical strengthening of parliamentary bodies; promotion of public safety and citizen security; and support for decentralization processes. Many activities have been initiated in the areas of prevention of money laundering, electoral and political reform, and the promotion of democratic leadership skills for women, youth and traditionally excluded groups.

Additionally, the IDB organized several regional meetings with civil society organizations and approved a strategy to promote citizens' participation in the Institution's activities. One of the Bank's most emblematic activities involved publication of the book *Democracies in Development: Politics and Reform in Latin America*. In conjunction with the Organization of American States (OAS), the United Nations Development Programme (UNDP), the International Institute for Democracy and Electoral Assistance (IDEA) and other organizations, the Bank gave its support to various activities seeking to strengthen the political party system.

Integration and Economic Development

Under the heading of “Trade, Investment and Financial Stability” the Bank has provided support for activities to further the regional integration process, with particular attention paid to trade and financial issues. Three strategic programs have been implemented to back the mandates: the Program to Support Trade and Integration, the Regional Infrastructure Program and the Program to Promote the Implementation of International Standards for Financial Markets.

In the context of the Tripartite Committee, the IDB, in coordination with the OAS and the Economic Commission for Latin America and the Caribbean (ECLAC), has provided support for the Free Trade Area of the Americas (FTAA) negotiation process. The FTAA Administrative Secretariat also received assistance through a regional technical cooperation project.

The Bank continued backing major integration initiatives. It supported the South American Regional Infrastructure Initiative (IIRSA) through the technical working groups that meet to identify priorities in investment projects. A Bank-sponsored high-level meeting held in Brazil in 2002 set forth plans to integrate the physical infrastructure of South America in the transportation, energy and communications sectors. Additionally, the IDB has been actively involved in supporting the Puebla-Panama Plan (PPP), from the conceptualization of programmatic content to the definition of the priority areas to be addressed. The Bank serves as the Chair of the PPP's Technical Advisory Group. In this capacity, it has supported national and regional authorities in the development of projects to promote integration in the region, specifically in electrical energy markets and major highway transport. Detailed activities are described in section II of this report.

Ecology and Sustainable Development

In the areas of “Disaster Management, Environmental Foundation for Sustainable Development” the Bank has supported two strategic programs: the Program to Respond to Natural Disasters and the Program for the

Sustainable Development of the Meso-American Biological Corridor. In this context, the Bank is working with countries in the region to incorporate environmental sustainability into their development agendas, providing financial support to improve their capacity to manage environmental and natural resources, and integrating environmental considerations into programs, policies and strategies. Activities include operations to support environmental governance as an instrument for sustainable growth and assistance to support the sustainable development of renewable resources.

The IDB also provides support for the prevention and mitigation of natural disasters as well as emergency and reconstruction assistance following disasters. Activities in this area include the hosting of annual Regional Policy Dialogue Meetings on Natural Disaster Management; approval of several emergency operations to rebuild damaged communities and infrastructure affected by natural disasters; seminars on how to reduce the impact of natural disasters and a three-country study on the practical application of financial instruments for natural disasters. In addition, two operations were approved for financing through a special IDB financial instrument, the Sector Facility for Disaster Prevention. More detailed activities are described in section III of this report.

Equity and Human Development

A substantial part of the Bank's lending and nonlending activities and services fall under the "Equity" heading. The Bank is implementing eight strategic programs to address these issues, including the Program for Comprehensive Poverty Reduction Strategies. In particular, the Bank has devoted significant human resources and technical cooperation to assist in the development of national poverty reduction strategies and to organize dialogues with the governments and representatives of civil society to build a consensus around the urgency of comprehensive measures and plans to promote social equity.

Additional assistance is being provided to groups that have been excluded from the process of economic and social progress, in particular, women and senior citizens, the handicapped, and racial and ethnic minorities. Increasing emphasis has been placed on investments in education, health and nutrition as a means to promote the development of human potential. In particular, great emphasis is placed on the universalization, quality and appropriateness of education, and in programs geared to young people. Likewise, priority has been given to the topics of health, including the prevention and treatment of diseases and pandemics such as HIV/AIDS. The Bank has also provided support for activities in other areas that affect human well-being, such as housing, community services, employment, labor training and the promotion of culture. More detailed activities are described in section IV of this report.

Connectivity and Technological Development

The Bank is supporting four strategic programs that address "Infrastructure and Regulatory Environment, Connectivity, and Education." Particular attention is being paid to strengthening the capacity of governments to develop legal and regulatory frameworks to promote connectivity; establishing telecenters for rural connectivity; enhancing the application of information and communication technologies in higher education; and improving access to information technology for youth and other marginalized groups.

New information technologies are transforming societies and generating new opportunities for progress while at the same time creating enormous challenges. Market globalization, the rapidly increasing speed with which decisions are made and put into action, and the almost constant reorganization of knowledge networks, are fostering unprecedented social and economic changes. To meet these challenges, the Bank has provided institutional, economic and social development assistance to its member countries to support the new technological approaches and needs. More detailed activities are described in section V of this report.

In summary, the Bank has strengthened efforts in Latin America and the Caribbean to advance the implementation of the Action Plan in the areas of democratic governance, prosperity creation, respect for the ecology and for environmental heritage, and improvements in living standards and social inclusion in the region. In this way, the Bank is supporting the mandates that resulted from the Quebec and Nuevo León Summits through multiple actions that move forward the commitments that the Institution made at both Summits.

I. Democratic Governance and Political Development

IDB Strategic Programs

Program for the Support of Democratic Governance

The program includes national and regional actions to promote institution building and democratic political development. The IDB reinforced its financial and technical activities in this field and has continued to foster dialogues to identify lines for institutional and political reform. The main activities supported by the Bank have included: (i) reform and modernization of public administration, including the fiscal capacities of governments; (ii) judicial system reform and strengthening; (iii) institutional and technical strengthening and modernization of legislative bodies; (iv) strengthening of electoral institutions and of the regulations for political parties; (v) institutional and technical strengthening of decentralization processes; (vi) institutional and technical strengthening of oversight, regulation, and control agencies; and (vii) development of a democratic culture and promotion of citizen participation in the formulation of public policy.

- Seventy-four loans to address issues of democratic governance have been approved since 2001 for a total of US\$4.6 billion. Among these, 18 projects were in the area of public sector modernization and reform, for a total of US\$932 million. Six were in the area of justice reform for a total of US\$164.2 million. One loan for US\$7 million was approved for legislative modernization, along with 15 loans for US\$1.7 billion in the area of fiscal reform, and one loan for US\$5 million in the area of foreign trade policy reform. The rest of the projects in this sector are directed at State reform in general, totaling US\$1.9 billion. Numerous loans and technical cooperation operations financed by the Bank and Multilateral Investment Fund (MIF) include components that involve participation by civil society organizations and that seek to strengthen said organizations.
- Since 2001, 365 technical cooperation operations have been approved in the democratic governance sector for a total of US\$91.7 million. Of these, 26 were in the area of public sector modernization and reform for a total of US\$8 million; six in the area of justice reform for a total of US\$1 million; eight in the area of legislative reform for US\$1.4 million; 20 in the area of strengthening civil society for a total of US\$3.9 million; seven in the area of fiscal reform for a total of US\$2.3 million; 24 in the area of finance modernization for US\$12.6 million; and five in the area of electronic government for US\$898,000. The rest of the projects in this sector are directed at state reform in general and total US\$61.6 million.

The Global Legislative Information Network (GLIN)

The Bank is responsible for the GLIN-Americas initiative, which coordinates the GLIN programs for Mercosur, Central America and the Caribbean. With technical cooperation funds, Network stations were established in all participating countries. More than one hundred functionaries of the legislative and judicial entities of these countries have taken part in a total of approximately 4,000 hours of training. As part of IDB activities related to the GLIN stations, three follow-up and evaluation sessions were held for GLIN stations in Central America (Costa Rica, El Salvador and the Dominican Republic) and two for Mercosur stations (Uruguay and Brazil). More than 150 functionaries attended these sessions.

Among the activities programmed for 2005 is the structuring and initiation of activities of the Center for the Documentation and Translation of Legislation, Jurisprudence and Doctrinal Summaries, to be implemented through regional cooperation. Also scheduled is a regional training program for legal specialists and technicians from GLIN stations and elected political officials from legislative and judicial branches on e-government,

legislation and the legal framework in an information society. This program will be defined with participation by the IDB and the Institute for the Connectivity of the Americas (ICA). Efforts will continue toward the initial evaluation and incorporation of Caribbean countries into the Network. The program of activities for 2006 will include approval of regional cooperation funds for GLIN-Andean Pact (which will include Bolivia, Colombia, Ecuador, Peru and Venezuela) and implementation of the e-government program for officials from legislative and judicial branches of the Americas.

Program to Train Young Democratic Leaders

- National Training Courses for Training Young Democratic Leaders (*Capacitación para Líderes Democráticos - CALIDEM*) is a joint program of the Inter-American Development Bank and the OAS Unit for the Promotion of Democracy. Between June and December 2003, CALIDEM organized training programs in Chile, Ecuador, Honduras, Nicaragua, Panama, Paraguay and Peru.
- Training was provided to a group of more than 250 young leaders between the ages of 18 and 30. The group was made up of young men and women affiliated with various political parties, nongovernmental organizations, academia, and the media.
- The courses were taught by approximately 80 Latin American democracy experts. The ten thematic modules that make up the CALIDEM training course covered the following topics: democratic values and practices, human rights, the functioning of democratic institutions, the role of political actors, political administration, negotiation and conflict resolution, and the design of political and social inclusion projects.
- Eight national and international networks of young democratic leaders have been formed as a result of these training courses. These leaders are expected to become agents of positive change and to help disseminate and increase the knowledge acquired during training.
- Courses were held in Bolivia, Brazil and Colombia between December 2003 and June 2005. Two of the courses taught in Colombia used different methodologies (one of the courses is still underway and included the participation of 100 youth). A new program modality directed especially toward youth involved in political parties (CALIDEM-PP) was applied in all of the courses. In this way, political parties and multi-party organizations have been able to join with the different partners implementing the courses.
- More than 180 youth (from different ideologies and regions of their countries) who received training are active within their respective party organizations.
- Among the experts teaching these courses are university professors, political science experts, renowned politicians and public personalities. The contents of the CALIDEM-PP modules complement the teaching of democratic practices and values with analysis of the role of political parties in society. The courses also cover topics related to political marketing, political communication, campaign management, conflict resolution, political analysis and the design of political and social inclusion projects.
- Announcements for forthcoming courses in Costa Rica and Mexico were issued in May 2005. Forthcoming courses in Argentina, El Salvador and the Dominican Republic were announced in July 2005.

Program for Violence Prevention

In many Latin American and Caribbean countries, violence and citizen security continue to be topics of popular concern as well as priorities on the public agenda. The Bank is collaborating actively with the

governments of the region in the design and funding of innovative operations to reduce social and domestic violence and to increase security. The IDB has financed loan operations of over US\$130 million in this sector, and it has managed more than 75 technical cooperation projects totaling US\$16 million. Currently, projects in Guyana, Panama, Peru, the Dominican Republic and Trinidad and Tobago are under preparation. In addition, the Bank works in cooperation with the Inter-American Coalition for the Prevention of Violence to implement the Violence Prevention Program, which provides financing and technical assistance for activities in violence prevention and reduction in countries of the region.

Program to Support the Justice Studies Center of the Americas

The Justice Studies Center of the Americas is the first institution created to undertake studies and provide training to improve justice reform processes and their results in Latin America and the Caribbean. The Center was created by the OAS General Assembly in order to meet the mandates of the Second Summit of the Americas. The Bank provided support for the Center through a technical cooperation operation (Generating Justice Sector Statistics and Indicators). The information gathered through this statistics project will assist the countries of the region to measure the progress made in the field of justice. It will also assist the Bank in designing judicial reform projects.

The Justice Studies Center participated in a workshop held at the Bank to raise knowledge about the design and selection of indicators for justice projects. The workshop presented information about the type of statistical data available for Latin America and the Caribbean, the ways in which justice projects can contribute to the generation of more useful statistical data, and the types of indicators that could be more effective in evaluating project impact.

In addition, Bank representatives sit on the Editorial Committee of *Sistemas judiciales*, a magazine published by the Justice Studies Center that contains analysis and research seeking a comprehensive perspective of the administration of justice in the Americas.

Mandates of the Summits: Making Democracy Work Better

Electoral Processes and Procedures

Continue to enhance electoral mechanisms, using information and communications technologies where possible, to effectively guarantee the impartiality, promptness and independent action of agencies, tribunals or other bodies responsible for the conduct, supervision and verification of elections at national and sub-national levels, and strengthen and facilitate, with the support of the Organization of American States (OAS) and other regional and international organizations, hemispheric cooperation and exchange of legislative and technological experiences in these areas, and the deployment of election observers when so requested.

- A seminar on electoral reform and sustainable democracy took place in Lima on November 27–30, 2001 under the auspices of the IDB. Discussions focused on reforming the region's electoral systems.
- A second edition of the English version of the book *Democracies in Development: Politics and Reform in Latin America* was published in 2003. The Spanish version was published in June 2003. The book, which was a joint project of the IDB and the International Institute for Democracy and Electoral Assistance, was widely advertised throughout Latin America, the Caribbean and Spain. The Bank is working on a revised edition that will be available in the fourth quarter of 2005.

- The Bank supported the creation of the First Inter-American Political Parties Forum (FIAPP), and participated in the meeting that took place in Miami in December 2001. It was also present in subsequent meetings held in Vancouver, Canada, in December 2002, Cartagena de Indias, Colombia, in November 2003, and Brasilia, Brazil, in November 2004. These forums examined democratic strengthening through the promotion of party plurality, increased political participation, and improvement of the transparency and accountability of political parties.
- The Bank also joined the Consultative Council of the Inter-American Political Parties Forum (FIAPP) chaired by the Organization of American States (OAS).
- In November 2002, the Bank participated in the Conference on the Inter-American Democratic Charter organized by the University of British Columbia in Vancouver, Canada.
- The Bank organized a seminar on the role of Latin American and Caribbean women in high-level government administration, which took place on September 15, 2003, and published a technical paper on the issue.
- In Argentina, the Bank financed the Electoral Administration Unity Project, which is being implemented under the framework of the Program of Institutional Support, Fiscal Reform and Investment Planning for the City of Buenos Aires (Modernization of the Government of Buenos Aires subprogram). The project's main objective is to modernize administrative systems and structures of the executive branch of the city of Buenos Aires, which affect various stages of the electoral process.
- In Costa Rica, the Bank carried out the Project to Strengthen the Supreme Electoral Court approved in August 2003 for a total of US\$138,740. The objective was to assess the feasibility of implementing electronic balloting in order to facilitate voting. The project financed consultancies to support the definition and preparation of the Modernization Program of the Supreme Electoral Court of Costa Rica.
- In May 2003 the Bank approved the technical cooperation project Political Party Situations and Perspectives, for a total of US\$110,000. The objective of this operation is to promote (and place on the political agenda) a debate among political, academic and social elites in the region about the State and the perspectives of political parties, based on quantitative and qualitative information about their structures and functioning.
- The Bank, the OAS and IDEA undertook a study of the political party systems of the countries of Central America. Two technical workshops were held as part of this study, one in San Pedro Sula, Honduras, in June 2003 and another in Antigua, Guatemala, in September 2003. A regional conference that included the participation of Central American political leaders was held in February 2004 in San Pedro Sula.
- In October 2003 the Bank and the Central American Integration System sponsored a seminar on strengthening democracy in Central America.
- The Bank's new strategy for modernization of the State, which was endorsed by the Bank's Board of Executive Directors in July 2003, states that the Bank can implement financial and technical activities to help countries strengthen their electoral and political party systems.
- As a result of the study carried out with the OAS and IDEA, the book titled *Un desafío a la democracia. Los partidos políticos en Centroamérica, Panamá y República Dominicana (A Challenge to Democracy: Political Parties in Central America, Panama and the Dominican Republic)* was presented in San Jose, Costa Rica, in May 2004.

- Following up on these efforts, in September 2004 the Bank approved the regional technical cooperation operation “Situation and Perspective of the Parties and Political Party System in the Andean Countries” for a total of US\$150,000. The operation will be executed by the OAS and seeks to set the foundation upon which a constructive debate on the public agenda can be promoted. The debate is expected to include the participation of Andean political, academic and social organizations, as well as multilateral organizations working in this field. The main topics to be addressed include the capacity of the legal/institutional system of political parties and the capacity of the political parties of the Andean countries to assume their responsibilities effectively in the process to consolidate the democratic system.
- In September 2004 the Bank approved the technical cooperation operation “Situation and Perspectives of the Political Parties in Central America, Panama and the Dominican Republic II” for a total of US\$40,000. Following up on the successful international conference held in San Jose, Costa Rica, in May 2004, efforts continue to be made to promote debate among regional political, academic and social elites about current conditions and future perspectives of political parties, based on quantitative and qualitative information about their current structures and functioning.
- The Bank and the OAS Unit for the Promotion of Democracy (UPD) agreed that half of the Bank funds allocated to the UPD's Democratic Leader Training Program will be devoted exclusively to activities involving young party leaders within the framework of the Inter-American Political Parties Forum (FIAPP).
- Studies about the current situation in Colombia, Haiti, Honduras and Nicaragua dealt specifically with institutional issues in those countries. In addition, macroeconomic policy dialogues in Belize, Ecuador and Paraguay also addressed institutional issues.
- Bank studies of the situation in Argentina, Guatemala, Paraguay, the Dominican Republic and Uruguay specifically addressed the issue of governance in those countries, identifying main problems and challenges as well as opportunities to strengthen institutional development. The studies responded to a need for greater knowledge about the characteristics of governance in specific countries, given its importance in terms of development.
- The Bank is also preparing comparative governance profiles of the Andean countries. The methodology applied in this case may be applied in other subregions.
- In Nicaragua, the Bank's Social Inclusion Fund provided US\$43,000 to finance a Methodology to Promote the Participation of Ethnic Groups in the 2005 Census. The Bank also approved the project “Eighth Population Census and Fourth Housing Census” (for US\$6,550,000) to support Nicaragua's statistical system in the implementation of the 2005 National Population and Housing Census. One of the project components sought to promote the participation of ethnic groups in designing the census form during the second semester of 2003. The objective was to ensure ethnic participation in all stages of the next population and housing census scheduled for 2005.
- In Panama the Bank is implementing the Civic and Electoral Training Program, which was initiated in 2000 and involved the creation of a fund of US\$555,000. The program is being executed by the Supreme Court of Electoral Justice and seeks to contribute to the strengthening of democratic values by supporting the gradual process to establish a new civic culture in the country.
- The projects to support the legislative branches of Argentina (Program for the Institutional Strengthening of the Honorable Senate of the Nation), Chile (Program for the Strengthening of Support for Parliamentary Operations BNC-INNOVA) and Peru (Program for the Institutional Strengthening of the Congress of the Republic) involve the reorganization of these countries' parliamentary advisory systems. This includes funds for

consultations and workshops to build consensus around support for initiatives related to the legislative agenda. These resources are available to support political reforms, including reforms to electoral systems if so desired.

- In Bolivia the Bank is financing the project “Legislative Efficiency and Citizen Participation with IT in the National Congress” (for a total of US\$150,000). Among other components, this project provides technical assistance for the creation of a network and information services that facilitate communication between the legislative branch and citizens.
- In Honduras the Bank is implementing the Program to Establish Electronic Government (for a total of US\$150,000). Within the framework of State modernization and reform, the government of Honduras initiated actions meant to improve the quality of life for all Hondurans, to strengthen government-citizen relations, to improve information management and knowledge for decision making in public administration, and to ensure greater access to information for citizens by using new information and communication technologies. The objective of this technical cooperation operation is to support the government of Honduras in increasing the effectiveness and efficiency of its administration by improving the e-government platform at the national level.
- Financed by a technical cooperation operation, in 2005 the Bank approved the project Democratic Consolidation through the Strengthening of Electoral Processes in Suriname.
- In Peru the Bank is financing the Program to Support the Technical Debate for the 2006 Elections through a US\$100,000 technical cooperation operation. The main objective is to transfer and disseminate knowledge based on new research about policy options included in the National Agreement and the Millennium Development Goals, in benefit of political and civil society groups participating in the 2006 electoral process.
- The Bank approved the regional technical cooperation project “Regional Study of Political Financing.” This initiative proposes measures to improve the transparency of electoral processes and political campaigns.
- The Bank established an Award for Innovation in Government in Latin America.
- The Bank participated in the discussion on institutions (What Institutions for the Americas?) organized by the Center for Inter-American Studies of the University of Laval, Quebec, on March 11–13, 2005.
- Together with IDEA, UNDP, IMD and DFID, the Bank is supporting the AGORA Project on Political Systems, Governance and Development in Andean Countries. In this context, the Bank participated in the Methodological Workshop on Political Systems, Governance and Development in Andean Countries held in Lima on March 30–31, 2005.
- The Bank held a workshop entitled Elements for Political Reform in Latin America on April 5, 2005. The Bank presented a technical report that provided an assessment of the problems related to democratic governance in the region. The paper was based on prior studies and publications such as the IDB book *Democracies in Development. Politics and Reform in Latin America*. Recognizing that there are no universal remedies, the report includes a series of recommendations for future reforms to improve the transparency, efficiency and legitimacy of democratic institutions in Latin America.
- The Bank participated in the seminar “Encouraging Coordination and Innovation in International Political Party Assistance,” organized by the United States Agency for International Development (USAID) in Washington, D.C. on April 5–7, 2005. This seminar was the starting point for the creation of a network to increase donor coordination in the area of political party system reform.

- The 2006 report on economic and social progress in Latin America will be published in late 2005. Entitled “*Politics of Policies*,” this report will add to current analysis on the impact of public institutions on governance and political decision-making processes in different countries of the region.
- The Bank supported the publication of the report *La inclusión de las mujeres y la igualdad de género en la reforma política de Latinoamérica y el Caribe (Gender Equality and the Inclusion of Women in Latin American Political Reform)*. This report seeks to provide a comprehensive analytical framework about the political inclusion of women, along with recommendations for the IDB’s Strategy for the Modernization of the State based on recent political reforms in Latin America and the Caribbean. The report covers the following areas from a gender equality perspective: (i) modernization of the electoral and party system and promotion of greater inclusiveness in the political system; (ii) promotion of citizen participation in the design and implementation of public policies through institutions of representative democracy; and (iii) promotion of democratic culture among citizens.

Transparency and Good Governance

Promote cooperation among national agencies in the Hemisphere charged with the development and maintenance of procedures and practices for the preparation, presentation, auditing and oversight of public accounts, with technical assistance where appropriate from multilateral organizations and multilateral development banks (MDBs), and support exchanges of information on oversight activities related to the collection, allocation, and expenditure of public funds.

Encourage cooperation and exchange of experiences and parliamentary best practices between national legislators of the Hemisphere, while respecting the separation and balance of powers, through bilateral, subregional, and hemispheric vehicles such as the Inter-Parliamentary Forum of the Americas (FIPA).

Create and implement programs with technical and financial support, where appropriate, from multilateral organizations and MDBs, to facilitate public participation and transparency, using information and communications technologies, where applicable, in decision-making processes and in the delivery of government services, and to publish information within time limits established by national legislation at all levels of government.

The Declaration of Nuevo León, adopted by the Special Summit of the Americas held in 2004, included a specific mandate for international organizations with respect to transparency:

We commit to increase transparency in the international organizations of which we are members by strengthening their accountability mechanisms.

-
- In 2001 the Bank approved nine projects related to transparency and good governance for a total of US\$1.4 billion, including a US\$250 million loan to Peru for a sector program to support reforms to improve social, fiscal and judicial transparency and accountability. In 2002 the Bank approved six projects for US\$825 million, including a US\$14.8 million program to modernize Chile’s Office of the Comptroller General. The Bank approved nine projects for US\$346.3 million in 2003 and seven projects for US\$683 million in 2004.
 - From 2001 to 2005 the Multilateral Investment Fund has approved 14 projects related to transparency and good governance, for a total of US\$12.8 million. These include a nonreimbursable US\$1.3 million program to support the creation and development of Financial Investigation Units in South America and an additional US\$641,000 to strengthen financial sector accountability and the supervision of microfinance organizations.

- Fifty technical cooperation operations for a total of US\$9.3 million were approved in the area of transparency and good governance from 2001 to 2005, including US\$500,000 to support transparency in public administration in Bolivia, US\$100,000 to support accountability of the executive branch in El Salvador, and US\$150,000 to support transparency in Paraguay.
- In November 2001 the IDB sponsored a forum on transparency, government accountability and social equity in Latin America as part of the fourth session of the Social Equity Forum.
- The Bank organized an international seminar on government e-procurement for Latin America and the Caribbean, held in February 2002.
- The Bank approved funding for a Regional Policy Dialogue for public policy management and transparency. Discussions centered on civil service reform. A network of public authorities was created and meetings were held during the last three years to share experiences in the design and implementation of civil service reform policies and promote transparency in public policy. The third session of the Dialogue took place on November 15, 2002, and the fourth on December 11–12, 2003. In addition, a Caribbean subregional meeting was held on December 15, 2004. The first session of the Regional Policy Dialogue (entitled Results-based Budget Development and Management) was held on May 23–24, 2005.
- In November 2003 the Bank's Board of Executive Directors approved a new freedom of information policy that broadens considerably the information available to the public about IDB activities, thus promoting the institution's transparency.
- In September 2003 the Bank's Board of Executive Directors approved its Code of Ethics.
- In the area of public sector e-procurement, the IDB adapted its activities to more closely meet the standards of other multilateral development banks. One of the objectives of this initiative is to incorporate the use of electronic media in procurement processes financed by the Bank, leading to much greater efficiency and transparency.

Fight Against Corruption

Consider signing and ratifying, ratifying, or acceding to, as soon as possible and as the case may be, the *Inter-American Convention Against Corruption*, in accordance with their respective legal frameworks, and promote effective implementation of the Convention by means of, inter alia, the Inter-American Program for Cooperation in the Fight Against Corruption and associated technical cooperation programs and activities, including those of relevant multilateral organizations and MDBs, in the area of good governance and in the fight against corruption, as well as programs which each country designs and implements in accordance with national laws, by its own appropriate bodies that may require assistance.

Strengthen, in cooperation with multilateral organizations and MDBs, where appropriate, the participation of civil society in the fight against corruption, by means of initiatives that promote the organization, training and linkage of citizens groups in the context of concrete projects which promote transparency and accountability in governance.

- The Bank provided financing for a meeting of the Group of Experts of the 2001 Inter-American Convention Against Corruption, which approved the mechanism for monitoring compliance.

- A regional technical cooperation operation funded the participation of panelists and the preparation of documents for workshops on corruption in the health sector that were held at the 2001 and 2003 International Conferences on Corruption.
- In 2001, the Bank's Board of Directors approved an institutional framework to address corruption. In order to implement that framework, it also created an Oversight Committee on Fraud and Corruption within the Bank. The Committee investigates reports of fraud and corruption by staff of the Bank and the Inter-American Investment Corporation or in the activities of the two institutions.
- In 2003, the Bank created the Office of Institutional Integrity to investigate allegations of fraud and corruption in IDB-financed activities, breaches of the Bank's Code of Ethics and of its rules regarding respect in the workplace. This Office acts as the secretariat for the Ethics Committee and the Committee on Fraud and Corruption.
- In 2004 the Bank's Board of Directors created an Auditing Committee, whose main task is to assist the Board with the Bank's financial reports, risk management and internal controls, internal and external auditing, institutional integrity, and communication between upper management and the Board of Directors and external auditors.
- In January 2003, the IDB undertook an analysis of the potential for including components to reduce corruption in Bank operations and published the results (*Initiatives for Increasing Transparency and Preventing Corruption*). A number of proposals included in the report were incorporated into Bank operations.
- Several loans and technical cooperation operations financed by the Bank and by the Multilateral Investment Fund include components whose purpose is to minimize opportunities for corruption through strategies to enhance transparency and information regarding governance and public accountability.
- The Bank participated in a workshop entitled "Alianza de Aprendizaje Inter-Agencias sobre el impacto de las políticas de anticorrupción en Latinoamérica y el Caribe" (*Inter-agency Learning Partnership on the Impact of Anti-corruption Policies in Latin America and the Caribbean*), organized jointly by the World Bank, the IDB, Transparency International and DFID and held on March 9, 2005 in Washington, D.C.
- The IDB organized a seminar on effective means to investigate and prosecute cases of corruption in Latin America and the Caribbean. This regional event led to the creation of a network of public prosecutors active in the fight against corruption.
- With support from the Norwegian Government, in 2000 the IDB created the Inter-American Social Capital, Ethics and Development Initiative to promote ethical values and strengthen social capital throughout the region. This initiative has carried out a number of activities to support the Bank in the use of social capital and ethics for development. Among many other events, the initiative organized an international conference entitled "Toward a Culture of Transparency," held in Guatemala City in May 2005.

Empowering Local Governments

Support for the OAS Program of Cooperation and Decentralization in Local Government, including, with the support of the IDB, the development of programs and the effective inclusion of citizens in decision-making processes.

- The most important Bank activity in support of municipal and provincial governments has involved loans to finance local and subnational development programs. Specifically, these projects include activities focusing on infrastructure development and the strengthening of subnational governments; urban renewal; social housing; neighborhood improvement and urban poverty reduction; support for national decentralization reform; and local economic development and territorial competitiveness.
- Between 2001 and 2005, the Bank approved 14 projects totaling US\$2.4 million for infrastructure development and strengthening subnational governments. The largest operation was Phase II of the State and Municipal Strengthening and Investment Program (FORTEM), through which US\$1 billion was allocated to finance infrastructure and institutional modernization subprojects in Mexican municipalities and states. During the same period the Bank also approved two urban renewal projects for a total of US\$129 million, including a US\$100 million program to support the renewal of downtown São Paulo. It also approved a US\$35 million urban poverty reduction and local development project in Honduras. Similarly, the Bank approved four projects for Ecuador, Peru, Panama and Suriname for a total of US\$45.5 million to support decentralization processes. Finally, in the area of territorial competitiveness the Bank approved two projects totaling US\$69.9 million for local economic development in Argentina.
- In addition to loans, the Bank also approved several nonreimbursable technical cooperation operations for local governments. In the 2001–2005 period, the Bank approved 14 technical cooperation operations for a total of US\$2.7 million, mainly to finance the institutional development of intergovernmental frameworks and subnational governments. For example, in November 2001 the Bank approved a US\$150,000 regional technical cooperation operation to strengthen the decentralization process in Central America. Two technical cooperation projects for US\$486,000 were approved in 2002, including one in El Salvador to strengthen local procurement capacities. In 2003 the Bank approved operations for Belize to support the strengthening of local governments (US\$100,000), for Nicaragua on gender and municipal development (US\$140,000) and to support productivity improvements in Peru's municipal system. Between 2004 and 2005 the Bank approved a project to support municipal development in Panama (US\$100,000), a regional project for municipal financing of infrastructure (US\$60,000) and an operation to support municipal development in Mexico (US\$354,000).
- The Bank also supports local governments by carrying out studies and research. During the 2001–2005 period the Bank published a study about the experience of Brazil and other countries in promoting citizen participation in budgetary decision-making (*presupuesto participativo*). Another study centered on the experience of Bolivia and dealt with the relationship between social investment funds and local governments (*La convergencia de los fondos de inversión social y de crédito municipal: el caso de Bolivia*).
- The Bank's subnational development strategy has been widely implemented in the region since the first half of 2002. Two important events were held to disseminate this strategy. The first was an international seminar on the globalization and competitiveness of urban centers, which was held during the Bank's Annual Meeting in Milan ("Global and Local: Confronting the Challenges of Regional Development in Latin America and the Caribbean"). The second event was a seminar that dealt with the administration of metropolitan areas and covered topics such as governance, financing, the environment and transportation in large urban areas and various forms of public organization to address these issues. A report on implementation of the subnational development strategy was published as a technical note in 2005.
- Bank representatives participated in a meeting on decentralization, held in La Paz, Bolivia in June 2001.
- In 2004 and 2005, studies on governance were prepared for Argentina, Ecuador, Guatemala, Peru, the Dominican Republic and Uruguay. Each study contains a chapter on decentralization.

- In early 2005 the Bank created a new network to address topics of decentralization and subnational development. Through this network, a series of workshops and informal meetings has been held on various thematic areas, including comparative experiences with political decentralization in the region, certification mechanisms and performance indicators for local public administration, subnational fiscal accountability, citizen security and the role of local governments.
- In April 2005 the Bank organized a seminar on governance and indigenous peoples, which was held in Paris. This event included the participation of renowned indigenous leaders and academic experts. Discussions focused on the participation of indigenous people in local and national government, in the administration of justice and in economic governance.

Strengthening Human Rights Systems

Create and strengthen national human rights action plans, in accordance with the mandate of the 1993 *Vienna Declaration and Programme of Action*, and foster independent national human rights institutions by seeking, where appropriate, technical and financial support from multilateral organizations, MDBs, and specialized multilateral agencies.

- In January 2002 the Bank and the American University co-published, in English and Spanish, a manual on human rights titled *The International Dimensions of Human Rights: A Guide for Application in Domestic Law*.
- The technical cooperation operation “Program for Access to Justice and Protection of Indigenous Communities' Human Rights” was approved to benefit the Inter-American Institute for Human Rights (IIHR).
- The IDB concluded the first stage of a database on indigenous legislation in all countries of Latin America. By systematically collecting and organizing by topic current legislation from the region, the database makes it possible to carry out comparative analyses of international legislation. The database is available through the Bank's web site and is being used by government officials, jurists and representatives of indigenous peoples. In a joint effort with the Inter-American Institute for Human Rights (IIHR), the Bank held several dissemination workshops (with ombudsmen, the Indigenous Fund and the United Nations Permanent Forum on Indigenous Affairs), is working to extend the database to include jurisprudence, and is preparing a proposal for a system to monitor the implementation of legislation.
- In cooperation with ECLAC, the British Department for International Development (DFID) and the World Bank, the IDB held a seminar on civil rights and development in Santiago, Chile, in December 2004. That same year, the IDB provided support to a series of investigations on civil rights and development. These studies are now available in a special section of the Bank's web page on social inclusion.
- The Bank participated in the international seminar “Ombudsmen and State Reform in Latin America,” held in Antigua, Guatemala in 2004.

Mandates of the Summits: Justice, Rule of Law and Security of the Individual

Access to Justice

Promote cooperation in order to exchange experiences in matters of alternative dispute resolution mechanisms to expedite the administration of justice, including among indigenous peoples, for which they may request the support as appropriate of the OAS, the IDB and other entities.

- A loan for US\$22.4 million was approved to support reforms in the administration of justice in Costa Rica.
 - A loan for US\$27.9 million was approved in February 2002 to promote public safety in El Salvador.
 - A regional technical cooperation operation was approved for Panama (Alternative Conflict Resolution Methods: Contributions to the Research). It will review the legal and organizational framework of the *Procuraduría de la Administración* and its ability to oversee public employees and resolve administrative conflicts.
 - The second phase (US\$30.0 million) of a program to support the administration system in Honduras was approved in 2004.
 - In 2004 the Bank approved a technical cooperation operation for preparation of the second phase of the program to support the justice systems of Guatemala and Guyana.
-

Hemispheric Meetings of Ministers of Justice

Develop an exchange of best practices and recommendations, through the Meetings of Ministers of Justice and other appropriate mechanisms, seeking the technical and financial support of other multilateral organizations and MDBs where appropriate, that are consistent with international human rights standards, to reduce the number of pretrial detainees, institute alternative forms of sentencing for minor crimes and improve prison conditions throughout the Hemisphere.

- Bank representatives participated in a meeting of Ministers of Justice held in Trinidad and Tobago in March 2002.
- The third Conference on Justice and Development was held in Ecuador in July 2003.
- In 2004 the Bank participated in a meeting of Ministers of Justice at the OAS in Washington, D.C.
- The Bank participated in the Summit of Presidents of Supreme Courts of Justice and the Judiciary, held in El Salvador in 2004.

Transnational Organized Crime

Implement collective strategies, including those that emerge from the Meetings of Ministers of Justice of the Americas, to enhance the institutional ability of states to exchange information and evidence by concluding international agreements on mutual legal assistance where necessary, develop and circulate national reports, and strengthen cooperation, seeking the technical and financial support of multilateral organizations and MDBs where appropriate, in order to jointly combat emerging forms of transnational criminal activity, including trafficking in persons and the laundering of the proceeds and assets of crime and cyber-crime.

- A US\$241,500 technical cooperation operation was approved in June 2001 to improve the capacity of the judicial systems of seven South American countries to prosecute and penalize money laundering activities. The project was executed as planned, and the external evaluation was presented in October 2003. Courses were taught in all countries benefiting from the initiative.
 - An electronic training course for the prevention of money laundering is being developed with the OAS. The course will be available in English, Spanish, and Portuguese.
 - OAS/CICAD and the Bank, together with GAFISUD, cofinanced and organized a workshop for independent legal professionals (attorneys and notaries public) and accountants of GAFISUD member countries on the responsibilities of independent professionals with respect to the prevention of money laundering. The workshop was held in Montevideo in 2004.
 - Implementation of the following projects is currently concluding: Support for the Development of Financial Intelligence Units in South America, which benefits eight countries; Training for Mutual Evaluations for the Financial Action Group for South America; and the Program for Training and Control of Asset Laundering, which benefits four countries in Central America and the Caribbean.
-

Violence Prevention

Encourage national institutions to work together and coordinate with all appropriate multilateral organizations and MDBs in order to implement integrated programs that include initiatives for conflict resolution, where appropriate, for sustained prevention, permanent attention, public education and treatment relevant to cases of violence against persons, families and communities, strengthening national institutional capacities in these areas.

- Technical cooperation resources totaling US\$250,000 have been requested to finance a program to strengthen municipal institutions in three Central American countries to develop policies and plans for preventing violence.
- Two technical cooperation operations successfully incorporated the topic of violence prevention through classes taught in schools into the Bank's efforts. The first operation established the conceptual foundation and resulted in the publication of studies and a technical note. The second operation is financing the strengthening and evaluation of pilot projects in five countries with resources that total US\$750,000.
- Two technical cooperation operations were approved to support the implementation and/or design of plans to combat domestic violence in Nicaragua and Panama.

- Three technical cooperation operations were approved to support research and project design for peaceful coexistence in Honduras, Nicaragua, and Guatemala.
- The Bank prepared loans to finance citizen security programs in Chile (US\$10 million), Guatemala (US\$27 million), Honduras (US\$20 million), Jamaica (US\$16 million) and Nicaragua (US\$7 million). Projects are currently being designed in Guyana, Panama, Peru, the Dominican Republic and Trinidad and Tobago. These programs typically include the following components: prevention of social violence, focusing on youth, families and communities; police and community policing reform; institutional strengthening of entities involved in violence and crime prevention and control; and improvement of the gathering and management of information, social communication and information campaigns.
- A seminar was held to analyze practices for preventing violence at the municipal level and to get input for the design of a distance learning course for the prevention of violence at the local level. This seminar was a joint undertaking of the IDB and the World Bank.
- The Bank published the book *Calles más seguras*, a compilation of lessons from community policing programs in Guatemala, Brazil and Colombia.
- A regional workshop was held in December 2003 to evaluate the progress made in national and local violence prevention programs and the challenges still ahead.
- Faced with continuing demands by countries in the region for further assistance in the development and financing of operations in the area of citizen security, the Bank proposes to bring experts, public officials and other actors together to review experiences and explore new opportunities for collaboration based on studies of key topics. This initiative will be titled "Citizen Security and Violence Prevention in Latin America and the Caribbean: Reviewing Experiences and Looking Toward the Future."

Strengthening Participation in Hemispheric and National Processes

Develop strategies at the national level and through the OAS, other multilateral organizations and MDBs to increase the capacity of civil society to participate more fully in the Inter-American system, as well as in the political, economic and social development of their communities and countries, fostering representativeness and facilitating the participation of all sectors of society; and increase the institutional capacity of governments to receive, absorb and act on civil society input and advocacy, particularly through the use of information and communications technologies.

- The Bank held a consultative meeting with regional civil society organizations in Maceió, Brazil in December 2001.
- A seminar on social dialogue for the effective inclusion of citizens in national decision-making processes was held during the Bank's Annual Meeting in March 2002 in Fortaleza, Brazil.
- Seminars on the Initiative for Regional Infrastructure Integration in South America (IIRSA) and other topics related to physical integration (including the Puebla-Panama Plan) took place during the Bank's Annual Meeting in Fortaleza in March 2002. The seminars were held in collaboration with various government and nongovernment organizations.
- An information, consultation and participation process was designed to strengthen and include civil society in the Puebla-Panama Plan.

- The Bank organized a consultative meeting with civil society organizations on Bank projects, policies and procedures. The meeting, which was held in Lima, Peru, in January 2003, included the active participation of delegates from Latin America and the Caribbean.
- In February 2004 the Bank organized two consultative meetings on Bank projects, policies and procedures. Civil society organizations from Latin America and the Caribbean participated in the first meeting. The second had a subregional focus, including delegates from English-speaking Caribbean nations.
- The IDB and the Caribbean Development Bank implemented the second regional dialogue with civil society organizations of the subregion, which was held in Bridgetown, Barbados, in January 2005. Two days were allocated to address the strengthening of alliances for sustainable development in the Caribbean.
- In February 2005, the Bank organized the fifth regional meeting between the IDB and civil society organizations, in which said organizations were consulted about Bank activities in the areas of participation, the environment, indigenous peoples and other relevant topics.
- The Bank finances regional activities to disseminate information about the Free Trade Agreement of the Americas (FTAA) in order to promote an increase in civil society participation in the process. To this end, the Bank provided financial support to carry out meetings of the Consultative Group on the Participation of Civil Society in the FTAA, which were held in São Paulo, Brazil, and Santiago, Chile. Civil society representatives participated in these meetings.
- The Bank provided financial support for a consultation process developed by PARTICIPA, an NGO from Chile, in order to seek advice from civil society organizations for the development of a strategy for citizen participation.
- In May 2004 the Board of Executive Directors endorsed the strategic framework to promote citizen participation in Bank activities. The document is based on successful experiences to establish more systematic, transparent and efficient practices. The objective of the strategic framework is to act as a guide for the Bank as it provides support to governments, institutions and the citizens of the region to increase their participation and deepen the relationship between democratic governance and socioeconomic development.
- The Bank convened meetings with civil society advisory groups at the national level.
- The Bank offered training courses for civil society leaders at national and regional levels. Other training was provided through the Inter-American Institute for Social Development (INDES).
- The Bank provided training on fundraising for civil society organizations in Suriname and Guyana.
- The MIF financed a number of nonreimbursable technical cooperation operations for projects promoting micro- and small businesses that were executed by nongovernmental organizations.
- The MIF and the Bank organized a workshop entitled "Civil Society Organizations and Donors: Seeking to Improve Transparency and Efficiency." The event began a dialogue to identify and prioritize factors that help to improve the accountability of civil society organizations to communities and donor entities.
- Following up on this workshop, the MIF approved the technical cooperation operation to undertake a study of ways of improving the capacities of civil society organizations in Argentina. The study emphasizes possible mechanisms for improving the accountability and transparency of civil society organizations.

- The Social Entrepreneurship Program awarded grants and loans to private, nonprofit and government organizations that provide financial, commercial, social or community development services to the most disadvantaged population groups.
- In 2004 the Bank approved a regional technical cooperation operation to improve the visibility of civil society organizations. This project supported implementation of the United Nations' *Manual de instituciones sin fines de lucro en el sistema de cuentas nacionales (Manual for Nonprofit Institutions in the System of National Accounts)*.
- A book was published on dialogue processes in the Environmental Councils of Brazil.
- The Institute for the Integration of Latin America and the Caribbean (INTAL), in collaboration with the World Trade Organization, held several training seminars for the private sector, civil society, academics and labor union activists in order to report on the multiple implications and opportunities implicit in the opening up of trade at the hemispheric and multilateral levels.
- The Bank approved a technical cooperation operation for Civil Society Follow-up to Implementation of the Action Plan of the Quebec Summit of the Americas.
- In-depth consultations with regional civil society organizations were carried out to obtain their comments on the Bank's seven new strategies, which were endorsed by the Bank's Board of Executive Directors in July 2003. The strategies cover sustainable economic growth, poverty reduction and the promotion of social equity, modernization of the state, social development, competitiveness, regional integration and the environment.
- The Bank approved operational guidelines for the development of and consultation about the Bank's sector strategies and policies. This document acts as a guide for consultation with civil society organizations and other relevant actors about the strategies and policies.
- From 2001 to 2005 the Bank approved a number of projects in which civil society participation plays an important role. For example, the Program for National Integrity in Paraguay incorporates institutionalized mechanisms for transparency, accountability and citizen participation into public administration, enabling greater social control and raising the levels of honesty and integrity in public services. The *Mundo Maya* Sustainable Tourism Program (PTSM) seeks to contribute to sustainable economic and social development in Belize, El Salvador, Guatemala, Honduras and Mexico by promoting tourism focused on culture, ecology and adventure that is based on the preservation of cultural heritage and the environment and ensures the participation of local communities. In 2003 the Bank approved the Project for Peace and Coexistence in Honduras, which seeks to improve peace, coexistence and citizen security in 17 municipalities of the Valle de Sula region in Honduras. The project reduces violence and lack of security among youth by promoting comprehensive preventive and institution-building actions, with extensive participation by civil society in both project design and execution.
- The Youth Outreach and Development Program (known as IDB Youth) is facilitating virtual business leadership forums in order to ensure broad participation by youth in the workshops of the forum titled "Young Entrepreneurs of the Americas: A Forum for Civil Society Participation." This event is part of the activities leading up to the fourth Summit of the Americas.
- An extensive consultation process was held on the new indigenous peoples policy and the new strategy for indigenous development. Up to February 2005, forty meetings had been held at the regional level and in most countries of the region, with participation by more than 1,200 people. In addition, an electronic consultation process was directed by the NGO ALOP.

- The Bank continued its decisive support for the Indigenous Fund (created in 1992 at the Latin American Summit) through important initiatives to strengthen this forum for dialogue between governments and indigenous peoples. IDB initiatives include support for the organization of a seminar on the evaluation of the first International Decade for Indigenous Peoples, as well as reformulation of a fund established by the IDB to finance initiatives emblematic of the Indigenous Fund, such as the information system on indigenous peoples and support for indigenous universities.
- The IDB participated actively in annual meetings of the United Nations Permanent Forum on Indigenous Affairs, making contributions on the topics of gender and indigenous peoples and the Millennium Development Goals and indigenous peoples. This important forum also provided the opportunity to organize several consultative meetings on the new strategy and policy for indigenous peoples. Within the framework of the forum, the Bank participated in a technical seminar on free, prior and informed consent. It also participated in a work meeting of the interagency group supporting the Permanent Forum on indigenous peoples and the Millennium Development Goals.

II. Integration and Economic Development

IDB Strategic Programs

Program to Support Trade and Integration

The Bank has been providing financial and technical support to the Secretariat for the Free Trade Area of the Americas (FTAA). It also provided technical assistance to the FTAA negotiating teams on access to markets, agriculture, public procurement and investment, among others. The Bank has supported subregional integration initiatives and assisted countries that are negotiating free trade agreements. It has also supported customs administration through technical advice, training, and equipment.

The Free Trade Area of the Americas Process

- The Bank's involvement with the FTAA process has been a groundbreaking experience for the Institution. This broad-based regional initiative has yielded valuable insights that the Bank has been able to apply to other regional initiatives such as the South American Regional Infrastructure Integration initiative and the Puebla-Panama Plan.
- In the context of the Tripartite Committee (which also includes the OAS and ECLAC), the IDB has provided technical support to the FTAA negotiating teams (and their Chairs) on market access, agriculture, government procurement and investment, as well as to the Technical Committee on Institutional Affairs, the Committee on Civil Society, the Consultative Group on Small Economies, the Trade Negotiations Committee and its Subcommittee on Budgeting and Administration, and to the meeting of the Ministers in charge of trade in the hemisphere. In the past, the Bank has also provided financial support for the Presidency of the FTAA.
- The Bank has provided logistical assistance to the FTAA Administrative Secretariat in Miami, Panama City and Puebla (Mexico), offering regional technical cooperation resources and more direct technical support.
- The MIF financed a major regional technical cooperation program to support the design and implementation of eight measures to facilitate business related to customs procedures in many countries of the FTAA.
- Within the context of the Tripartite Committee, the Bank supports the FTAA's Hemispheric Cooperation Program (PCH). National strategies are prepared to strengthen institutional capacities in the area of trade, and meetings with donors are organized to coordinate financial assistance for projects identified in the strategies.
- The IDB is executing a CAN\$6.25 million trust fund financed by the Government of Canada for projects identified in the PCH. National technical cooperation projects were approved for Barbados, Bolivia, Ecuador, Jamaica, Peru and Suriname, and additional projects are being processed for several other countries.
- The Bank financed regional activities to disseminate information about the Free Trade Agreement of the Americas to promote an increase in civil society participation in the process. To this end, the Bank provided financial support to carry out meetings of the Consultative Group on the Participation of Civil

Society in the FTAA, which were held in São Paulo, Brazil, and Santiago, Chile, in 2003. Civil society representatives participated in these meetings for the first time. The Bank also financed events for representatives of the media of Central American and Andean countries focusing on the challenges and opportunities presented by trade liberalization.

- At the request of the countries, the Bank provided support for the organization of regional technical workshops on the FTAA hemispheric database, tariff analysis, and the preparation of tenders for public sector procurement. Together with the WTO, INTAL, and the Central American Secretariat for Economic Integration (SIECA), the Bank also began a new round of regional training workshops on the use and applications of the Toolkit for Negotiators, an instrument designed and financed by the Bank, together with those three organizations.
- The Bank organized a meeting of experts in Uruguay to analyze the relevance of the FTAA and its potential impact on economic development. It also organized two other conferences with the Colombian private sector to discuss the impact of the FTAA on that country's economy.
- Together with other members of the Tripartite Committee, the Bank prepared a Dictionary of Trade Terms in English, Spanish, Portuguese, and French for use by civil society organizations. It also carried out a comparative analysis between DR-CAFTA and the free trade agreement between the United States and Chile.
- In collaboration with the WTO, INTAL held several training seminars geared to the public and private sectors, civil society, academics, and labor union activists in order to report on the many implications and opportunities implicit in the process of trade liberalization at the hemispheric and multilateral level.
- The Bank approved regional technical cooperation projects to: provide comprehensive interactive training courses to improve the technical capacity of customs officials and create an international customs forum for ongoing discussion of related issues; identify institutional needs to strengthen border security in the Caribbean; promote the competitiveness of micro and small businesses through technical regulations in Central America, Mercosur and the Caribbean (with financing from the Multilateral Investment Fund); and provide information about trade and integration to the Congresses of selected Latin American countries through workshops with legislators of other countries and seminars for Congressional aides and advisors.
- Through the program for trade and integration research, the Bank is preparing studies and analyses about issues of relevance to policymakers in the customs sector in Latin America and the Caribbean.
- In the context of the Special Initiative for Trade and Integration, the Bank has commissioned studies of trade policy options by renowned experts; it has provided support for studies and the development of methods to evaluate the impact of liberalization; and it has provided support to public information programs for civil society in matters of trade and integration.
- The Bank and INTAL continue to produce published material on the topics of trade and integration through a series of publications, working and occasional papers, documents for dissemination, and other specific literature. All have the purpose of providing analysis and information about the many implications of trade negotiations at the bilateral, subregional, hemispheric, and multilateral levels.

Program to Renew Financing for International Trade

- In recognition of the evident correlation between the levels of international trade in the region and the availability of traditional sources of financing, in February 2003 the Bank's Governors approved the Program to Renew Financing for International Trade whose objective is to contribute to the region's economic recovery. Initially approved for a two-year period, the program recently became a permanent Bank mandate. It involves the mobilization of up to US\$1 billion for projects, programs and other activities that promote the availability of trade financing in member countries.
- As part of this program's implementation process, over the past two years the Bank has held a number of conversations with local and international banks, multilateral development banks, export credit organizations, insurance companies and other entities active in international trade financing. The goal has been to develop instruments and products that cover the urgent demand in the short term, as well as to reinforce the Bank's response capacity in the medium term.
- As a result of these efforts, the Bank has been working on the following types of structures and approaches: (i) traditional international credit lines to local institutions for the provision of financing to exporters and importers, seeking to cover immediate funding needs quickly; (ii) Regional Foreign Trade Facilitation Program, to back short- and medium-term transactions through partial Bank guarantees for foreign trade operations that involve financial instruments issued by banks in the region and confirmed by international banks; (iii) investment guarantees meant to increase the internal credit capacity of commercial banks in the region, encouraging private credit underwriters to assume risks in countries that they have not normally been interested in covering; and (iv) mobilization of alternative resources for international trade operations, such as private investment funds and international financial institutions with limited presence in and/or familiarity with the region.

Regional Infrastructure Program

The Bank has provided support for the initiative to integrate the regional physical infrastructure of South America, including transport, energy, and telecommunications. It has also supported the Puebla-Panama Plan, a program for the development of infrastructure, housing, and microfinance in southern Mexico, Central America and Panama.

South American Regional Infrastructure Integration Initiative (IIRSA)

- The Bank has supported this initiative since its inception in early 2000, preparing an initial study that identified current problems and obstacles in regional transport, energy, and telecommunications, as well as projected future demand. This study was the basis for the development of the initiative's guiding principles, which were established by the South American Presidents in a meeting held in Brasilia in August 2000. The Action Plan (formulated in the meeting of Ministers of Transport, Energy and Telecommunications of South America, held in Montevideo in December 2000) established the integration hubs and technical processes upon which the initiative is based.
- The members of the IIRSA Technical Coordination Committee (TCC) are the IDB, the Andean Development Corporation (CAF), and the Financial Fund for the Development of the River Plate Basin (FONPLATA), as requested by the Presidents. The TCC Secretariat is based at the Institute for the Integration of Latin America and the Caribbean (INTAL).

- Together with other entities that make up the TCC, the Bank has prepared a number of sector analyses on regional energy markets; operating systems for air, maritime, and multimodal transportation; information and communications technologies; facilitation of border crossings; and finance instruments. The reports were analyzed by executive technical groups in which the TCC and representatives from 12 countries participate. The goal was to reach a consensus on measures to improve the investment climate for energy, telecommunications, and transportation projects.
- The Bank is also participating and giving active support to the analysis and evaluation of the portfolio of investment projects identified by the executive technical groups for the eight core areas of integration and development currently being pushed by countries in the region (two new core areas are in the implementation stage).
- An IIRSA web page (www.iirsa.org) has been set up to offer information about the Initiative to interested parties in the public sector or civil society.
- The Bank also hosted seminars on IIRSA and other related topics (including the Puebla-Panama Plan) at the Bank's Annual Meeting in Fortaleza in March 2002. The seminars were held in collaboration with various government and nongovernment entities from the region.
- The Bank and other TCC member institutions provided support for the following ministerial meetings: the Fourth Ministerial Meeting of the Initiative held in Caracas, Venezuela in July 2003; the Fifth Ministerial Meeting held in December 2003 in Santiago, Chile; and the Sixth Ministerial Meeting held in November 2004 in Lima, Peru, where a Consensual Implementation Agenda for 31 prioritized infrastructure projects was approved for the 2005–2010 period.
- As a participant in the TCC, the Bank provided support for the preparation of a document requested by the governments of the region that aims to formulate a strategic vision for South American regional infrastructure. Workshops on this strategic vision are being held in the respective countries.
- As part of its technical support for the initiative, the Bank has published several studies on the topic, including a book on integration of the gas sector in South America (2004). In addition, several studies on the regulation and financing of transnational transport projects were also completed (also supporting the Puebla-Panama Plan.)

The Puebla-Panama Plan (PPP)

- The Puebla-Panama Plan was launched by the eight countries of Meso-America in June 2001 as a joint effort to accelerate regional economic and social development and to consolidate integration between Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama. In 2004 Colombia joined the PPP as an observer. The IDB, which has supported the Plan from its inception, was designated by the governments of participating countries as coordinator of the PPP Finance Commission. Additionally, the IDB plays a leading role within the group of multilateral institutions that provide technical support to participating countries.
- For the IDB, the Puebla-Panama Plan offers an historic opportunity to advance in integration and development projects. The Plan's initiatives cover eight areas in which participating countries believe they can cooperate successfully: sustainable development, human development, disaster prevention and mitigation, sustainable tourism, transport, trade facilitation, interconnection of electricity infrastructure and telecommunications. The Plan also includes a component on indigenous peoples.

- A regional paper prepared by the Bank in 2000 contributed significantly to the conceptualization of the programmatic content of the PPP and to the definition of its priority areas.
- The PPP has become a key instrument for regional development, particularly as a mechanism under which to implement projects of high regional impact, such as the historical creation of the Central American e-market and the improvement of physical infrastructure for integration.
- The IDB presides over the PPP's Inter-institutional Technical Group (GTI), which also involves the participation of the Economic Commission for Latin America and the Caribbean (ECLAC), the Andean Development Corporation (CAF) and the Central American Bank for Economic Integration (CABEL). The Bank supports national and regional authorities in preparing priority investment projects for consideration by the IDB or other funding sources and in conducting talks with representatives of civil society.
- The Bank collaborates in the decision-making process of the Executive Commission, preparing studies and proposals in coordination with other GTI members. The PPP web site was developed and is maintained by the IDB (www.iadb.org/ppp).
- The Bank facilitated the creation of a mechanism associated with the Executive Commission to promote consultation with and participation of indigenous peoples (GAPIE). The IDB supported the definition of projects under the indigenous component as well as the creation of mechanisms for consultation with and participation by indigenous peoples.
- The Bank has developed projects to promote integration within the context of the Puebla-Panama Plan, specifically in regards to the integration of electricity markets and roadways.
- Among the important projects approved by the Bank are those involving the creation of a training information system, the prevention of HIV/AIDS in migratory populations, the modernization of customs and border control, the harmonization of organic sanitation measures, the expansion of electrical service throughout Central America (SIEPAC), and the improvement of the highways of Meso-America and the Mayan world (RICAM). Also significant is the creation of the Meso-American Council on Competitiveness.

Western Hemisphere Transportation Initiative (WHTI)

The Bank has provided support to WHTI activities, in particular its Executive Committee. It also provided support for the May 2003 meeting of Ministers of Transportation.

Hemispheric Energy Cooperation

Within the framework of hemispheric cooperation, an IDB-funded regional technical cooperation project is being implemented to explore the commercial potential of the Andean Community in the fossil fuels sector. This project will produce studies, workshops, and documents for dissemination in order to provide strategic options for the countries of the Andean Community in terms of sustainable exploitation in this sector.

Program to Promote the Implementation of International Standards in Financial Markets

In order to promote the stability, functioning and modernization of financial markets in the region, the IDB, in cooperation with other multilateral institutions, has promoted the adoption and implementation of international standards in the financial markets of member countries. In particular, the Bank has supported the adoption and implementation of international accounting and auditing standards, generally accepted norms and standards for the regulation and supervision of banks, capital markets, insurance and the principles of corporate government.

To this end, the Bank is carrying out activities (such as the financing of projects for the financial sector and programs to improve the competitiveness of regional economies) that incorporate components with actions to increase the transparency of financial intermediation. In addition, the IDB has continued to provide support for technical assistance activities, the preparation of technical studies and the organization of forums and conferences.

International Accounting and Auditing Standards

- In 2000 the Bank undertook efforts to promote inclusion of this topic on the agendas of countries of the region. As a result, a conference was held jointly with the International Forum for Accountancy Development (IFAD) at IDB headquarters on April 2, 2001. The objective was to promote harmonization of the accounting and auditing regulations applied in the region through the adoption and implementation of international standards. In addition, the development of national plans of action was also discussed. Participants in the event included top public officials, regulators, members and national institutions tasked with establishing and interpreting accounting and auditing standards, representatives of auditing firms and accountants.
- In early 2002 the Multilateral Investment Fund (MIF) approved a program to support the application of international accounting and auditing standards in financial and nonfinancial (corporate) sectors of regional countries. Within the framework of this initiative, eight technical assistance projects have been approved for a total of US\$10.5 million (of which the MIF contributed US\$6.05 million in nonreimbursable funds) for Chile, Costa Rica, Honduras, Jamaica, Mexico, Nicaragua, Trinidad and Tobago and Uruguay. A regional program and projects for Ecuador, Panama and the Dominican Republic are being prepared.
- Two documents analyzing the harmonization of national accounting and auditing standards in El Salvador and Panama with international standards were prepared in November 2002.
- In 2004 the Bank published a book about the implementation of international accounting standards in Latin America and the Caribbean. The objective was to continue promoting the topic and to provide guidelines for the development of a strategy to improve access to information and financial transparency.

Bank Regulation and Supervision

- The Bank published a technical paper on the New Basel Capital Accord in November 2002, explaining the differences between the standard approach and that based on internal qualifications.
- In January 2003, the Bank, the Association of Supervisors of Banks of the Americas (ASBA), and the Latin American Banking Federation (FELABAN) held a seminar to discuss progress in activities related to the

New Basel Capital Accord, as well as the level of preparation of regulators and regulated entities, and the challenges to successful implementation of the Accord's recommendations.

- In order to respond to a growing demand for principles and guidance on the regulation and supervision of microfinance, the Bank published *Principles and Practices of Microfinance Regulation and Supervision*. The report is geared to bank supervision authorities wishing to establish a regulatory and oversight framework for microfinance, or those who may develop such a framework.
- Within the framework of the Seventh Inter-American Microenterprise Forum held in Colombia in September 2004, a meeting was held with officials from the superintendencies of banks of 13 countries in the region. The main objective was to discuss how to resolve regulatory and oversight problems in the microfinance sector.
- The Third Regional Public/Private Sector Conference, entitled "Financial Sector Regulation and Development: Practical Applications" took place on May 19–20, 2005. Organized jointly by the Bank, ASBA and FELABAN, the event was held at IDB headquarters in Washington, D.C. and addressed, among other topics, the development and implementation of sound regulatory and oversight practices in the region.
- The IDB, ASBA and FELABAN are preparing the book *Basel II: Empowering Financial Markets in the Americas*. This publication will include approximately 20 documents prepared by bankers, supervisors, Basel Committee members, consultants and specialists from multilateral organizations. The main topics to be covered include: central concepts of Basel I and II, the impact of the new accord on oversight entities and on the region's financial sector and, especially, the implementation of the accord.
- Through a project implemented with MIF funding, the Bank continues to support oversight authorities in the development of oversight regulations and practices that allow and encourage financial institutions to offer services to microentrepreneurs in a consistent manner, with generally accepted norms and standards.

Regulation and Supervision of Insurance

Given the importance of the insurance sector for the development of financial markets in the region, the Bank has begun to consolidate a framework for cooperation with different regional institutions that promote the development of a solid and competitive insurance sector.

- In August 2002 the Bank signed a memorandum of understanding with the Inter-American Federation of Securities Firms (FIDES). The objective is to collaborate in research, analysis and dissemination activities in areas such as the evaluation, application and implementation of international regulatory standards, basic principles and standards for sector modernization and development in countries of the region.
- Continuing to strengthen the framework of cooperation with different organizations, the Bank is in the process of signing a memorandum of understanding with the Association of Insurance Supervisors of Latin America (ASSAL). This Agreement will promote collaboration in the implementation of standardized oversight practices that protect the interests of the insured, following international standards and best practices and enhancing oversight over the insurance industry so as to promote solvency and stability.

Corporate Governance

- The Bank collaborated with the Organization for Economic Cooperation and Development and the International Finance Corporation to prepare the *White Paper on Corporate Governance*. The document was completed during the Fourth Meeting on Corporate Governance in Latin America, held in May 2003 in Santiago, Chile.
- In order to disseminate and promote implementation of the principles of corporate governance presented in the white paper, the IDB held the second meeting of the Regional Financial Sector Forum on November 14, 2003, discussing the measures needed to improve corporate governance in Latin America and the Caribbean.

Regional Financial Sector Forum

The Regional Financial Sector Forum is an IDB initiative that enhances the process of stability and development of financial markets in countries of the region. Its main objective is to contribute to the regional discussion of topics related to the implementation of policies targeting the sustainable development of financial sectors, thus complementing the efforts currently underway in each country and internationally. Three meetings have been held, covering the institutional structure of financial regulation and oversight (September 13, 2002), corporate government (November 14, 2003) and pension system reform, topics of transition and the strengthening of reforms (December 6, 2004.) The last forum analyzed the challenges facing the development of financial markets (June 13, 2005.)

- The forum entitled “The Development of Financial Markets: Challenges for the Decade” was held in early June 2005. Participating in a panel of experts were public and private sector representatives of the banking system, capital and insurance markets and the pension industry. Held at IDB headquarters in Washington, D.C., the event addressed the development and implementation of sound financial regulation and oversight practices, accounting standards and corporate government.

Miscellaneous

- With MIF resources, the Bank continues to implement a project whose objective is to support microfinance institutions in their relationships with financial markets. This initiative created a Fund for the Evaluation and Risk Classification of Microfinance Institutions. Coordinated with the Consultative Group to Assist the Poor (CGAP), the initiative promotes transparency, good practices and the flow of resources from the private sector to the microfinance industry. The Fund provides microfinance institutions with partial funding for the contracting of classification and evaluation services. It finances the classification (analytical report *with* specific rating) and evaluation (analytical report *without* specific rating) of microfinance organizations, which are carried out by prequalified classifying/evaluating firms. Up to March 31, 2005, the Fund had financed almost one hundred requests (most for risk evaluations) in countries with highly developed microfinance industries such as Bolivia, Ecuador and Peru. An agreement has been reached to extend the project for two years in order to continue bringing private financing to microfinance institutions.

Mandates of the Summits: Trade, Investment and Financial Stability

Trade and Investment

Instruct our representatives in the institutions of the Tripartite Committee to continue securing the allocation of the resources necessary to contribute to the support of the work of the FTAA Administrative Secretariat.

Urge the Tripartite Committee institutions to continue to respond positively to requests for technical support from FTAA entities; and request the institutions, according to their respective internal procedures, to favorably consider requests for technical assistance related to FTAA issues from member countries, in particular from the smaller economies, in order to facilitate their integration into the FTAA process.

- Loans were approved for Bolivia, Chile, Ecuador, Guatemala, Nicaragua, Peru, the Dominican Republic and Trinidad and Tobago to strengthen the capacity of the trade institutions in those countries. Similar loans for Panama, Paraguay, Suriname and Uruguay are now being prepared.
- The Bank supported negotiations for DR-CAFTA and between Colombia, Ecuador and Peru by coordinating the technical assistance and financial efforts of donor countries and organizations.
- Training seminars were organized for trade negotiators, and technical assistance was provided to personnel from trade institutions on the use of the general equilibrium model to evaluate the impact of different trade liberalization scenarios.
- The Bank provided support to Vice Ministers and Ministers of Trade and Labor of Central America for the preparation of a white paper on labor issues (assessments, recommendations and priority areas for a plan of action.)
- A fifth meeting of Vice Ministers of Trade was financed as part of the Regional Policy Dialogue. Participants discussed the progress made in terms of the Doha Development Agenda of the World Trade Organization and the implications for the FTAA, trade negotiations, and civil society. Four subregional meetings of the Dialogue were also held. One took place in Mercosur and dealt with the topic of fiscal coordination; another was held in the Caribbean and addressed differential treatment; and two held in Central America discussed small and medium businesses and the Customs Union.
- The Bank organized presentations and discussions of the free trade agreement between the United States and Chile, as well as discussion groups to analyze the liberalization of agricultural trade within the framework of the FTAA, the WTO, and other agreements.
- The Bank financed a seminar for the Ministers of Finance of the Andean countries to discuss the fiscal effects of free trade.
- The Bank organized seminars to provide guidance to members of Congress from different Latin American countries and their staffs with respect to integration and free trade agreements with industrialized nations.
- Together with the *Centre d'Etudes Prospectives et d'Informations Internationales* (CEPII), the Bank organized a conference on the implications of the Doha Development Agenda for Latin America and the Caribbean.

- The Bank published the 2002 Report on Social and Economic Progress titled “Beyond Borders: The New Regionalism in Latin America” that, among other things, analyzes the impact of the FTAA using a general equilibrium model.
- The following books were published: (i) *Bridges for Development*, which looks at trade and integration policies and institutions in Latin America and the Caribbean; (ii) *El surgimiento de China: oportunidades y desafíos para América Latina y el Caribe* (The Rise of China: Opportunities and Challenges for Latin America and the Caribbean); (iii) *Mecanismos intergubernamentales de resolución de disputas* (Inter-governmental Dispute Resolution Mechanisms); and (iv) *Liberalización comercial agrícola: políticas e implicaciones para América Latina* (Agricultural Trade Liberalization: Policies and Implications for Latin America).
- The Bank carried out many other activities related to trade and integration in the areas of institutional strengthening, policy research, and support to regional initiatives, seminars, and training workshops.
- A new loan program for integration, trade, and competitiveness was approved in order to support the process of transition to free trade. This new instrument has multisectoral components to support the adjustment process resulting from trade liberalization in a socially sustainable manner. The first loan under this new program went to Costa Rica.

Economic and Financial Stability

Instruct our Finance Ministers to continue to explore ways to ensure that international financial institutions, regional development banks, and other international organizations take adequate account of Summit initiatives in their lending policies and technical assistance programs for the Hemisphere.

- The Multilateral Investment Fund approved a project to promote the exchange of best practices in development banking. The program included the organization of seven seminars/workshops for officials from Latin American and Caribbean development banks to discuss cases from outside the region. The seminars/workshops were coordinated by the Latin American Association of Financial Institutions for Development (ALIDE), which also acted as the executive body for the program.

Corporate Social Responsibility

Convene a meeting as early as feasible in 2002 with the support of the OAS, the IDB and other relevant inter-American organizations involving representatives from governments, civil society, including mainly the business community, to deepen dialogue on corporate social responsibility in the Hemisphere, raise awareness of key issues to be determined and discuss ways to promote the development, adoption and implementation by the business community of principles of good conduct that will advance corporate social and environmental responsibility.

- The Quebec Summit mandate only stipulates that a meeting on corporate social responsibility should be held. However, given the success of the first conference held in Miami in September 2002, the Bank decided to hold a second regional conference on the topic (“Corporate Social Responsibility as a Tool for Competitiveness”), which took place in Panama in October 2003. The IDB also organized a second conference on corporate social responsibility (“From Words to Deeds”), which took place in September 2004. The next conference was held in September 2005 in Santiago, Chile. Private sector representatives from six countries expressed their interest in hosting future events of this kind.

- The Multilateral Investment Fund is financing a project to promote socially responsible market opportunities in Brazil. The objective of the project is to enhance the competitiveness of micro and small producers in rural areas by increasing their productivity and expanding their access to national and international markets, especially those subject to fair trade standards or those marketing organic products.
- The IDB and the MIF approved the first corporate social responsibility projects in 2003. The IDB approved a US\$650,000 technical cooperation facility for El Salvador to support and encourage large and medium businesses to channel financial and technological assistance, know-how and opportunities to groups of microentrepreneurs and small-scale producers that could become suppliers, distributors, or clients of these firms, or those in the area of influence of these firms. A MIF project for US\$1.1 million seeks to strengthen the capacity of those national institutions that provide support to the development of corporate social responsibility in Brazil, Chile, El Salvador and Peru and to strengthen their regional network. This project will also promote activities related to corporate social responsibility to be undertaken by firms, particularly small and medium ones. In December 2003 the MIF approved a project in Chile to incorporate corporate social responsibility into business strategies as a management system for small and medium firms, maximizing business and social benefits. Chile has signed free trade agreements with the European Union and the United States, encouraging Chilean businesses to seek ways to improve their social and environmental performance. In this sense, the lack of corporate social responsibility can develop into new nontariff barriers against Latin American exports. The project's goal is to incorporate corporate social responsibility into at least 150 small and medium businesses, especially those in export sectors.
- A workshop on corporate social responsibility was held in Honduras in June 2003 to raise awareness within the business sector of socially responsible practices that will make it possible to find a balance between business interests and those of the public. The workshop was organized by the Bank, the Honduran Council for Private Enterprise (COHEP), the Honduran Business Council for Sustainable Development (CEHDES), the GTZ and its PROMYPE program, the World Bank, and the CODESPA Foundation.
- The Bank approved an operation in El Salvador that will lead to the creation of a fund that will receive contributions from the IDB and the private sector to finance small productive projects. This falls within the framework of the Business Development Program (PES) and the concept of corporate social responsibility.
- A workshop for social investors was held in Guatemala in September 2003 to increase the availability of resources for financing microfinance institutions in Latin America and the Caribbean. The aim was also to gather and share experiences in financing microfinance institutions. Among the participants were social investors representing Christian Brothers, Pax World Fund, and Progressive Management, among others; investment funds like Blue Orchard/Dexia Microcredit Fund, Profund, and LACIF; microfinance institutions like FIE (Bolivia), Multicredit Bank (Panama), and Financiera Calpiá (El Salvador), among others; and representatives from multilateral and bilateral organizations.
- The Bank participated in a number of seminars, helping to organize and participating on panels about corporate social responsibility in Latin America: "Integral Management of Small and Medium Organizations," held in Santa Cruz, Bolivia, on November 20, 2003 and organized jointly with the Private University of Santa Cruz (UPSA); "Social Responsibility of Small and Medium Businesses," organized by CECOD in Madrid and held on November 28, 2003; and "The Pending Ethical Agenda in Latin America," held in Montevideo, Uruguay, on December 19, 2003, with collaboration from the IDB's Ethics Initiative in the organization of a specific panel on corporate social responsibility.
- In March 2004 the MIF initiated several corporate social responsibility projects. The objective is to expand the use of corporate social responsibility measures applied by firms, especially small and medium businesses.

The MIF sees corporate social responsibility as a tool to improve competitiveness and to create new development models that include the private sector. Within this group of projects, the Bank has identified several areas of possible assistance: (i) support the design of new corporate social responsibility measures or standards, or the adaptation of existing measures or standards; (ii) provide financial support to firms, helping them with the transfer of the technological knowledge necessary to establish corporate social responsibility measures; and (iii) associate with large companies that are interested in investing in development programs, even though such programs are not within the firms' areas of specialization. The group of projects includes other activities targeting the development of networks and dissemination: (i) development of case studies at the company level, and dissemination of the benefits of corporate social responsibility to small firms; (ii) development of lessons learned at the project level; (iii) dissemination of information; (iv) periodic workshops for personnel involved in the projects; and (v) an international meeting to disseminate results. Among the projects approved for 2004 is an initiative in Mexico to establish corporate social responsibility measures within small and medium firms found within the respective value chains of large companies. The project objective is to exploit the interest and knowledge of large companies that are interested in improving the performance of the suppliers and clients within their value chains. By its finalization, the project hopes to have involved ten large firms, each with ten small or medium suppliers or clients. The Bank also approved a project in Colombia in 2004 to incorporate corporate social responsibility practices in small and medium companies. This project includes activities to develop corporate social responsibility methodologies in firms, as well as to develop the local capacities of those providing corporate social responsibility services. Interested in using elements of corporate social responsibility in their nonfinancial evaluation of possible clients, the banking and insurance sectors are also participating in this project. The interest of these two sectors will help to create incentives for corporate social responsibility and to promote the demand for incorporation of pertinent practices by small and medium Colombian firms. The Bank is expected to approve corporate social responsibility projects in Argentina, Brazil and Paraguay in the second semester of 2005.

- In order to increase awareness and knowledge about the topic within the Bank, a seminar on corporate social and environmental responsibility was held on June 28, 2004 for IDB management and administration. Presentations were made by specialists from organizations such as the Ethos Institute, Prince of Wales International, Business Leaders Forum, United Nations Global Pact, European Union Commission, International Finance Corporation of the World Bank Group and the International Labor Organization, as well as by representatives of multinationals such as CEMEX and IBM.
- Work groups were created in November 2004 to evaluate the Bank's internal corporate social and environmental responsibility, and look at its environmental impact (consumption of electricity, water and other resources) and review supply policies and other activities that have a social impact. The objective is to analyze the current situation in order to improve the Bank's impact as an organization.
- Promotional activities held in parallel to the series of inter-American meetings on corporate social responsibility continued in 2004. In a joint effort with the Chamber of Commerce and Services of Santa Cruz, Bolivia, the Bank organized the seminar "Corporate Social Responsibility: Cost or Benefit?" Its objective was to demonstrate that corporate social responsibility can be a valid instrument for business competitiveness and that the private sector plays a key role in promoting equitable solutions to certain social problems. Experiences presented in the seminar showed how corporate social responsibility can help to alleviate certain social and environmental problems while simultaneously improving business performance.
- The Bank also presented different experiences related to corporate social responsibility in the following events: "Second International Congress on Social Responsibility and Integrity in Mexico: Corporate Social Responsibility in the XXI Century," held in Monterrey on June 15, 2004 and organized by COMPITE, the Nuevo León Chamber of Industry and Transformation (CAINTRA) and the Monterrey Institute of

Technology's Graduate School of Business (EGADE); and the "2004 New Ventures Mexico Investor Forum," also held in Monterrey on November 18–19, 2004 and organized by the World Resources Institute (WRI).

- In May 2005, the MIF made a presentation about its corporate social responsibility activities in the Americas at a meeting of the EMPRESA Forum, held in Lima, Peru. In addition, it participated in a seminar entitled "The Force of a Responsible América."
- Together with the World Bank Institute and Young Americas Business Trust, the Bank organized and participated in the video conference "Exposition of Successful Practices and Results in Corporate Social Responsibility." This event involved young leaders from Argentina, Bolivia, Ecuador and Peru.
- The Bank is organizing other seminars on corporate social responsibility in collaboration with AmCham and the Inter-American Foundation in the Dominican Republic; with the Santa Cruz Chamber of Commerce and Services in Bolivia; and with the National Association of Business Leaders of Colombia (ANDI). These events will take place during the second half of 2005.
- The Bank has published technical documents about corporate social responsibility in Latin America and the Caribbean and about the role of multilateral institutions. Current research efforts focus on the responsible practices of small and medium businesses. The Bank will also design country strategies for implementing corporate social responsibility by small and medium businesses in Latin America and the Caribbean. A study will be undertaken during the second half of 2005 on the private sector's contribution to the achievement of the Millennium Development Goals through responsible business behavior.
- At a joint meeting between the Permanent Council and the Permanent Executive Committee of the Inter-American Council for Integral Development (CEPCIDI) at the Organization of American States (OAS) on April 13, 2005, the Bank offered a presentation about advances made since the Quebec Summit in 2001 with respect to corporate social responsibility. The objective was to raise awareness within this OAS body about the reach of this important topic, as well as to contribute to the definition of actions, since the heads of state and government have expressed the importance of promoting corporate social responsibility and since there are great expectations among citizens.

III. Ecology and Sustainable Development

IDB Strategic Programs

Program to Respond to Natural Disasters

This program supports countries in their efforts to prevent and mitigate natural disasters and develop the capacity for effective risk management. The IDB has undertaken several initiatives to incorporate risk reduction into planning and investment processes. Together with other institutions, it has promoted the exchange of information on best practices to respond to emergencies and to carry out effective reconstruction plans. Additionally, it has carried out studies to identify possible insurance mechanisms. The Bank has also created a new rapid disbursement facility for the prevention and mitigation of risks, which is available to all borrowing member countries.

Disaster Risk Management Policy

One of the main objectives of the disaster work of the Bank for 2003 and 2004 was the formal revision of its disaster policy and development of a new one. The evaluation of the policy was carried out between 2002 and 2004, and approved formally in May 2004. The review found that the Bank provided, on average, US\$475 million per year in disaster-related lending between 1995 and 2002. Forty-one percent of the investments were for prevention and 59 percent for disaster response.

Formulation of the new policy is already underway. It will emphasize proactive disaster risk management with a prominent role for predisaster strategies and attention to risk reduction. The advanced policy profile and its companion paper, which provides background support and context for the new policy, were approved by the Programming Committee in November 2004 and the Board in February 2005, followed by the formulation of the policy document itself after a two-tiered consultation process in 2005.

Creation of IDB Financial Instruments

In March 2001 the Bank approved the use of a special financial instrument entitled the Sector Facility for Disaster Prevention. Two operations financed through this instrument were approved in 2002: one for the Dominican Republic and the other for Bolivia.

Disaster Risk Indicators

Proactive disaster risk management will require analysis of vulnerability. The objective is to help the Bank and the highly vulnerable borrowing member countries to identify needed actions in disaster risk management and to incorporate these needs in the preparation of country strategies during the programming process. The study the Bank funded in the area of disaster risk indicators will have a key role in this effort. A regional technical cooperation operation financed the pilot study of 12 countries in 2003 and 2004, identifying significant vulnerabilities in some countries. Vulnerability was measured through four sets of indicators: (i) finance gap for reconstruction, (ii) social and environmental vulnerability, (iii) local risk, and (iv) institutional capacities for risk management.

The work was carried out in coordination with UNDP, National University of Colombia-Manizales and the World Bank. Preliminary results were shared and discussed in an inter-agency workshop in Washington (March 2004) and in a regional seminar in Manizales, Colombia (November 2004). Final

study results were presented at the World Conference for Disaster Reduction in Kobe, Japan, in January 2005.

Two strategic studies for disaster risk management are also underway: an information program being implemented jointly with ECLAC in seven countries, and a program of indicators in ten countries of the region.

Checklist for Implementing Disaster Risk Management in the Project Cycle

Proactive disaster risk management will also require the incorporation of disaster risk evaluation in the project cycle. The twin objectives are: financing projects to withstand potential hazards and eliminating potential project-induced risk. The checklist document prepared in 2004 will help project teams and counterpart groups of the borrowing member countries to include prevention in the design and execution of sector loans, such as housing, infrastructure, energy, water and sanitation, and agricultural development programs. The document was prepared after extensive consultations and special participatory workshops held in Guatemala and Ecuador in cooperation with the Central American Federation of Municipalities (FEMICA), the GTZ of Germany and participants from seven countries of the region. Previous phases involved training for IDB staff in Colombia in 2001 and Guatemala in 2003 as part of the effort to move toward more proactive work in disaster management.

Regional Dialogue on Disaster Policy

Raising Awareness and Improving Knowledge on Disaster Risk. The Dialogue has held eight meetings to address the following topics: (i) national risk management systems (2002); (ii) financing for reconstruction (2003); (iii) local risk management; (iv) financial strategies for disaster reconstruction (2003); (v) disaster risk reduction (2004); (vi) cost/benefit analysis of mitigation investments (subregional workshop in 2004); and (vii) the role of the private sector in disaster risk management (subregional workshop in 2004). Technical studies were prepared for each meeting and are available on the IDB web site.

Disaster Finance Seminar and Papers

Making Use of Capital Markets to Manage Natural Hazard Risk. Parallel to the events of Environment Week, the Bank organized a seminar (September 2004) to highlight the financing of disaster risk management, with the participation of capital markets experts, representatives from the borrowing member countries of the IDB and international agencies. Three documents were produced for the seminar and are slated for publication in 2005: (i) *Strategies and Financial Instruments for Disaster Risk Management*, (ii) *Using International Capital Markets to Manage Natural Hazard Risk*, and (iii) *The Management of Economic Exposures of Natural Disasters: Analyzing Cases of Applications of Risk Financing Techniques*.

Bank Action Plan for Improving Disaster Risk Management

Support to Country Strategies and Programming. In its meeting of May 2004, the Board of Directors of the IDB recommended the preparation of a new Action Plan for Improving Disaster Risk Management. This plan was approved by the Board in March 2005. It will finance country specific risk evaluations to support the preparation of country strategies and programming. It will also support the Bank's policy and strategy implementation, including training, a communications plan and studies on financial instruments.

Disaster Risk Management and Climate Change

Climate Change and Disaster Risk Nexus. A seminar on the adaptation to climate change and disasters in Southeast Asia and the Caribbean was held in Barbados in June 2003; the proceedings were published in 2004. Financing for a study on local strategies for facing storm surge risk due to climate change was approved in October 2004.

Inter-American Strategic Plan for Disaster Reduction

Inter-American Committee on Natural Disaster Reduction (IACNDR). The Bank contributed to financing aspects of the Inter-American Strategic Plan for Disaster Reduction, approved by the Permanent Council of the IACNDR in May 2003.

Memorandum of Understanding with the Federation of Insurance Industries (FIDES)

The Bank signed a memorandum of understanding with the Federation of Insurance Industries (FIDES) that includes cooperation for the development of insurance mechanisms covering catastrophic events.

Technical Forum on Involuntary Relocation

In June 2005 the IDB and the World Bank held a Technical Forum on Involuntary Relocation in Bogota, Colombia, that brought together more than 200 Latin American experts specializing in involuntary resettlement policies (including cases of displacement due to emergency, violence and natural disaster prevention). In addition to exchanging information about best practices and the analysis of conceptual advances in these areas, the forum addressed incipient experiences in the creation of regulatory frameworks in several countries of the region. The results of this event will be published in a book, and operating guidelines for involuntary relocation will be updated in a joint effort by the IDB and the World Bank.

Program for the Sustainable Development of the Meso-American Biological Corridor

The Bank is cooperating with other organizations (such as the World Bank and the Global Environment Facility) in developing a strategy for sociocultural adaptation and community participation in the operations of the Meso-American Biological Corridor. Sustainable natural resources management and poverty reduction have been addressed jointly through territorial planning strategies, environmentally sustainable economic activities, and participatory planning.

- Support was provided for the design of a consultative methodology for the Meso-American Biological Corridor.
- With Global Environment Facility (GEF) resources, in 2004 the Bank approved a US\$10 million regional program for the sustainable management of indigenous territories within the Meso-American Biological Corridor. The program's design was based on intensive and innovative consultations with indigenous organizations in the region. This ensures that involved communities will take ownership of the program through sustainable productive activities and environmental conservation, using a geo-referenced methodology of cultural land use analysis for territorial development decisions and the design of management plans. The methodology has been published and is available on CD.

Mandates of the Summits: Disaster Management, Environmental Foundation for Sustainable Development

Disaster Management

Request the IDB to undertake a feasibility study in partnership with the OAS, the World Bank, the Caribbean Development Bank (CDB) and other relevant inter-American organizations, as well as the private sector, including insurance companies, on measures to reduce and/or pool risk in a manner that results in reduced premiums on catastrophic insurance, and mechanisms to facilitate contingent reconstruction financing and the immediate release of funds to resolve urgent needs of the affected country; this study would examine the relationship between reinsurance and national and community disaster management capacities, as well as trends moving away from investment and toward job losses in those economic sectors requiring costly catastrophic insurance coverage and the role such measures might play in this regard; share with the private sector experiences in the development and application of risk management tools such as risk transfer instruments, vulnerability assessment methodologies and risk reduction incentives for the private sector.

Loans to Respond to Natural Disasters

- The Bank approved a US\$70 million loan to El Salvador to aid in the reconstruction of damaged infrastructure in low-income communities affected by two earthquakes in 2001.
- The Bank also approved a trinational loan for US\$21.8 million to El Salvador, Guatemala, and Honduras to support the sustainable development of renewable resources and reduce the impact of natural disasters.
- The Bank approved a US\$20 million emergency loan to Peru to assist in the recovery and rehabilitation of earthquake-damaged communities in the south of the country.
- The Bank approved a US\$32.7 million loan for a socio-environmental and forestry development project in Nicaragua that includes a major disaster prevention and rehabilitation component for rural areas.
- The Bank approved a US\$25 million loan, the first phase of a multiphase financing operation totaling US\$69 million, to promote the sustainable development of economically and environmentally vulnerable watersheds in Honduras.
- In 2002 the Bank approved a US\$20 million loan in response to the emergency created by flooding and to restore basic services in Jamaica.
- The Bank approved a US\$40 million loan for natural resource management in the upper watersheds in Guatemala, involving a change in production technologies used by small farmers.
- The Bank also approved a US\$46.6 million loan for Guatemala to reduce urban poverty. This loan includes the construction of canals to prevent landslides in vulnerable areas.
- The Bank approved a US\$2.8 million loan for Bolivia for the installation of early warning systems and the development of a natural disaster emergency plan. It also approved a US\$2.5 million loan for the city of Tarija to restore water supply in the basin and the biological reserve damaged by a forest fire.

- Major components to prevent and respond to disasters were included in urban development loans (La Paz, Bolivia), urban environmental management loans (Belo Horizonte, Brazil) and comprehensive natural resource management loans (Sixaola Binational Watershed, Costa Rica).

Technical Cooperation Operations in Natural Disasters

- Two technical cooperation operations were approved in 2002 to support natural disaster risk management information and indicators programs in Colombia and Mexico.
- The technical cooperation to combat desertification in South America was approved in 2002 and is currently in its final phase of implementation.
- The technical cooperation in Honduras for the Financial Management of Risk from Catastrophes, approved in 2002, includes studies and workshops to provide support to economic authorities in order to develop financial strategies for reducing losses from disasters. (This project was designed in collaboration with the World Bank.)
- The technical cooperation project in El Salvador “National Capacity for Financial Management and Reduction of Risks from Catastrophes” was approved in May 2003. This operation supported the design of national policies and helped to ensure that economic authorities have: (i) an evaluation of the risk faced by the country and possible impacts on macroeconomic and fiscal development; (ii) a strategy for financial management to reduce the overall cost of risk; (iii) an evaluation of the current situation in terms of national and local capacity for risk management and reduction; and (iv) a detailed Action Plan to strengthen the country's risk management capacities.
- The technical cooperation operation to evaluate the socioeconomic impacts of El Niño, implemented with the Worldwide Meteorological Organization, the International Food Policy Research Institute (IFPRI), the National Oceanic and Atmospheric Administration (NOOA), and other entities, has concluded. The final documentation was published in 2003.
- In December 2003 the MIF approved a fund of liquid resources for the recovery of microenterprises following external shocks and emergencies. The objective of this fund is to extend the capacity to obtain public and private financing to help alleviate the economic impact suffered by microfinance institutions as the result of the sudden interruption of financial services caused by a crisis in the financial sector and/or natural disaster.
- Based on the recommendations of the Caribbean countries, in 2004 the Bank approved the technical cooperation project *Strategic Adaptation to Climate Change and Disaster Mitigation in the Caribbean*.

Seminars, Workshops, Studies and Other Activities Dealing with Natural Disasters

- In 2002 the Bank published a technical paper titled “Planning and Financial Protection to Survive Disasters.” The document identifies planning strategies for investment in prevention and mitigation and in financing losses due to catastrophic events.
- The Bank published a manual and held a workshop for microfinance organizations on the topic of natural disaster risks. Workshop participants included microfinance program executing agencies, expert consultants, and Bank specialists. The manual was prepared in 2002 in cooperation with the Center for Microenterprise Action.

- In December 2002, the Bank published a report titled *Innovative Financial Instruments for Disaster Risk Management*, which identifies a wide range of potential financial instruments currently in use in more developed countries and that could be used in Latin America and the Caribbean.
- In 2002, the Bank held technical seminars in Chile, El Salvador, Peru and at Bank headquarters on the practical application of financial instruments for natural disasters in Chile, El Salvador and Peru. An additional study is underway that will help guide efforts to reorient Ecuador's national system of disaster risk management, which will focus on the overland transport infrastructure.
- The Bank led an effort with the CAF, the European Union, the World Bank and others to coordinate disaster prevention actions in Ecuador. A seminar was held and a memorandum of understanding was signed in 2003.
- In 2003 the Bank financed two meetings of international experts in Barcelona, Spain, under the Program of Disaster Risk Indicators. The study conducted by the National University of Colombia-Manizales covers ten countries in Latin America and the Caribbean.
- Studies were prepared and seminars were organized on the topic of "Comparison between Asia and the Caribbean: Adapting to Climatic Change and Disaster Management" in the areas of tourism, urban water supply, agriculture and fishing.
- The Tenth Meeting of the Central American Network for Decentralization and Municipal Strengthening (FEMICA) was held in Antigua, Guatemala, in October 2003. The topic of this meeting was risk management at the local level. One hundred and seventy municipal officers participated in the meeting.
- The Bank participated in a meeting with nine international organizations evaluated by the private fund Tearfund, in November 2003 in London, making a presentation detailing its internal mechanisms for disaster risk management.
- The Bank continued with its internal capacity building, or inclusion of disaster risk management, through the following:
 - The consolidation of the network of 36 focal points, which includes a representative from each of the 26 IDB representations and 14 specialists from Bank headquarters on the environment, infrastructure, and financing.
 - The incorporation of 19 more specialists into the network from sectors potentially affected by natural disasters to work on the process of preparing checklists to help project teams take risk management into account when preparing and executing loans in the following sectors: transport, energy, water and sanitation, education, micro and small business, state modernization, agriculture, health, and housing.
- In 2003, the Program for Promotion of Best Practices for Disaster Prevention and Risk Management in Municipalities of Central America produced a toolkit, a video documenting experiences, four national workshops, and other products to increase dissemination in the media (television, press).
- In 2003 the Bank published the book *Disaster Risk Management: National Systems and Financial Strategies for Natural Disaster Reconstruction*. The Spanish version was published the following year. This publication is based on studies carried out in the context of the first and second meetings of the Natural Disaster Network of the Regional Policy Dialogue.

- The Virtual Center for Disaster Prevention in the Americas was launched in March 2003 (Washington, D.C.).
- An experts' meeting on analysis and methodologies for disaster risk information was held in Washington, D.C. in January 2004.
- A disaster policy dialogue meeting on environmental policies and financial incentives for disaster risk reduction was held in Washington, D.C. in February 2004.
- An interagency workshop on disaster risk indicators for decision making was held in Washington, D.C. in March 2004.
- A regional workshop on disaster risk indicators for decision making was held in Manizales, Colombia, in November 2004.
- A disaster finance seminar was held in Washington, D. C. in September 2004.
- The Inter-American Conference for Disaster Risk Reduction was held in Manizales, Colombia, in November 2004.
- The subregional disaster policy dialogue meeting on the cost/benefit analysis of disaster risk management mitigation was held in Kingston, Jamaica, in November 2004.
- A seminar on the financial management of risks from natural hazards was organized in 2004. Documents prepared for the event will be published in 2005.
- A workshop on indicators for vulnerability to disasters, by the interagency group with the UN and the World Bank, was held at the IDB in March 2004.
- In June 2005 the IDB and the World Bank organized the Technical Forum on Involuntary Relocation, which brought together more than 200 Latin American experts in Bogota, Colombia, to discuss involuntary relocation policies, including cases of displacement due to emergency, violence or natural disaster prevention. In addition to exchanging information about best practices and the analysis of conceptual advances in these areas, the forum addressed incipient experiences in the creation of regulatory frameworks in several countries of the region. The results of this event will be published in a book, and operating guides for involuntary relocation will be updated in a joint effort by the IDB and the World Bank.
- Other studies published by the Bank in this field include the following:
 - Adaptation to Climate Change and Disaster Management in Asia and the Caribbean: Tourism, Water Supply and Agriculture (seminar held in 2003, document published in 2004) .
 - Practical Applications of Financial Instruments in Disaster Management, 2003.
 - Human-driven Disasters: The Role of the IDB, 2004.
 - Natural Hazard Risk Management in Development Projects: Checklist, 2005.
 - Disaster Risk Management at Local Level. Disaster Policy Dialogue Paper.

- National Systems for Disaster Risk Management and Financing Reconstruction. Disaster Policy Dialogue Paper.
- Environmental Management and Incentives to Reduce Disaster Risk. Disaster Policy Dialogue.
- Strategies and Financial Instruments for Disaster Risk Management, 2005.
- Exploiting International Capital Markets to Manage Natural Hazard Risk in Latin America, 2005.
- Managing Economic Exposures of Natural Disasters: Analyzing Applications of Risk Financing Techniques, 2005.
- Planning and Financial Protection to Survive Disasters, 2005.
- Natural Disaster Risk Management, 2003.

Environmental and Natural Resource Management

Request that the OAS through its General Secretariat, in coordination with other agencies, to organize a meeting at the ministerial level before the end of 2001, to be held in Bolivia on the occasion of the fifth anniversary of the Santa Cruz de la Sierra Summit of 1996, and present contributions to the Rio+10 Summit in 2002, recognizing that by its nature, sustainable development has long-term goals that require the countries of the Hemisphere to act in concert in this area.

Promote improved environmental management at the municipal level, including through information exchange among local communities, the development of environmentally sound technology and the promotion of partnerships to facilitate, as appropriate, technology transfer, capacity building, including the strengthening of local institutions and services, and support for initiatives such as the World Bank Clean Air Initiative and IDB programs in this area.

Environment Strategy

The Bank developed its new Environment Strategy in 2002 and 2003. The process involved a range of activities such as workshops and seminars, sessions with selected groups, virtual consultations, and direct regional and extra-regional consultations with the borrowing and nonborrowing country governments, representatives from civil society, multilateral agencies, agencies specializing in international cooperation, and NGOs. The strategy was part of a package of strategies approved by the Board of Executive Directors in July 2003.

Since its approval, the Bank has developed an Action Plan for Environment Strategy Implementation, which forms part of the Comprehensive Institutional Action Plan for implementation of all IDB strategies. A pamphlet on the strategy was also prepared and has been distributed at a number of meetings and events held by the Bank in the region. In addition, a toolkit for the environment strategy and policy was developed in 2004 in order to support Bank specialists in policy and strategy implementation. Also in 2004, the Bank tasked the World Resources Institute with a study on the incorporation of the environment in different priority areas of the Bank's institutional strategy (state modernization, competitiveness, social development and regional integration). This report will be published in 2005.

Environment Policy

A new Environment Policy for the Bank has been under development since 2003. This policy will replace the 1979 Environment Policy under which the Bank is currently operating. In 2004 and early 2005, the Bank drafted and carried out internal and external consultations on a draft policy profile. The internal consultation on this profile was unique in that it emphasized the active engagement of professionals across the Bank through an interdepartmental advisory group, a series of technical workshops, and the active participation of country office staff. The external consultations included a 90-day electronic consultation and meetings in Washington, D.C., Barbados, Lima, Rio de Janeiro, Panama and Brussels. This consultation process has become a model for future consultations on Bank policies. Comments from the consultation process were incorporated into a draft policy which is currently undergoing management review and when completed will be sent to the Board's Policy Committee for approval.

In 2004 and early 2005 an IDB Environment and Safeguards Compliance Policy Implementation Handbook was also developed to support the implementation of the new policy. This handbook includes guidelines, standards, and norms to fulfill specific policy directives. In addition, it contains good operational practices, and other supporting material to assist project sponsors, project teams, executing agencies, and other interested parties.

Mainstreaming the Environment

As part of strategy implementation, in 2004 the Bank led two country environmental analysis exercises (CEAs) for Belize and El Salvador. As a result of these pilot cases, lessons learned and guidelines were produced for future CEAs.

The Bank led and promoted a regional effort to mainstream environmental sustainability in Puebla-Panama Plan (PPP) initiatives. As a result, two official documents were produced in 2004, which have been signed and approved by all of the Ministers of Environment and the Presidential Commissioners of the PPP. These documents include an Environmental Action Plan and a guide for mainstreaming environment across PPP initiatives. Implementation of the Action Plan is underway.

For the first time, environmental components in non-environmental loans approved in 2004 were identified and quantified as part of the 2004 Environment Portfolio Analysis. This new analysis allows for the Bank to measure and track its environmental mainstreaming and safeguarding efforts within its lending portfolio.

Local Environmental Management

The technical cooperation grant, *Environmental Governance: Strategic Framework and Management Instruments at the Municipal Level*, was approved in 2003. Through its execution in 2004 and 2005 it has produced several draft studies that include: a profile of the problem of urban environmental governance in the region; a strategic framework for urban environmental management at a regional and subregional (Central America) level; a review of good practices in environmental management in four municipalities; an action plan for the Bank in its support of urban environmental management in Central America; and reports on lessons learned and the strategic, programmatic, and instrumental phases of environmental management in San Pedro Sula (Honduras), Estelí (Nicaragua), Quito and Esmeraldas (Ecuador), and Juiz de Fora (Brazil). In 2005 a document on lessons learned of the entire project will be developed, and the results will be discussed and disseminated at regional workshops. In addition, an urban environmental management toolkit will be developed in order to promote the replication of good practices and disseminate lessons learned.

Other nonfinancial products developed in local environmental management by the Bank in 2004 include: (i) design of indicators systems for municipal performance in four categories, (ii) a study on municipal revenues, and (iii) a publication on forestry and municipal development in Honduras. Several technical cooperation operations were also carried out in El Salvador, Mexico, Panama and the Dominican Republic, focusing on strengthening financial administration capacities. In addition, the Bank carried out a study on the reorganization of public social investment at the local level in the Dominican Republic. Finally, the Bank continued to support FEMICA by supporting its annual conference in 2003, 2004 and once again in 2005.

Climate Change and Renewable Energy

In this area, in 2003 the IDB hosted the first meeting between MDBs and the Secretariat of the UN Convention on Climate Change (UNCCC) to explore areas of common interest and future collaboration. Also, the IDB organized a workshop on urban transport, and another on local environmental management and climate change. Reports produced in 2004 included: (i) reports on regional-level greenhouse gas (GHG) mitigation opportunities, and on institutional capacities and opportunities for linking GHG mitigation with development objectives; and (ii) an assessment report on opportunities and challenges in integrating GHG mitigation with reform of urban transport. In addition, in 2004 the Bank produced three case studies on linkages between sustainable development and GHG mitigation, with broader lessons learned in a synthesis report; and conducted two briefings on “carbon finance” mechanisms, one for Bank staff, and one for Vice Ministers of Environment. In 2004 the Bank signed a strategic partnership agreement with Germany (1.6 million Euros over two years) for collaboration on renewable energy and energy efficiency, and drafted a work plan for a three-year co-financed work program with the GTZ that was approved by the Board in September 2005.

Water and Sanitation

The IDB has invested close to US\$3.8 million in potable water and sanitation since 1994 and has allocated approximately US\$7.5 million to nonreimbursable technical cooperation to provide institutional support to service providers and promote legal and regulatory reform. In 2003 and 2004, the Bank’s loans and technical cooperation operations in this sector represented a significant part of the environment portfolio. Investments in the sector have focused mainly on: watershed protection, flood control, development of infrastructure to improve the efficiency in the systems of water supply and treatment, and support to strengthen water management and policies. In addition to direct investments in the sector, the Bank has contributed a number of studies and workshops on the topic. One example of this type of nonfinancial product is the effort in Central America to fulfill the Millennium Development Goals: the Bank organized a regional workshop in Guatemala in which 200 participants discussed necessary investments and institutional challenges facing the sector. Currently the IDB is developing two products in follow-up to the workshop: a web page and a course for national and municipal authorities. The course was taught for the first time in Guatemala in February 2005. In the Southern Cone, in 2004 the Bank supported the preparation of water and sanitation draft action plans for Argentina, Bolivia, Brazil, Paraguay and Uruguay.

Regional Integration, Trade and Environment

In 2004 the Bank helped initiate and support regional discussions about trade and environment. In particular it focused its attention on seeking ways to support Central American environmental authorities during the process of trade/environment discussions under CAFTA. In this regard, the Bank has: (i) commissioned a report on issues for environmental capacity building under CAFTA (INCAE/CCAD); (ii) supported CCAD and IMDS/PPP in the development of an action plan and strategy to integrate the environment within the PPP; (iii) organized coordination meetings with other agencies; and (iv) financed and implemented several technical cooperation operations for capacity building on a national and regional basis. The objective of one of the

technical cooperation operations is to develop a policy that includes environmental safeguards and guidelines for the Puebla-Panama Plan, including the application of a strategic environmental assessment. Trade and environment activities have also been supported by the Bank-sponsored Policy Dialogue, which identified trade and environment as its focus area for the 2004–2005 cycle.

Funds and Other Partnership Activities

- In 2004 the IDB signed an agreement with the Global Environmental Facility (GEF) to plan, prepare and carry out projects and activities addressing priority environmental issues in Latin America and the Caribbean. The legal agreement extends the IDB's direct access to flexible and untied GEF resources. In 2004 GEF funds financed US\$7.5 million in three projects, namely: the Integrated Ecosystem Management in Indigenous Communities project (US\$5 million), Environmental Management in the Bay Islands of Honduras (US\$2.5 million), and preparation of a Regional Private Lands Conservation Program (US\$25,000).
- The IDB-Netherlands Program for Protection of the Environment (NPPE) was established in November 2000 and initiated activities the following year. Between 2001 and August 2004, it financed 39 projects focusing on innovations in environmental management, the strengthening of environmental institutions, comprehensive water resources management, economic valuation of environment damages within the context of legal disputes, setting water rates, climate change (mitigation and adaptation), biodiversity and forests, and trade and the environment.
- The IDB-Netherlands Water Partnership (INWAP) began in August 2002 with an allocation of US\$10 million over five years. It consists of technical cooperation and programs to upgrade skills and develop capacities for the comprehensive management of water resources. In 2003 the program approved nine technical cooperation operations and eight technical seminars on topics such as the application of economic instruments for water management, the link between water and poverty, and watershed management. In 2004 the IDB negotiated a third allocation of resources from the government of the Netherlands. These funds supported the development of a work plan focusing on: innovative projects to reduce poverty and promote social equity, the strengthening of water governance, and the mainstreaming of integrated water resources management into the Bank's operations. In order to implement this work plan, four technical cooperation operations were financed in 2004, including: the preparation of guides for the operation and sustainability of watershed management organizations; creation of the Global Water Partnership (GWP)-Caribbean; preparation of an agenda for research on water and poverty; and preparation of IWRM plans.

Regional Policy Dialogue on the Environment

The Bank has organized four annual meetings at its headquarters and three subregional meetings as part of the Regional Policy Dialogue on the Environment. Specific topics were selected for each cycle of meetings. At the first meeting of the Environment Network (April 2002), participants discussed the current environmental situation and challenges faced by their countries in terms of environmental management. The reports presented at the meeting included profiles for environmental management by subregion, a report on environmental indicators for selected issues and studies of the integration of environmental management in industry, energy, and tourism. The second meeting (February 2003) entailed a discussion of the applicability and effectiveness of economic instruments in water and solid waste management, with reference to case studies in Brazil, Chile, Mexico and Colombia. The third meeting (March 2004) focused on the economic valuation of sustainable management programs for coastal resources as well as air pollution control programs. The main topics for the 2004–2005 cycle were trade and the environment. Three subregional meetings were held (two in November 2004 and one in January 2005) to promote the topic in the Southern Cone, Andean countries and Central America. Technical studies were prepared for each meeting, focusing on topics relevant

to each subregion. The fourth annual meeting of the Dialogue discussed the results summarized in the document *Trade and Environment in Latin America and the Caribbean: Priorities and Challenges in Subregional Agendas*, which will be published at the end of 2005. The meeting also discussed issues related to climate change and how the Bank is supporting the countries of the region on this issue.

Environmental Operations (2002–2004)

In the past three years, the IDB has approved 41 environmental loans totaling US\$946 million. Environmental loans from 2002 to 2004 have reflected the Bank's vision that the environment is a crosscutting area, as well as the need to adopt approaches that are more comprehensive in terms of development, natural resource management and environmental protection in the region.

Nineteen environmental loans for US\$374 million were approved in 2002, representing 8.2 percent of the total dollar value of all loans approved that year. Of the total amount for environmental loans approved in 2002, 44 percent was for sustainable development and natural resources conservation, 37 percent was for urban environmental management, 8 percent for management of coastal resources, 7 percent for mitigation of natural disasters, and 3 percent for sustainable tourism. Sixty technical cooperation operations were approved in 2002, totaling US\$15.5 million.

In 2003 the Bank approved 11 loans for US\$402 million, representing 5.9 percent of the total dollar value of all loans approved that year. Of the total amount for environmental loans approved in 2003, 39 percent was allocated to water and sanitation, 28 percent was for sustainable development and natural resource conservation, 25 percent was for urban water management, and 8 percent was for land use management and regulation. For a total of US\$19.2 million, the 59 technical cooperation operations approved in 2003 (operations in agriculture are not included in this number) focused on sustainable development and natural resource conservation (32 percent), energy efficiency and clean production (29 percent), water and sanitation (15 percent), urban environmental management (11 percent), the frameworks and the strategic environmental evaluations (10 percent) and natural disaster management (3 percent).

In 2004 the Bank approved 11 environmental loans for US\$170 million, representing only 2.8 percent of the total dollar value of all loans approved that year. The environmental loans approved in 2004 were more diversified, allocated to: urban environmental management (40 percent), water and sanitation (30 percent), support for environmental policies and institutions (12 percent), management of coastal resources (7 percent), integrated management of natural resources (7 percent), renewable energy and climate change (3 percent) and sustainable tourism (1 percent). The number of technical cooperation operations increased in 2004 as a result of new financing from the Global Environmental Facility and SIDA. Seventy-four technical cooperation operations were approved for a total of US\$21.7 million. As with the loans, the technical cooperation operations targeted several areas including: integrated management of natural resources (31 percent), water and sanitation (22 percent), biodiversity (14 percent), pollution reduction (8 percent), and renewable energy and climate change (7 percent). The main donors to these technical cooperation operations were the Global Environmental Facility (35 percent), SIDA (14 percent), MIF (10 percent), Japan (10 percent) and the Netherlands (10 percent).

Up to June 2005, three loans and 25 technical cooperation operations have been approved for the environment sector. The loans include a project for the Panama Canal watershed, sustainable development in the Atlantic Huétar region of Costa Rica, and a national sustainable tourism program in Honduras. The technical cooperation operations support initiatives in the Bahamas, Bolivia, Brazil, Chile, Ecuador, Guatemala, Haiti, Honduras and Suriname, as well as other regional efforts.

Multilateral Collaboration, Seminars and Workshops

- Over the past three years the IDB has organized a number of workshops, conferences and training events in different emerging and important areas to advance the topic of environmental management and natural resource protection. It has also participated with other multilateral organizations in different forums addressing topics such as the progress made in the region toward the Millennium Development Goals (June 2002) and the harmonization of efforts to develop analytical instruments. The Bank also continues to participate in the Forum of Ministers of the Environment as a member of the Interagency Technical Committee.
- The Bank organized the second Environment Week in September 2004 in Washington, D.C. This three-day event brought together environmental specialists from the region to discuss important issues concerning key environmental trends, challenges and opportunities in Latin America, and to learn about IDB environmental policy and tools to achieve environmental sustainability. It was also a forum in which to present the profile of the Bank's Environment Policy.
- Seminars and workshops held in the last few years in the area of environmental management include the following:
 - Two seminars on environmental management and sustainable local development were held in 2002. One dealt with policy, social inclusion, and the quality of urban life and was held on June 12, 2002. The second dealt with environmental management systems in municipal governments and was held on June 28, 2002.
 - A training course for trainers in environmental management and environmental impact evaluation for investment projects was held in Jamaica in September 2002.
 - The Bank and the UN Food and Agriculture Organization held several distance courses (via Internet) on environmental impact evaluation for investment projects as a natural resource management tool (May-August 2002).
 - A workshop on evaluation of projects to strengthen environmental agencies was held in June 2002.
 - Two seminars on strategic environmental assessment were held in 2002 and 2003.
 - A staff seminar on climate change and development was held in October 2002. In March 2004 the Bank organized a workshop for Vice Ministers of Environment on the mitigation of greenhouse gases and sustainable development in Latin America. In May 2004, the Bank held a staff workshop on “carbon finance” mechanisms.
 - Water was the topic of several Bank activities in 2003, 2004 and 2005. A seminar on potable water and sewage concessions in Honduras was held in 2003, along with two workshops on water and poverty (“Water and Poverty in Latin America and the Caribbean: Setting a Research Agenda,” and “Dialogue on Water Poverty and Governance”). In 2004 the Bank held a training course “Integrated Management of Water Resources in Central America” and three workshops: “Water Quality Management in the Americas,” “Financing of Potable Water and Sanitation Services” and “Sanitation in Ceará, Brazil.” Also in 2004, a conference was held on water and sanitation in Guatemala. In 2005 the Bank held a pilot course in Guatemala entitled “Social Management: The Potable Water and Sanitation Sector.”

- A workshop on experiences in land management and watershed management was held in 2003.
- A workshop on environmental corporate responsibility was held in 2003.
- A workshop on direct investment in sustainable forestry was held in Honduras in 2004.
- A workshop on the Amazon Corporation as a regional public good was held in May 2004.
- In 2004 the Bank held a regional technical conference on coffee in Nicaragua in order to promote dialogue, coordination and the exchange of experiences among key actors in this sector.
- Coordinated by the Central American Federation of Municipalities (FEMICA), the Eleventh Meeting of the Central American Network for Decentralization and Municipal Strengthening was held on December 8–10, 2004, and dealt with the topic of “Effectiveness and Transparency: A Challenge for Local Governments.”
- Also coordinated by the Central American Federation of Municipalities (FEMICA), the Twelfth Meeting of the Central American Network for Decentralization and Municipal Strengthening will be held in October 2005 to analyze and discuss experiences and methodologies applied to improve municipal fiscal cadastre and to make municipal public spending more efficient.
- In April 2004 the Bank made a presentation to the Intergovernmental Policy Forum entitled “Ten Years After Quebec: Current Progress and Emerging Challenges” (Canadian Agency for Environmental Evaluation) in Vancouver, B.C.
- Two workshops on sustainable tourism (Tourism in Chiloé and Palena, and PRODETUR II Northeast Region) were held in Chile and Brazil in 2004.
- A workshop on urban transport, environmental management and climate change was held on August 3, 2003.
- A seminar on the situation of the Galapagos National Park and Marine Reserve was held in Ecuador in 2004.
- A meeting on how to incorporate the environment in PPP initiatives was held in El Salvador in July 2004.

Studies

- Some of the publications issued over the last few years in the area of environmental management include:
 - Review of Environmental Impact Evaluation in Latin American and Caribbean Countries Country reports are available on the Bank’s web page (http://www.iadb.org/sds/ENV/site_393_s.htm).
 - Environmental Management in Latin America and the Caribbean: Evolution, Trends, and Principal Practices, 2002.
 - Management and Fundamentals for Environmental Impact Evaluation, 2002.
 - Training Material on Fundamentals for Environmental Impact Evaluation, 2002.

- Environmental Management and Environmental Impact Evaluation for Investment Projects, 2002.
- Environmental Indicators for Selected Issues in Latin America and the Caribbean, 2002.
- Water Resources Strategy, Jamaica, 2002.
- Integral Management of the Coastal Zone, Bahamas, 2002.
- Guidelines on Impact Indicators for Natural Resource Projects, 2003.
- Environmental Management in Latin America and the Caribbean: Evolution, Trends and Principal Practices, 2003.
- Economic Instruments in Water and Solid Waste Management, 2003.
- Economic Valuation of Sustainable Use of Coastal Resources and Air Quality Management, 2003.
- Country Environmental Analysis. Case Study and Methodology, 2003.
- Environmental Management and Fundamentals of Environmental Impact Assessment, 2003.
- Evaluation of Environmental Institutional Strengthening Projects IDB Publication, 2003.
- Review of Implementation of Environmental Measures at the Execution Phase, 2003.
- Carbon Sequestration and Sustainable Forestry Development in Argentina's Patagonia: Synergies and Challenges, 2003.
- Policy Studies on Greenhouse Gas Abatement and Economic Development: Synergies and Challenges in Chilean Landfills, 2003.
- Policy Studies on Greenhouse Gas Abatement and Economic Development: Synergies and Challenges in the Urban Transport Sector. The Case of Santiago, Chile 2004.
- Urban Transport Greenhouse Gas Abatement: Innovative Options in Santiago, Chile, 2004.
- The Opportunities for Sustainable Urban Transportation in Medium-Sized Latin American Cities, 2004.
- Policy Studies on Greenhouse Gas Abatement and Economic Development: Synergies and Challenges, 2004.
- Economic Benefits of Human Health Improvements from Reduced Urban Air Pollution in LAC, 2004.
- Mainstreaming Environment into Institutional Strategies (WRI), 2004.
- Issues for Capacity Building on Trade and Environment in the context of NAFTA, 2004.
- Best Practices in the Implementation of Environmental Management Instruments: Analysis of Proposals to Strengthen the Environmental Monitoring of Projects, 2004.

- Legal Framework Inventory of Environmental Impact Assessment. Latin America and Caribbean Countries, 2004.
- Evaluation of Environmental Institutional Development Projects: A Comparative Analysis, 2004.
- Greenhouse Gas Abatement and Economic Development: Synergies and Challenges, 2004.
- Decentralization and Municipal Development, Dominican Republic, 2004.
- Modernization of the State, Municipal Development and Decentralization, Panama, 2004.
- Municipal Revenue in Central America: Realities and Perspectives, 2004.
- Toward a Development Strategy for the Rural *Sierra*, Peru, 2004.
- Evaluation of the Potential for Ecotourism in Inaguas: Challenges and Opportunities, Bahamas, 2004.
- Prioritization of Environmental Investment with Economic Criteria, Colombia, 2004.
- Evaluation of Project BRO321: Environmental Recovery of the Guaiba Water-shed, 2004.
- Environmental Study, Paraguay, 2004.
- Action Plan: Water and Sanitation, Uruguay, 2004.
- Action Plan: Water and Sanitation, Paraguay, 2004.
- Action Plan: Water and Sanitation, Brazil, 2004.
- Action Plan: Water and Sanitation, Bolivia, 2004.
- Action Plan: Water and Sanitation, Argentina, 2004.
- Evaluation of Project AR0061, 2004.
- Tourism Sector Strategy, Argentina, 2004.
- Environmental Strategy, Bolivia, 2005.
- Evaluation of the Guaiba Watershed, Brazil, 2005.
- Implementation of Environmental Requirements for Free Trade, Chile, 2005.
- Country Environmental Evaluation, Suriname, 2005.
- RE2 Projects that Cover Forestry Topics, 2005.

Sustainable Rural Development and the Agricultural Sector

- Between January 2001 and June 2005 the Bank approved US\$4 billion in loans to promote agricultural and rural development. This amount corresponds to approximately 70 loans to improve the incomes and welfare of rural populations through sustainable development.
- Of the US\$4 billion in the Bank's rural portfolio, approximately 12 percent corresponds to activities *directly* focusing on sustainable natural resource management, biodiversity protection and environmental management. This group of loans includes forestry projects, activities supporting sustainable production in watersheds, and projects related to land use management, among others. It must be noted that since early 2001 the Bank has allocated more than US\$100 million to land titling programs and programs to strengthen and modernize property registries. In promoting the development of more robust land markets and the protection of land ownership rights, the IDB has contributed to the priorities established within the framework of the Summit of the Americas. In this context, most noteworthy have been activities related to the regularization, registration and titling indigenous lands (including projects in the Meso-American Biological Corridor, Peru and Bolivia).
- The remaining 88 percent of the Bank's rural portfolio corresponds to US\$3.5 billion to follow up on the Summit mandates through the promotion of sustainable development in rural areas of the region. Of the total loan amount in the Bank's rural portfolio over the past four years, 8 percent corresponds to small infrastructure construction projects, including rural roads, rural electrification and irrigation projects; 16 percent corresponds to loans to support the production and commercialization of agricultural products; 8 percent has been allocated to increase access to credit and to develop other financial instruments that promote agricultural and rural investments; and an additional 5 percent has been earmarked for projects with technology transfer and agricultural health components.
- In the last four years, the Bank has financed comprehensive rural development projects for a total of US\$450 million, equivalent to 11 percent of the total loan portfolio promoting agricultural and rural development. It is hoped that the percentage of comprehensive rural development projects will increase due to implementation of the new rural development strategy that proposes a greater emphasis on operations with a territorial approach.
- The remaining 40 percent of the Bank's rural portfolio corresponds to miscellaneous initiatives: projects that include one or more components focusing on education, housing, social protection, indigenous communities and other topics related to rural development but without an integral approach.
- The following are among the largest loans allocated to rural development from 2001 to mid-2005: Sustainable Development of the Mata Pernambucana Zone (Brazil); Support for the Competitive Transition of Agricultural Production (Dominican Republic); Sustainable Rural Road Program (El Salvador); Potable Water Supply (Guatemala); Basic Rural Sanitation (Guatemala); Agricultural Intensification Program (Haiti); Local Development Program (Haiti); Rural Financial System Consolidation Program (Mexico); PROCAMPO Support Program (Mexico); PROGRESA Consolidation and Expansion Program (Mexico); Agricultural Reactivation II (Nicaragua); Rural Transportation Infra-structure Program (Peru); and the FONCODES III Program (Peru).
- In addition to the financial operations mentioned above, the IDB has carried out various nonfinancial operations, which entail concrete responses to sustainable development priorities for rural territories as established under the framework of the Summits.

- In 2004 and the first half of 2005, under the Social Entrepreneurial Program, the Bank approved five projects to promote credit access for small producers in rural zones: (i) leasing of capital goods for small and medium producers in Nicaragua; (ii) two credit service expansion projects for low-income rural microenterprises in Bolivia; (iii) two credit service expansion projects for low-income rural microenterprises in Costa Rica; and (iv) a project to enhance credit access for small coffee producers' organizations in Peru.

Rural Development Strategy and Policy

- The Bank has begun preparing the new rural development strategy and the rural development operating policy, including the consultation process for both. The new strategy and a conceptual framework establish medium- and long-term guidelines based on a territorial approach to rural development. In this way, the Bank seeks to improve the quality of its rural initiatives, proposing comprehensive and multisector operations.
- Public consultations were held on the rural development strategy and policy. These activities received support from the International Development Research Center (IDRC) and RIMISP-Latin American Center for Rural Development. The process was transparent and participatory. Information was made available to the general public through the Internet, and a dialogue with open participation was encouraged through an e-conference in which 2,500 individuals and institutions participated. In addition, direct consultations were held with 1,200 opinion leaders in the areas of agriculture and rural development in Latin America and the Caribbean. The public consultation process culminated with the seminar ("Toward a New IDB Rural Development Policy") held in Quito, Ecuador, on June 1–3, 2005. Participants in this regional seminar included representatives of governments, civil society and the private sector, as well as representatives of multilateral agencies and other entities specializing in international cooperation.

Partnerships to Promote Rural and Agricultural Development

- Through its participation in the Interagency Rural Development Group (GIA), the Bank responds to the priorities established under the framework of the Summits of the Americas with respect to rural and agricultural topics. The Bank has been taking high-level steps to empower the GIA, such as facilitating incorporation of the Spanish Agency for International Cooperation (AECI) into the group. The IDB participated in the GIA meeting held in Guayaquil, Ecuador, in September 2005.
- The Bank also collaborates with the Regional Fund for Agricultural Technology (FON-TAGRO).

Publications and Other Documents on Rural and Agricultural Development

- Between 2001 and mid-2005, the IDB issued the following reports, studies and other publications on the topic of sustainable rural development:

2001

- Rural Finance Strategy
- Agricultural Diversification and Rural Poverty Reduction
- Options for the Development of Nonagricultural Rural Employment in Latin America and the Caribbean
- Development of Rural Economies

2002

- Lessons Learned in Rural Finance: The IDB Experience
- Elements for a Rural Strategy, Ecuador
- Guidelines for a Rural Development Strategy
- Rural Development Strategy, Colombia
- Agricultural Biotechnology and Rural Development in Latin America and the Caribbean: Implications for IDB Financing
- Access to Land on the Rural Development Agenda
- Sustainable Rural Development, Jamaica
- Program to Promote Competitiveness and Rural Employment, Peru

2003

- Rural Development and Community Self-management: What Have We Learned?
- Innovative Rural Finance Instruments for the Southern Cone
- Rapid Expansion of Supermarkets in Latin America
- Rural Poverty in Central America
- Promising Practices in Rural Finance
- Evaluation of Competitiveness in Agriculture, Bahamas
- Agro-industry, Trinidad and Tobago

2004

- Effects of the Rural Public Spending Structure on Growth and Rural Poverty in Latin America
- Strategy and Action Plan for Agro-industrial Development, Trinidad and Tobago
- Rural Financial Services, Nicaragua
- Infrastructure Debt Titling in Peru
- CAFTA and the Rural Economy in Central America
- Instruments for the Development of the Owners of Small Forest Lands
- Coffee, Colombia
- Agricultural Development Strategy, Argentina

2005

- Competitiveness of the Agricultural Sector, Uruguay
- Rural Development Strategy, Argentina
- Watershed / Irrigation Productive Management, Bolivia
- Evaluation of Competitiveness in Agriculture, Barbados
- CAFTA Impact on Rural Households

Seminars, Workshops and Meetings on Rural and Agricultural Development

- In the past two years, the IDB has held a number of seminars, conferences and workshops on the following topics: (i) problems and opportunities for free trade and rural development in Central America; (ii) innovations in agricultural risk management in Central America; (iii) rural competitiveness.

IV. Equity and Human Development

IDB Strategic Programs

Program for Comprehensive Poverty Reduction Strategies

As part of its poverty reduction activities, the Bank is implementing its Poverty Reduction and Promotion of Social Equity strategy and supporting national efforts to achieve the Millennium Development Goals (MDGs). Bank support has included loans, technical cooperation operations, and the generation and dissemination of knowledge and best practices through regional policy dialogues, publications, forums, workshops and seminars.

The IDB has provided support to several countries in the development of comprehensive national poverty reduction strategies; the institutionalization of comprehensive systems for social protection; and the development of poverty statistics to monitor social conditions, evaluate social programs, and facilitate the exchange of information on policies.

National Poverty Reduction Strategies

The Bank continued to provide support for implementation of the national poverty reduction strategies of countries included in the Highly Indebted Poor Countries (HIPC) Initiative (Bolivia, Guyana, Honduras and Nicaragua), and for the development of poverty reduction strategies in other countries (Belize, Colombia, Guatemala, Paraguay and Peru.) With the addition of Colombia, the number of countries receiving assistance for the development of a poverty reduction strategy increased to nine. Following the recommendations of the Poverty Reduction and Promotion of Social Equity strategy, the Bank completed country poverty reports for the Bahamas, Brazil, Paraguay and Uruguay and will prepare 11 additional documents.

- In 2002, the Bank approved US\$123 million in debt relief for four of its borrowing member countries under the HIPC Initiative. All four developed and are implementing National Poverty Reduction Strategies (Bolivia received US\$47 million; Guyana, US\$10 million; Honduras, US\$20 million; and Nicaragua, US\$46 million). In 2003, IDB support for debt relief included US\$35 million for Bolivia, US\$26 million for Guyana, US\$6 million for Honduras and US\$39 million for Nicaragua. In 2004 the Bank provided a total of US\$82 million in debt relief for Bolivia, Guyana and Nicaragua in order to free national resources for social programs. In the first half of 2005, US\$22.7 million was approved for debt relief in Honduras.
- In 2000, the Bank approved a US\$10 million loan to support the implementation of Nicaragua's poverty reduction strategy. Similar loans for Bolivia (US\$40 million), Honduras and Nicaragua (US\$30 million each) were approved in 2001 and 2002. Disbursements of the loans for Honduras and Nicaragua are conditioned on the implementation of social reform policies and on measurable results in the areas of health and education. In 2003, two loans (US\$35 million and US\$30 million, respectively) were approved for Honduras to support the implementation of the Poverty Reduction Strategy. Preparation of Colombia's Poverty Reduction Strategy was started in 2003. In 2004, the Bank approved loans to support the monitoring of indicators established in the poverty reduction strategies of Nicaragua and Honduras, along with two loans totaling US\$60.6 million to Honduras to support strategy implementation.
- Country strategies, focusing primarily on poverty reduction, were completed for Bolivia, Honduras and Nicaragua. Country strategies were also completed for Peru, Argentina, Guyana, Bahamas,

Colombia, Ecuador, Haiti, Paraguay, Brazil, Belize, Costa Rica and Trinidad and Tobago. The country strategy for Peru emphasizes investments in human capital and control of public spending as central elements in the fight against poverty. The strategies for Argentina and Guyana focus on promoting sustainable growth and strengthening targeted social programs. The strategies for the Bahamas, Colombia, Ecuador, Haiti and Paraguay center on efforts to improve governance, and promote sustainable growth and efforts to reduce poverty through human capital programs to provide basic services and to protect vulnerable groups. The country strategy for Brazil focuses on infrastructure, human capital, urban development and modernization of the State. Finally, the strategies for Belize, Costa Rica and Trinidad and Tobago emphasize productive investments, macroeconomic stability and strengthening property rights.

Financial Activities and Instruments and Poverty Reduction

- In 2003 and 2004 the Bank supported an investigation of the relationship between poverty and access to financial services. A workshop was held in 2003, which included the participation of Bank experts and external specialists, to identify interventions that can be incorporated into financial sector reform operations. A number of studies to analyze the interrelationships among various financial instruments, policies and activities and their impacts on poverty reduction were concluded in 2004. The studies address areas such as access to credit, savings and insurance services. A conference organized at Bank headquarters to discuss these studies, included the participation of academics, politicians and private sector representatives. The IDB continued to support the activities of the research network on inequality and poverty (seventh LACEA/IDB/World Bank meeting held in San José, Costa Rica), organized a panel on financial markets and changes in inequality and presented three studies based on household surveys.

Improvement of Poverty Data

- Since its creation, the Program for the Improvement of Surveys and the Measurement of Living Conditions in Latin America and the Caribbean (MECOVI in its Spanish acronym) has provided technical assistance to help countries generate household surveys that provide quality, timely, accessible, and useful statistical information for program and policy planning to reduce poverty and promote social equality. Ten country programs have been carried out to date.
- MECOVI sponsored two workshops and two training courses in 2003 in which 150 technical specialists and professionals from the region participated. It also worked to maintain and update the Household Survey Database, incorporating 25 new databases from 14 countries. Funds were also approved to provide support to statistics agencies in the English-speaking Caribbean countries. Regional activities continued in 2004 with the implementation of two workshops and three training courses and the updating of the Household Survey Database. Currently, the MECOVI Program enjoys the direct participation of statistics institutes from Argentina, Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru and the Dominican Republic. In coordination with Mexico's National Institute of Statistics, Geography and Information Technology (INEGI), MECOVI organized a course on the design and analysis of household surveys focusing on organizations of African descent, which was held in 2005. MECOVI coordinated a seminar entitled "Statistics Offices and the Millennium Development Goals," which was held on May 18–19, 2005 in Santo Domingo, Dominican Republic. Representatives from the national statistics offices of 17 countries took part in this event.
- The Bank is developing a socioeconomic database to highlight the inequalities that currently exist in the MDG indicators for Latin America and the Caribbean. The data are from household surveys and are

disaggregated by income, urban or rural area, gender and ethnic or racial group at different points in time since 1990. The database will include methodological information for each indicator.

- In 2004 the Social Inclusion Fund, in partnership with INEGI, initiated a series of training sessions for the leaders of NGOs that work with groups of indigenous peoples or persons of African descent in areas of work that are related to the collection of statistical information. During the same year, training was provided to 25 indigenous leaders and officials who work on ethnic issues in statistics offices in the region.

Social Protection Systems

- The Bank continued to support the generation of new knowledge in poverty reduction and social protection policies. Of special importance is the study “The Role of Social Investment Funds in Reducing Poverty.” A study was prepared on the use of fiscal instruments to reduce the cyclical nature of social expenditures in Latin America and the Caribbean.
- The Bank and the International Food Policy Research Institute, with the collaboration of the World Bank and USAID, organized the conference “Crises and Disasters: Measurement and Mitigation of Their Human Costs.” Studies of the effects of economic crises and natural disasters on the well being of households were presented during the conference and published in the *World Development Journal*.
- The Bank approved plans for a regional conference on social exclusion that will include policy dialogues on labor market issues. It is preparing labor market policy briefs on working conditions facing informal sector workers and youths, employment security, and training.
- The Bank approved a regional technical cooperation operation to identify and disseminate best practices to prevent child labor. Another technical cooperation operation will fund interventions to prevent child labor.
- In late 2002, the Bank, along with the Asian Development Bank and the Japan Project, organized an international seminar on social protection in the Philippines. Regional and institutional experiences were shared during the seminar. In addition, discussions were held on the design and implementation of social protection initiatives for the informal sector.
- The Bank and the European Commission held a seminar on social cohesion in Latin America and the Caribbean, which took place in Brussels in June 2003. The Bank was responsible for one of the main presentations during the conference, a paper entitled “Inequality, Exclusion and Poverty in Latin America and the Caribbean: Implications for Development.” In November 2003, the Bank helped organize a conference in Brazil to promote the development of a regional consensus on the Millennium Development Goals.
- In 2004 the Bank published three books and carried out 15 studies on social protection, social inclusion and social development. In June 2005 it organized a seminar on consumption insurance and the advantages of using panel data for this type of investigation. Two studies on Colombia, Nicaragua and Peru were prepared for the seminar, which also included presentations from specialists in these fields.
- Since 2002, four additional meetings of the Regional Policy Dialogue have been held on the following topics:

- The fourth meeting of the Regional Policy Dialogue was held in 2002. It included thematic discussions in the areas of lessons learned in the implementation of the Poverty Reduction Strategy and lessons learned about microcredit, violence, poverty, and inequality.
 - The fifth meeting of the Dialogue took place in May 2003. Members of the network made presentations on national efforts to reduce poverty. A session of the meeting was devoted to social inclusion, while another focused on the implementation of labor policies under fiscal constraints.
 - The sixth meeting of the Dialogue, which dealt with the comprehensiveness of poverty reduction policies, was also held in 2003. The first part of the meeting focused on the effectiveness of the strategies, and the second on the evaluation of information systems.
 - The seventh meeting of the Dialogue was held in 2004 and focused on the design, institutionalization, monitoring and evaluation of policies and programs to reduce poverty in Latin America and the Caribbean.
- The Social Equity Forum was launched anew in February 2003. This forum focuses on promoting and generating ideas about the institutionalization of policies to promote social equity in Latin America and the Caribbean. The sixth meeting of the Forum took place in August 2004 and examined institutional challenges for the sustainability and equity of social policy in Latin America and the Caribbean, focusing on three areas: the urgency of promoting social equity, increasing efficiency and the distributive impact of social spending. In addition, six priority areas of institutional development were identified: fulfill social entitlements while maintaining fiscal responsibility; create institutional spaces to coordinate comprehensive poverty reduction policies among the many sector agents tasked with executing social policies; ensure the institutional continuity of resources, actors and programs; promote access to reliable statistical information (including objective systems to monitor and evaluate the impact of social actions); promote leadership for institutional strengthening; and promote the participation of social actors in favor of the sustainability of effective social policies.

Safety Nets

- In 2002, the Bank approved four loans to support social safety nets and programs in the region: US\$1 billion for the consolidation and expansion of a program for education, health and nutrition in Mexico, focusing on support to low-income families; US\$20 million for expansion of the social safety net in Nicaragua, ensuring the provision of health, education, and adequate nutrition for low-income populations; US\$150 million to support the third phase of the Fund for Compensation and Social Development (FONCODES) in Peru, which provides basic infrastructure services and training for low-income communities; and US\$28.4 million to improve the living standards of the poor and reduce the risks faced by the most vulnerable groups in Paraguay. The Bank approved two additional loans for this purpose in 2003: US\$200 million for the consolidation of a social safety net in Ecuador and to provide a countercyclical financing source for the social safety net system, and US\$350 million to address urban poverty and improve neighborhoods in Mexico. In 2004 the Bank approved a loan for US\$ 1 billion to support the social safety net in Brazil, a US\$5 million loan to support the campesino social security system in Ecuador, and a US\$20 million loan to support the Family Pension Program (PRAF) in Honduras.
- In addition, the Bank made emergency loans to mitigate the effects of economic crises. It approved a loan for US\$500 million to Uruguay in 2002 and another totaling US\$1.9 billion to Argentina in 2003. These loans focused on protecting social spending in priority areas such as education, health, and social development. The Bank approved a loan for US\$30 million to Paraguay in 2003 to protect the poorest and most vulnerable groups from the economic crisis, as well as a loan for US\$1.25 billion to Colombia to alleviate the effects of fiscal measures that resulted from the implementation of a macroeconomic

agreement between that country and the International Monetary Fund. This latter loan will finance the Social Solidarity Network, the Beneficiary Identification System (an important administrative procedure for the distribution of social benefits to the poor), and the Colombian Institute for Family Welfare. In addition, in 2003 the Bank approved a US\$400 million loan to support the Colombian government in the improvement of the coverage, quality, equity and sustainability of the national health and social safety systems in the medium term. In 2004 the Bank approved a US\$200 million loan to the Dominican Republic to promote macroeconomic stability and protect key social program budgets from cuts necessitated by fiscal adjustments.

- In 2001, the Bank approved six loans to support disaster prevention and recovery in areas affected by natural disasters: US\$70 million to El Salvador to assist in the reconstruction of infrastructure damaged by two earthquakes in low-income communities; an emergency loan of US\$20 million for Peru to aid in the recovery and rehabilitation of communities in the country's south, which suffered earthquake damage; US\$25 million to Honduras to cover the first phase of multi-phase financing operation that will total US\$69 million; a US\$32.7 million soft loan for a forestry development program in Nicaragua; and a three-country operation that will provide US\$21.8 million each to El Salvador, Guatemala and Honduras to finance programs to promote the sustainable use and development of natural resources in priority watersheds to reduce the impact of natural disasters. In 2002 the Bank approved three additional loans for this purpose: US\$5 million to improve natural disaster management and impact mitigation in the Dominican Republic; US\$16 million for reconstruction in areas affected by intense rains in Jamaica; and US\$2.8 million for the installation of a natural disaster early warning system and emergency plans for Bolivia.

Pensions

- In 2001 the Bank approved a US\$57 million loan to Brazil for the first phase of a US\$188 million project to modernize pension management. In 2002 the Bank approved a US\$30 million loan to Nicaragua for structural pension reform and to provide financing for its poverty reduction and economic growth strategy. The program is structured as a rapid disbursement operation: US\$20 million in the first year and US\$10 million in the second year. In 2003 the Bank approved a US\$5 million loan to support implementation of the new pension system in the Dominican Republic.
- In coordination with the Caribbean Development Bank, the IDB put together and is implementing a work program to focus on the challenges facing pension system reform in small developing countries (with specific emphasis on the English-speaking Caribbean countries). A symposium was held in June 2003 to discuss the design, reform and implementation of pension systems in the region.
- The Bank is financing the preparation of a number of studies on the challenges and reforms facing the individual accountbased pension systems that have been implemented in several Latin American countries. In 2003 the Bank published a technical note on pension reform in Argentina, and studies on the reform of pension systems in Argentina and Brazil were completed in 2004.

Preventing Financial Crises

- In 2001 the Bank approved two loans totaling US\$500 million to Argentina for a government program to consolidate structural fiscal reforms and to implement reforms to the pension system and the capital and securities markets. In 2003 the Bank approved a US\$200 million loan to Uruguay, and in 2002 it approved two loans for US\$100 million to the Dominican Republic and US\$25 million to Honduras to support financial sector reforms seeking to stabilize and restore confidence in the banking system.

- The Bank published the book *Financial Crises in Japan and Latin America*, which includes articles on the structural causes and problems that led to economic crises in Japan and Latin America, the policy actions related to these crises, the role of market discipline and the development of strategies to prevent and control the crises.

Support for Small and Medium Enterprises (SMEs)

- Since 2001 the Bank has approved 22 loans totaling US\$83.8 million to support small and medium enterprises. It also continued to provide support for microenterprises through the Social Entrepreneurship Program (17 projects for US\$9.8 million in 2004), the MIF (84 projects for a total of US\$115 million in 2004) and the CII (31 projects for US\$293.6 million in 2004.) In 2004 the Bank published the book *Macro impacto con micro dinero: 25 años de apoyo a la microempresa*.
- Since 1998, the Bank has hosted the Inter-American Forum for the Development of Microenterprise in Latin America and the Caribbean. This regional meeting provides a forum for regional microfinance leaders and representatives of business development organizations, foundations, NGOs, private businesses, cooperatives, investment funds and the public sector to meet and debate current topics of importance to the sector. The fifth microenterprise forum was held in Brazil in 2002 to address rural financial services, simplification of business registration, consumer credit vs. microenterprise credit, and women entrepreneurs, among other topics. The sixth microenterprise forum was held in Guatemala in September 2003 and focused on the need to promote the exchange of strategies and tactics to confront changes, manage risks and maximize opportunities for the development of small businesses and microenterprises. In 2004 the Bank held the seventh microenterprise forum in Colombia; its topic was “Changing Climate, Shared Responsibilities.”
- In November 2002 the Bank organized a meeting of experts in Washington, D.C. to discuss support for small and medium enterprises in order to acquire financing and credit in emerging economies. The event is part of a broad initiative launched by the Bank in 2001 that is aimed at small and medium enterprises.

Promoting Entrepreneurship

Since the mid 1990s, the Bank has been carrying out studies on the entrepreneurial process in the region, as well as technical cooperation projects to assist people, particularly youths, in establishing new businesses. In 2001 the Bank published the book *Entrepreneurship in Emerging Economies: Creation and Development of New Enterprises in Latin America and East Asia*, which compares experiences in the creation of dynamic businesses in different countries of Latin America and East Asia. The book contributed to the discussion of this topic in the region and had a significant impact within the Bank where, together with other publications and studies, it helped to enhance consideration of the possibilities of addressing the business development process in a comprehensive manner. Other MIF and SEP operations were prepared with this objective in mind. Although important, this first publication had some limitations, included the relatively small number of countries studied. Moreover, the comparison with the countries of East Asia, while revealing, leaves much to be desired because of the marked cultural differences between them and the countries of the region. Lastly, the study did not examine operational aspects that could have great importance if they were to be incorporated not into general policies but rather into the design of specific programs and projects. As a result, in June 2004 the Bank published the book *Entrepreneurial Development: Latin America and the International Experience*. This effort used the same methodology developed in the prior publication, but incorporated two new countries (Chile and El Salvador), extended the international comparison to two European countries (Italy and Spain), and analyzed good practices of policies and

programs to promote new business initiatives in both Europe and Latin America. The results of this work were disseminated in conferences in Argentina, Bolivia, Colombia and Mexico, as well as in Washington, D.C. and Italy. This second publication led to a new series of entrepreneurial development projects in Argentina, Colombia and the Dominican Republic.

Initiatives to Expand Coverage of Water and Sanitation Services

The United Nations' Millennium Development Goals adopted in 2000 call for a significant increase in the number of people with access to water and sanitation services. The IDB is developing initiatives to help the region reach those development goals. Specifically, the Bank supports the preparation of programs whose main objective is to allow each country to advance at the same rate toward the goals. Comprehensive neighborhood improvement and sanitation programs are two specific areas of Bank action. In 2003 and 2004 the Bank approved neighborhood improvement programs in Ecuador, Mexico, Peru and the Dominican Republic for a total of US\$517 million. During the same period, sanitation projects totaling US\$218 million were approved in Brazil, Chile, Costa Rica, Guyana and Mexico. In 2003 the Bank prepared a number of policy guidelines on household public services in the water and sanitation sectors. These guidelines identify a framework to help ensure that the objectives for extending service coverage and improving quality are compatible with those for development and efficiency in each country.

The Inter-American Teacher Training Program

This program includes the design, production, and execution of a regional program for distance training for teachers, especially at the secondary level. The aim of the program is to resolve the shortcomings in teacher training in the region, including the scarcity of support materials with relevant and applicable content. The high costs and the knowledge available in the countries with respect to the production of educational materials have been consolidated within a regional program to ensure that the material developed can be used by educational institutions in all the countries of Latin America independently of where they were produced. The program, financed through an IDB regional technical cooperation operation, develops high-quality multimedia modules for distance or traditional training. It includes the areas of sciences, mathematics and Latin American literature, and it has established a method for continuous consultation with educational authorities in the countries of Latin America.

- Mexico's Secretariat of Public Education and the Latin American Institute for Educational Communication (ILCE) have been directly involved in the production of multimedia materials, contributing knowledge and counterpart funds. To date, the program's main achievements include the following:
- The production and publication of the three video series covering the areas of natural sciences, mathematics, Spanish language, and Latin American literature has been completed. These series represent more than 120 hours of video and multimedia materials. In addition, a set of 30 guidebooks have been prepared that contain exercises for teachers that help them to reconsider their teaching practices and to teach successful lessons.
- Three evaluation and pilot experiences have been carried out in Argentina, Costa Rica and Mexico. The latter took place on December 6–10, 2004 and, for the first time, included as a teacher training workshop entitled "Metodologías de enseñanza en educación secundaria en ciencias de la naturaleza y literatura latinoamericana." Participating in the workshop were 40 teacher trainers from Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

- The Ministry of Education of Chile incorporated part of the program's materials into its official secondary school teacher training plans. The IDB and ILCE joined forces to support this initiative.
- In September 2005 a second training event was held in Costa Rica to promote teacher training in this country. A similar activity has been planned for teacher trainers in Mexico City.
- The program's educational web portal is under construction. It will enable mass access to the materials through the Internet. Also being developed is an e-learning platform that will enhance the application of the materials in distance learning contexts.

Voluntary Youth Service in the Americas Program

As part of the IDB's agenda to support the Summit of the Americas, a US\$410,000 technical cooperation operation was approved for the Youth Service in the Americas Initiative (YSAI). The goal of the YSAI is to empower young people (ages 12 to 24) in three pilot countries (Argentina, Bolivia and the Dominican Republic) so that they may become active citizens who contribute to building their communities. The purpose of the initiative is to enhance the capacity of groups and schools to engage youth in service and learning projects in health, education, environment, and poverty alleviation, as well as to connect them to resources to develop their own core leadership and citizenship capacities. The objectives of the initiative are to foster volunteer youth service, create more opportunities for volunteers, and promote public recognition of the contributions made by young volunteers. To date, the following results have been achieved in these areas:

- Contact with the Ministries of Education, core organizations and educational institutions of the three countries was established in order to gain support for the program and become part of the network of trainers.
- A report on the experience in Argentina, Bolivia and the Dominican Republic was produced: *Compilación y revisión de programas de voluntariado juvenil y aprendizaje-servicio*. The document is available at: <http://www.pasojuven.org/biblioteca.php>.
- A comprehensive manual for youth participation in learning and service projects (*Manual integral para la participación solidaria de los jóvenes en proyectos de aprendizaje-servicio*) was prepared. This document includes procedures and tools for project development, as well as best practices in the three countries. The manual has been distributed to regional and national trainers in each country and currently is being distributed to local trainers who will provide training to teachers and youth group coordinators. The manual is also available on the program's web site: <http://www.pasojuven.org/biblioteca.php>.
- Training has been provided to 67 regional trainers, 120 national trainers, 200 teachers and 200 youth group coordinators in the different locations selected in the three countries.
- The program's web page (www.pasojuven.org) was recently launched, providing access to information about the program and participating organizations, a digital library, model award and recognition programs for young volunteers, a list of opportunities, resources for trainers, and a virtual classroom that provides distance training to trainers.
- During its short existence, the web page has made it possible to open the Youth Service in the Americas Initiative to other countries. To date, organizations in Colombia, Peru, Chile, Brazil, Venezuela, Israel, Mexico,

Great Britain, Canada, Paraguay, Spain, Uganda and the United States have visited the site, in addition to organizations from the three countries in which the initiative is implemented. The Regional Technical Agency has also exchanged information with some of these countries.

- The Global Day for Volunteer Youth Service was promoted and celebrated in the three participating countries, during which different community service events were held. In order to provide orientation about the organization of activities during this celebration, a guidebook was prepared and distributed to a number of organizations and educational institutions. The guide is available for downloading on the program's web site. As a result of YSAI efforts, more than 35,000 youth participated in Global Day for Volunteer Youth Service events, taking part in talks, workshops, the rehabilitation of recreational areas, the making of educational toys, sports tournaments for children and youth in disadvantaged neighborhoods, clean-up campaigns and fairs promoting the exchange of experiences, resources and ideas to strengthen community projects.
- In addition, the IDB Youth Program (IDB Youth) established different partnerships seeking to develop and strengthen this sector. IDB Youth promoted and funded the development of a comparative study of the legal situation of volunteers in Ibero-America. This study was conducted by the Ibero-American Youth Organization.
- IDB Youth has developed an alliance with the Global Service Institute at the University of Washington in St. Louis, Missouri, to make research in this field available to the region. IDB Youth collaborated with the institute on a small study of volunteer youth, outlining the situation in the region and demonstrating the need for a larger investigation in this area. The study was presented at the IDB's Annual Meeting in Lima in 2002 and published by the University of Washington in St. Louis. Both institutions, together with the SES Foundation in Argentina, are carrying out a broader investigation in Latin America and the Caribbean.
- The topic of volunteer youth service was discussed at the Youth Seminars that took place at the Bank's Annual Meetings in Israel (1995), New Orleans (2000), Fortaleza (2002) and Lima (2004).
- IDB Youth and Innovations for Civic Participation are coordinating a work group that is developing a regional action plan on volunteer youth service.
- IDB Youth is a founding member and supporter of the Global Day for Volunteer Youth Service. This annual event celebrates, recognizes, and encourages the contributions made by youths to improve their communities through voluntary service. Approximately 200,000 youths from Latin America and the Caribbean participate in the Global Day for Voluntary Youth Service every year.
- Support was provided to a regional work group that is developing the first regional publication on volunteer service in Latin America and the Caribbean with a focus on youth.
- The program collaborated with the Social Capital, Ethics and Development Initiative in preparing the First Directory of Volunteers in Latin America and the Caribbean. The directory includes organizations in the region that support and implement volunteer efforts.
- IDB Youth collaborated with Innovations for Civic Participation in an exploratory study investigating trends in the development of volunteer youth service policies.
- In May 2003 the Bank sponsored a seminar on social capital and volunteers, which took place in Santiago, Chile. Volunteer youth service was one of the main topics.

HIV/AIDS Program

This program aims to contribute to the fight against HIV/AIDS through collaborations with PAHO, WHO, UNAIDS, the World Bank, and other international agencies, and through financial and technical assistance for prevention activities. Core areas are access to medicine; preventive measures, with an emphasis on reducing mother-child transmission; human rights of people living with HIV/AIDS; and promoting participation of the private sector in the HIV/AIDS agenda.

- The Bank finished a study on the financial resources necessary for AIDS programs in Latin America and the Caribbean. In 2005 the Bank approved a technical cooperation operation to support implementation of national accounts on AIDS.
- The Bank participated in United Nations General Assembly Special Session on HIV/AIDS (UNGASS) in June 2001.
- The Bank reformulated existing loans for Guatemala and Honduras to include AIDS components.
- The Bank promoted the creation of a HIV/AIDS subgroup, as part of the Shared Agenda (PAHO, World Bank, IDB) to improve inter-agency coordination on AIDS-related activities.
- The Bank designed and approved three AIDS technical cooperation operations for a total of US\$1.6 million.
- The Bank promoted the inclusion of a HIV/AIDS component in the Puebla-Panama Plan initiative. The Bank supported the preparation of a project that was presented to the Global Fund. The Fund approved US\$2.1 million for implementation of this initiative over the next two years.
- The Bank participated with other regional banks in a meeting with the Global Fund to discuss the participation of banks in the Fund's work. IDB representatives form part of the Latin American and Caribbean delegation to the Board of Directors and two sub-committees of the Global Fund.
- The Bank supported efforts for institutional strengthening and development of HIV/AIDS prevention mechanisms in excluded populations in the Southern Cone. These programs were implemented by different NGOs of people living with the disease.
- The Bank commissioned eight studies on HIV/AIDS in Latin America and the Caribbean and published four of them as technical papers. The papers dealt with issues such as HIV/AIDS prevention; stigma and discrimination; and vulnerability, gender and sexuality.
- A seminar on HIV/AIDS and development was held during the Bank's Annual Meeting in Fortaleza, Brazil in March 2002.
- In 2004 the Social Inclusion Fund approved resources for the preparation of a situational assessment of HIV/AIDS in Colombia. The specific objectives of this operation are: (i) to identify and measure the epidemic's impact on the department of the Atlantic in Colombia, where 35 percent of the population with limited resources is of African descent; (ii) to identify obstacles that prevent affected individuals from seeking and receiving integral care; and (iii) to define an integral healthcare plan for this population, to be presented to the Ministry of Social Protection, and to strengthen proposals presented to the Global Fund.

Program for Dignified, Active, Productive, and Healthy Aging

This program has implemented an agenda that includes technical assistance for the development of policies, programs, and projects that contribute to the successful (dignified, active, productive, and healthy) aging of the population in the region; the promotion of awareness and of a new positive culture of aging; the training of different sectors; and a dialogue with civil society organizations.

- *Support for the Development of Policies for Successful Aging:* With support from the Swedish Fund, the “Gateway for IDB Decisions for Successful Aging” was completed in April 2003. It consists of a set of instruments to facilitate the use of information relevant to policy decisions. Training in its use began during the INDES Course on Policy Management for Successful Aging and support on how to implement it was provided to authorities in charge of the sector and civil society organizations in Argentina, Chile, and Peru.
- *Economic Security:* The Bank organized a Workshop on Economic Security for the Elderly during the Second World Assembly on Aging called by the United Nations (Madrid, April 2002). This event was cosponsored by the Spanish Organizing Committee of the World Assembly, the ECLAC, Help Age International, and the Spanish Secretariat for Ibero-American Cooperation. It resulted in a proposal for improving the economic security of the elderly in Latin America and the Caribbean, in line with the commitments approved at the World Assembly. In order to facilitate implementation of that proposal, there was a meeting of experts in Panama in April 2003 (together with the ECLAC, the ILO, and the UNFPA) that came up with a work plan centering on expanded coverage of the systems for social protection and the expansion of credit for micro and small intergenerational undertakings and those for the elderly. Specific projects in the areas of employment, retirement, productivity, and competitiveness for the elderly and access to credit were drawn up. Argentina, Chile, Colombia, Peru, and the Dominican Republic submitted project profiles for elderly and intergenerational undertakings to the Bank. The proposals are currently being studied. In 2004 the Bank financed a technical cooperation and credit program that fostered intergenerational actions for the production, distribution, and conservation of low-cost assistive technologies (e.g. canes, walkers, wheelchairs, safety railings, adapted utensils) that are accessible to low-income groups.
- *Strengthening of Civil Society Organizations for the Elderly:* The Program to Support the Organizations of the Elderly, approved in January 2002, is still under execution with active participation in national networks of the elderly in Argentina, Chile, Peru, and Uruguay and with subregional activities managed by the Red Tiempos organization (a regional network of organizations and NGOs of the elderly with affiliated networks in a number of countries of Latin America and the Caribbean). It is creating a platform of alternative services for its affiliated networks. The Program also began to prepare loan profiles to be submitted to the Bank. Funding sources are being identified in order to support a similar effort in the Andean and Central American countries.
- *The Environment for Successful Aging:* To support multisector prevention of disability in the elderly and to facilitate their accessibility in urban surroundings, a Workshop on Urban Development for Accessibility and Prevention of Disability was held in October 2003 with the participation of Finnish and Latin American experts (in universal design, accessibility, and safety in urban surroundings and housing for mobility, physical activity, and exercise for the elderly and disabled persons) and of Bank specialists in urban and local development and transport. Concrete recommendations came out of the workshop for incorporating criteria and specific norms in projects financed by the Bank in these fields. The workshop also resulted in specific agreements for the inclusion of these criteria in the Program for the Rehabilitation of the Center of São Paulo and two municipal development programs in Honduras. A course on accessibility was offered in 2004 for municipal authorities, planners, and urban services and transport managers.

- *Attention for Dependent Elderly Persons:* The design of a proposal for a regulatory system for homes for the elderly in Uruguay was completed in late 2001. A technical note was prepared in 2003 that proposes policies and approaches for “aging at home” through multisector policies and interventions and, was published in 2004. Funding for a pilot project is being arranged.
- *Human Resources Development:* In a joint effort between the Bank and INDES, the First Course on Policy Management for Successful Aging was taught in 2003 to train 28 professionals and leaders from the public sector, civil society, and academic institutions of 14 countries of the region. A new labor training program for the elderly and for the formation of leaders in matters of successful aging is being prepared. It is geared to professionals and the public sector, civil society, and the private sector.
- *Direct Support for the Initiatives of Bank Member Countries:* An analytical technical note on the situation of the elderly in Bolivia was completed in 2002. The Bolivian Government requested technical assistance in 2003. In 2003, work began on a technical note about the elderly in Colombia and, at the request of the public authorities and civil society organizations for the elderly, there was a country mission to establish initial contacts. A technical assistance program in this field began in 2004. In 2004 technical notes were finalized on the situation of the elderly in Chile, Brazil, and Panama. Among the outputs of the Program to Support Organizations of the Elderly are project profiles (loans or technical cooperation) that are being prepared by the relevant authorities in Argentina, Chile, and Uruguay.
- *Promotion of a New Culture for Aging:* In 2002, work began with the Latin American Association of Advertising Agencies (ALAP), which will implement a series of activities geared towards conducting media campaigns about appreciating and respecting the elderly. At the seat of the World Advertising Festival in Gramado, Rio Grande do Sul, Brazil, sponsored by the ALAP in June 2003, there was a competition for campaigns to promote appreciation of the elderly and prizes valued at US\$2,500 financed by the Bank were awarded. Also in 2003, contacts with the Association of Sports Equipment Manufacturers were renewed and opportunities for going ahead with joint promotion of active old age were identified.

Program for Integrated Community-based Projects for Excluded Groups

This program allows for financing new comprehensive community development projects focused on marginalized communities (e.g., indigenous and Afro-Latin communities). Emphasis has been placed on the use of an initial analysis and evaluations, and on consultation and participation methodologies that ensure proper representation of the population, as well as their ownership of the projects. The projects are executed in a decentralized manner and are based on social participation.

- The best practice study *Community-Driven Rural Development: What Have We Learned?* was published in October 2003. This paper deals with the design and execution of community projects. Two technical studies were published in 2002: *Agricultural Biotechnology and Rural Development in Latin America and the Caribbean, Implications for IDB Lending*, and *El acceso a la tierra en la agenda de desarrollo rural*. A book on the same subject was published in 2002, titled *Promising Practices in Rural Financing*, which is available in English and Spanish.
- The Bank is executing a program financed by a multiphase loan for the comprehensive development of indigenous communities in rural areas of Chile. This program is innovative because of its focus on participatory planning; community empowerment; decentralization and cross-sector coordination of public entities at the regional level; and the strengthening of indigenous territories, indigenous organizations and government organizations. In order to assist with preparations of the program's second phase, a mid-term evaluation of the first phase was initiated in June 2005.

- In order to support the design of socially and culturally pertinent public policies and programs focusing on indigenous communities and populations of African descent, the Bank supported a conference coorganized by ECLAC/CELADE and the Indigenous Fund to address advances and limitations with respect to socio-demographic information systems. After this meeting (held in March 2005 in Santiago, Chile) an inter-agency network was formed to support the design of an information system on indigenous communities and populations of African descent in the region. In addition to progress in the break-down according to ethnic group of censuses and household surveys (many of which receive IDB support), at this meeting the Bank presented a conceptual study on the indicators and the impact of development projects on indigenous peoples. The study emphasizes that conventional indicators to measure poverty must be accompanied by indicators that better reflect the values and aspirations of indigenous peoples. This study, which raised great interest, will be complemented by a guidebook of indicators that can be used to measure project results and impacts.
- The Bank approved a loan for the comprehensive development of indigenous communities in Chile.
- Regional technical cooperation for an ethnotourism program with indigenous communities in Central America (a component of the Puebla-Panama Plan) was approved.
- The Indigenous Fund financed five projects for indigenous development.
- The Bank approved a technical cooperation program to revise Colombian legislation so that it reflects the needs of indigenous legal systems.
- The Bank published the study *Social Investment Funds and Indigenous Peoples* in June 2001.
- The Bank financed a study about bilingual intercultural education.
- The Inter-American Institute for Social Development carried out a special training exercise in social management for indigenous leaders in May 2001.
- The Bank organized an international seminar on the advance of equity and racial inclusion, which took place in Brasilia, Brazil, in April 2005. With support from IPED, ILO, DFID and UNDP, SEPIIR was responsible for the hosting and local organization of the seminar. More than 100 people participated, including representatives of Ministries of Economy and Finance and Departments of National Planning of Peru, Ecuador, Honduras, Colombia, Uruguay and Nicaragua, along with NGOs from Brazil and other countries. Documents and reports from the meeting will be published in late September 2005.
- In its second year of operations, the Social Inclusion Fund continued to emphasize, as one of four priority areas of action, the strengthening of organizations of excluded groups in the region. In addition to extending current research about the causes and consequences of social exclusion and strengthening the collection of data about these groups as mechanisms to enhance their influence, the Fund carried out two operations seeking to strengthen NGOs of peoples of African descent. The first provided training to 35 Afro-Ecuadorian leaders on: legal aspects and the administration and management of organizations, project formulation, and access to international cooperation. The second operation supported the Afro-Colombian community so that it could participate effectively in the CONPES process (support for the design and implementation of an affirmative action policy for these groups). Similar operations are underway in the Bahamas, Bolivia and Brazil.

Program to Train and Incorporate Youth into the Entrepreneurial Sector

The general objective of the project is to improve employment opportunities for disadvantaged youth (16 to 29 years of age) in the region, placing emphasis on information technology. The program establishes alliances between NGOs, firms, and IT programmers in order to help train youth and place them in work situations where they can utilize information technology, benefit from lessons learned, and promote better practices that are obtained as the project develops.

- The Multilateral Investment Fund and the International Youth Foundation have created a US\$20 million program (Entra 21) to co-finance youth employment projects in information technology through grants ranging from US\$300,000 to US\$700,000 for up to 40 nonprofit organizations by mid-2004. Within this frame, the project contributes to creating job opportunities for the youth of Latin America and the Caribbean.
- The Program “Youth Employment: Technologies in the Work Place” was approved in July 2001. Since January 31, 2005, 23 new projects have been approved in 16 countries, reaching 10,512 youth (88 percent of the project goal of 12,000 youth.) The program continues to be actively promoted in the region and is accepting funding proposals from NGOs to carry out its activities.

Program for Legal Security and Sustainable Development of Indigenous Lands

In 2004 the Bank initiated the preparation of and consultations on a new Strategy for Indigenous Development and an Operating Policy on Indigenous Peoples. The documents establish a normative framework for the Bank's systematic support for the development with identity of indigenous peoples, and for the prevention or mitigation of the potentially negative impacts of infrastructure projects that may affect these populations. The strategy emphasizes the need to strengthen the legal security and sustainable management of indigenous lands and territories and, at the same time, to reduce the barriers facing access to social services and labor or financial markets. It also proposes to support indigenous enterprises that exploit the natural resources, cultural patrimony and social capital of indigenous peoples for niche markets in which the indigenous have comparative advantages (ecotourism, arts and crafts, organic products, ethnopharmacology, environmental services, etc.) in order to improve the living standards as well as protect their patrimony. In order to implement this new framework, the IDB, together with the World Bank and the Asian Development Bank, is preparing operating guidelines to support the formulation of projects.

- The Bank is increasing its assistance for the demarcation, regularization, registry, and titling of indigenous lands (including projects in the Meso-American Biological Corridor in Peru and Bolivia). It is also facilitating the development of productive activities and the strengthening of the management of those territories using criteria of sustainability (taking indigenous customs and uses into account). With this approach, the Bank approved a number of projects, among others in Honduras, Panama, Chile, and Ecuador, to support the comprehensive local development of indigenous communities in order to strengthen legal security and the sustainable management of natural resources. The most significant of these projects is the Program for Comprehensive Development of Indigenous Communities in Chile.
- Another innovative project that supports the territorial development of indigenous communities and peoples of African descent was approved in Honduras. The methodology for ethno-engineering will be applied in the design and execution of community infrastructure, using participatory planning and decision-making methodologies as well as the use of local knowledge, values and materials for construction and maintenance efforts. This methodology is the subject of a report published in 2005.

- Support is being provided for the design of an innovative pilot project for the construction of a hotel in indigenous territory (a joint venture with a hotel chain), and remittances from indigenous emigrants in the United States are being facilitated.
- A number of technical cooperation operations to support the creation of innovative financial mechanisms for the development of indigenous businesses have been approved, including a fund to support ethnotourism initiatives in indigenous communities in Central America and a project to support ancestral mechanisms of reciprocity and trade in indigenous communities in the north of Ecuador.
- The Bank has created a comparative database of indigenous legislation from all the countries of Latin America that is organized by topic, comparing them with international norms. With resources from the Norwegian Fund and in collaboration with the Inter-American Institute for Human Rights, a program has been designed to disseminate this tool among government organizations, parliaments (through the GLIN program), and indigenous organizations.
- In the framework of the methodological tools that use a Geographic Information System (GIS) and with support from Swiss cooperation, software was designed for mapping and making the cultural use of the territory compatible with environmental and physical characteristics. The Bank held training workshops on this innovative methodology and it is being applied in a number of projects for territorial planning and zoning.
- The Bank is supporting Colombia's Superior Judicial Council in a project to coordinate the Special Indigenous Jurisdiction and the national judicial system. This innovative experience will be the subject of an international seminar in early 2006.
- The Bank is carrying out a number of studies in the field of education for indigenous peoples. A study on the situation of intercultural bilingual education in Latin America concluded in early 2005. Its objective was to provide guidelines for IDB investments in this area. A study on post-secondary education for indigenous peoples is currently underway, covering access to conventional educational programs as well as new initiatives such as emerging indigenous universities. This study will also support an important Indigenous Fund initiative in this area, exploiting technical cooperation resources provided by GTZ and other donors.

Mandates of the Summits: Growth and Equity

Development Financing

Acknowledge the need for development financing, including aid from bilateral donors and lending from the MDBs on appropriate terms, and commit to support our Finance Ministers and the MDBs in promoting policies to develop and maintain access to international capital markets to finance our sustainable development efforts, recognizing that debt servicing constitutes a major constraint on investment for many countries in the Hemisphere.

The Declaration of Nuevo León, adopted by the Special Summit of the Americas held in 2004, included a specific mandate for international financial institutions with respect to development financing:

We call upon the international and regional financial institutions to enhance coordination of their activities so they can respond more effectively to the long-term development needs of the countries of the region to achieve more measurable results in their efforts to eradicate poverty through more effective use of all development financing sources.

- The Bank has put together and is coordinating a working group that includes the participation of experts and IDB staff to study and promote actions directed at the development of bond markets in the region. These efforts have also included the publication of an analytical paper and the organization of a workshop on the topic in April 2003. Work-shop participants discussed the development of bond markets and debt management.
- The Bank is providing technical assistance to its member countries (Nicaragua and Belize) for the development of debt markets and access to international capital markets.
- The Bank published a book on the development of capital markets (*Focus on Capital. New Approaches to Developing Latin American Capital Markets*) that includes articles dealing with the factors that affect the development of capital markets and other issues related to capital market strategies.
- The IDB is providing regional support to capital market regulators.
- The Bank initiated a research project on the development of bond markets in Latin America in 2005. In 2004 it published the report *Economic and Social Progress in Latin America*, which contributes to the identification of the main challenges facing the banking sector in Latin America and the Caribbean and to the analysis, understanding and design of financial sector policies that promote credit that is more extensive, stable and accessible.

Enabling Economic Environment

Design and implement, with the cooperation of the IDB, the World Bank, other donors, as appropriate, as well as the ILO, building upon the work begun in regional and sub-regional programs after the 1998 Santiago Summit of the Americas, legislation, policies and regulations that reduce startup costs, support the creation of new financial products for lower-income groups and youth, foster the development of credit unions, community finance institutions and supporting institutions such as credit bureaus and create conditions that encourage commercial banks and other appropriate financial institutions to broaden their client base to include more micro, small- and medium-sized enterprises and strengthen the capacities of micro, small- and medium-sized enterprise development agencies.

Provide and improve where necessary, both in rural and urban areas, access to quality information systems for micro, small- and medium-sized enterprises through the creation of nondiscriminatory mechanisms with the cooperation of the IDB, the World Bank, other donors as appropriate, as well as ECLAC, and establish programs aimed at promoting the use of computers and the Internet, based on public and private sector partnership, to gain greater access to information technology, to credit and markets and to instruments designed to assist them in all these areas.

Support and encourage, with the cooperation of the IDB and other donors as appropriate, the formation of business incubators, associative networks, joint projects, national competitiveness programs, credit unions and complementary agreements among micro, small- and medium-sized enterprises as part of a broader strategy allowing them to share best practices, to improve access to information, credit and adequate marketing systems and to break prevailing situations of isolation.

Improve, as appropriate, social safety nets at the national and regional levels to stabilize individual and household income and consumption by such means as stabilization funds, micro-credit schemes, crop insurance programs, job retraining and training in vocational, entrepreneurial and business skills, with the involvement of the MDBs and development agencies as well as non-governmental and community-based organizations and to establish regional networks to share best practices and experiences.

The Declaration of Nuevo León, adopted by the Special Summit of the Americas held in 2004, included a specific mandate for the Bank with respect to the financing of micro-, small- and medium-sized enterprises:

We support the work of the Inter-American Development Bank, so that through its mechanisms and programs for private sector development, it triples, by the year 2007, its lending through the banking system to micro-, small-, and medium-sized enterprises, striving to benefit all of the countries that participate in the Summits of the Americas process.

The Declaration of Nuevo León also adopted a mandate underscoring the importance of remittances as a source of capital in many countries of the Hemisphere:

We will adopt, as needed or appropriate, measures such as: the promotion of competition between providers of these services, the elimination of regulatory obstacles and other restrictive measures that affect the cost of these transfers, as well as the use of new technologies, while maintaining effective financial oversight.

As a follow-up to the Declaration of Nuevo León, the Bank Group has initiated actions seeking to increase financing to micro, small and medium enterprises through financial intermediaries, using direct operations with the private sector without sovereign guarantees. One of these operations is the Financial Institutions Program of the Inter-American Investment Corporation (IIC), which was approved in March 2005. This program will provide US\$160 million annually from 2005 to 2007 (totaling US\$480 million) through financial institutions for small and medium enterprises. Complementing this effort, the Bank is studying the possibility of adding US\$500 million from its portfolio of direct loans to the private sector through an initiative with the IIC, thereby leveraging the program initiated by the IIC.

In a joint effort, the Multilateral Investment Fund (MIF) and the IIC are also developing a facility to increase financing to small and medium enterprises. This initiative seeks to cover the funding needs, transaction costs and risk management that affect the financing of this market segment. It is hoped that the facility is able to finance projects for a total of US\$50 million under the framework of the Declaration of Nuevo León. It is designed to complement the IDB's efforts to improve the environment for secured transactions and other structural impediments addressed through the Business Climate Initiative.

- The Inter-American Investment Corporation (IIC) carries out loan and capital investment operations to promote the creation, expansion and modernization of small and medium private businesses in Latin America and the Caribbean. Since it began operations in 1989, the IIC has provided financing to more than 3,500 beneficiaries in the productive and service sectors. For each dollar that the Corporation invests, nine dollars are channeled to companies that have created 215,000 new jobs. In 2002, the IIC approved 20 operations, 2 of which went to regional private capital funds and 18 were direct loans. These projects will contribute to the creation of over 9,000 new jobs. In 2003, the IIC approved a total of 31 projects for a total of US\$293.6 million.
- MIF projects promote the development of small businesses and microenterprises in four key areas: competitiveness, improvements in the business climate to promote business development, equity investment through capital and quasicapital contributions, and programs to promote business development services. The MIF has a Line of Activity specifically geared to enhancing microfinance that supports the sustainable expansion of this sector and its incorporation into financial and capital markets. Support provided under this program has led to an increase in access to sustainable financial services by microentrepreneurs and low-income persons. The Fund approved 18 microenterprise support projects in 2002 totaling over US\$9 million. Five operations to benefit microfinance institutions totaling US\$1.5 million were also approved in 2002 through the Line of Activity for Strengthening Microfinance Institutions. In 2003 the Fund approved 31 poverty reduction projects for a total of US\$34.9 million, and in 2004 it approved 84 technical cooperation operations and investment projects for a total of US\$115 million.

- In addition, the Multilateral Investment Fund launched an initiative in July 2001 to identify the constraints faced by small- and medium-sized enterprises as they attempt to gain access to capital and financial markets. The program has received support from the Governments of Austria and Italy. A study of the European experience (Spain, Italy, France, Austria, and Ireland) is now underway. It is expected to identify best practices and assist in the development of a strategy to help SMEs obtain greater access to financing. The next steps in the program involve completing country analyses in Brazil, Mexico, and Trinidad and Tobago.
- Over the past five years and as a follow-up to the Declaration of Nuevo León, the Inter-American Development Bank, through its Multilateral Investment Fund, has developed a program on remittances with the purpose of increasing the financial resources of those who receive remittances throughout Latin America and the Caribbean, and to improve the developmental impact of these funds. Towards this end, the MIF has convened conferences, commissioned studies and surveys, and financed projects on the volume, transaction cost and the potential development impact of remittances.
- The MIF has engaged governments at all levels, financial institutions, central banks, NGOs, foundations, universities, think tanks and money transfer companies. As a result, there is more information and more awareness today about remittances in the region than in any other part of the world.
- MIF continues to convene conferences, commission studies and surveys, and finance projects in order to help document the increasing importance of remittances to the region, lower transaction costs by promoting competition and encouraging innovative technologies, and leverage the development impact of remittances, once received. To achieve this goal the MIF has been trying to stimulate private sector forces in the remittances market. In order to strengthen the remittances market, MIF seeks to support every aspect of the market that could promote competition.
- In November 2003, the Bank cooperated with the OECD and the IFC to produce the “White Paper on Corporate Governance in Latin America.” The book was presented to the region’s political authorities during a meeting of the Regional Financial Forum.
- The Multilateral Investment Fund has approved a project to promote the exchange of best practices among development banks. The program comprises several seminars and workshops coordinated by the Latin American Association of Development Financing Institutions (ALIDE). ALIDE will also act as the program’s executing body.
- The Bank and the U.S. Department of Housing and Urban Development published a joint publication titled *Assessing and Reforming National Housing Markets: A Guide for Policy Analysis*, which came out in 2004.
- As part of its efforts to promote the adoption of international accounting standards in the region, in 2004 the Bank worked with international experts to publish a book on the topic.
- The Bank organized several workshops and commissioned studies on the transfer of natural disaster risk.
- The Social Entrepreneurship Program (SEP), which was previously known as the Small Projects Program, provides support to various projects to alleviate poverty by financing sustainable income-generating activities that are also efficient and innovative. SEP operations have an important impact on small and microenterprises. The SEP provides support to industrial and agricultural projects as well as to those dealing with rural energy, environmental management and crafts. The Program has provided institutional support to the following organizations: ADEMI in the Dominican Republic; Caja los Andes, FIE, Prodem and Banco Sol in Bolivia; Financiera Calpiá in El Salvador and Women’s Banks in Colombia, among others. As of the October 2003, the Program had approved 5 projects for US\$4.1 million, of which US\$3 million were loans and US\$1.1

million were technical cooperation operations. Sixteen SEP operations were approved in 2003 for a total of US\$8.25 million.

- Seventeen projects were approved within this program in 2004, for a total of US\$9.8 million. Of this amount, US\$6.9 million was provided in loans and US\$2.9 million corresponded to technical cooperation operations. Up to June 15, 2005, a total of seven projects had been approved for US\$5.3 million, including US\$3.8 million in loans and US\$1.5 million in technical cooperation. The following are among the approved projects: (i) establishment and implementation of leasing methodologies for institutions dedicated to microenterprise development in Nicaragua; (ii) improvement of living standards and the general conditions of garbage collectors in Paraguay; (iii) strengthening of a microfinance institution in Ecuador, which provides services to microenterprises in two marginal Guayaquil neighborhoods found in precarious socioeconomic conditions; (iv) support to two banking institutions in small locations in Bolivia, providing access to microfinancing and training opportunities to poor, disadvantaged women entrepreneurs in rural and semi-urban areas; and (v) assistance to a group of women victims of domestic violence in Honduras, helping them to initiate the manufacturing of handmade candles in a sustainable manner.

Enhancing Social Stability and Mobility

Continue and deepen progress towards implementation of the agenda for improving property registration established at the 1998 Santiago Summit of the Americas with particular emphasis on regularizing informal property rights in accordance with national legislation to ensure that all valid property rights are formally recognized, that disputes are resolved, and that modern legal frameworks to legitimize property records and encourage marketable property titles are adopted; and that these actions include the formulation of institutional, political and regulatory reforms that would facilitate the use of property registration as a mechanism to enable property owners to access credit and allow commercial banks and MDBs to expand their customer base among lower income sectors; promote greater cooperation and exchange of information and technology to modernize the systems of registry and cadastre in the Hemisphere, and also request multilateral and bilateral cooperation institutions to continue supporting and strengthening, in a complementary manner, their financial and technical assistance programs.

-
- A report titled *Land Titling and Indigenous Peoples* was published in 2001, and a technical seminar was held on the subject.
 - Since 2001 the Bank has approved a total of nine projects in different countries, providing a total of US\$271.5 million for land titling projects and to consolidate land registries in all beneficiary countries.
 - The Bank established a working group on property rights that is working toward the development of strategies to improve property rights in the region.

Education

Entrust the OAS to organize, within the framework of the Inter-American Council for Integral Development (CIDI), a meeting of Ministers of Education in Uruguay, to be held before the end of 2001, with a mandate to:

- **Establish time lines and benchmarks for follow-up on the implementation of our commitments in education**

- **Establish, in light of the fundamental importance of mobilizing resources to support sustained investment in education at all levels, a cooperative mechanism to promote the development of productive partnerships among governments and with regional and international organizations and the MDBs.**
- **Promote the participation of and dialogue with relevant civil society organizations to strengthen partnerships between the public sector and other sectors of our societies in implementing this Plan of Action.**

Support the mobility, between countries of the Hemisphere, of students, teachers and administrators at institutions of higher education and of teachers and administrators at the elementary and secondary levels, in order to provide them with new opportunities to take part in the new knowledge-based society, to increase their knowledge of other cultures and languages, and to enable them to access information on post-secondary studies and learning opportunities offered across the Hemisphere, through new or existing hemispheric networks, such as the educational web site set up after the Santiago Summit; continue to support initiatives in this field such as those carried out by the IDB and the OAS.

-
- The Bank cooperated with the OAS in the months leading up to the Education Ministers' Meeting to coordinate mutual efforts and explore connections between actions undertaken by the OAS, such as the Education Web Site of the Americas, and the Bank's education initiatives announced in Quebec. This level of cooperation between the Bank and the OAS has continued.
 - The Bank took part in the Summit of the Americas Inter-Agency Education Meeting, organized by the OAS, which served as a forum for the exchange of information on education sector activities. Particular emphasis was given to activities directly related to the Quebec Summit.
 - The Bank organized a seminar on higher education and science and technology during its Annual Meeting in Fortaleza, Brazil in March 2002.
 - An IDB-financed program of education-related internships started in May 2001. The program enables teachers and principals to learn about experiences in other countries of the region.
 - The Bank participated in various events related to the Third Hemispheric Meeting of Ministers of Education:
 - Preparatory meeting held in Buenos Aires in April 2003 to establish the work plan for the Third Meeting of Education Ministers and develop proposals for policy, political, technical, and cooperation activities.
 - Interagency Meeting on Education held in Miami in July 2003 with representatives from ministries and international bodies to identify and establish hemispheric mechanisms to guarantee the implementation of education initiatives contained in the Action Plan of the Third Summit of the Americas.
 - Third Ministerial Meeting organized by the OAS and coordinated by the Secretariat for Public Education of Mexico (Mexico City, August 2003). The IDB contributed to the organization of the seminar "Financing for Education: A Long-term Investment." Three studies were presented on the evolution, present situation, and perspectives for education financing in the region. In addition, the seminar included two panels on renewed visions for financing education. Participants included the Ministers of Education and Economy of the region, as well as representatives from international organizations and the private sector.
 - The Bank published a book (*Hacia visiones renovadas del financiamiento educativo en América Latina y el Caribe*) that brings together the studies and contributions of participants in the above-mentioned meeting.

- The Bank worked together with the OAS to support a specialized seminar on education for democracy, which was held within the framework of the IV Ministerial Meeting that took place in Trinidad and Tobago in August 2005.
- The Bank has completed the process of consolidating its three education strategies to create one comprehensive strategy for all education-related activities. As the next step, a consultation process with governments and civil society has begun with respect to the contents of the new strategy document.
- Continued support is being provided to the Regional Policy Dialogue on Education, which is focusing on issues such as improvements to teacher careers, training and incentives as well as the transition from school to work.
- The Bank hosted the Inter-agency Meeting on Education in April 2005, in which different agencies working in the field of education in Latin America discussed the possibility of creating the Latin American Forum on Educational Financing and Management.
- Within the framework of the new Fund for the Financing of Regional Public Assets, the Bank approved financing for the Latin American Network of Educational Gateways project. This important initiative will support the development of compatible educational gateways in each of the countries of the region in such a way that facilitates the exchange of contents between different educational systems. It will also finance the identification and adaptation of high quality contents from countries outside the region.
- The Social Inclusion Fund carried out a detailed analysis of the concept of social exclusion in education in Latin America and the Caribbean. The study involved the contextualization of statistics and calculation of indicators that would make it possible to profile the problem, its magnitude and its relation with other factors. The study provided input for the preparation of the Bank's education sector strategy.

Science and Technology

Promote the popularization of science and technology necessary to advance the establishment and consolidation of a scientific culture in the region; and stimulate the development of science and technology for regional connectivity through information and communications technologies essential for building knowledge-based societies;

Support the development of high-level human capital for the development of science and technology research and innovation that would encourage the strengthening of the agricultural, industrial, commercial and business sectors as well as the sustainability of the environment;

Promote, with the support of existing cooperation mechanisms, the development of the regional program of science and technology indicators;

Endeavor to implement and follow up on the scientific and technological activities mentioned above, counting on the support of hemispheric cooperation and coordination mechanisms related to this field.

The Declaration of Nuevo León, adopted by the Special Summit of the Americas held in 2004, included a specific mandate for multilateral organizations with respect to science and technology:

We will continue to enhance investments in the area of science and technology, with the participation of the private sector and the support of the multilateral organizations. Accordingly, we will strive to improve effective and equitable access to, and transfer of technology.

To address challenges in the scientific and technological innovation fields, the Bank recently created a new subdepartment within the Sustainable Development Department in order to highlight the importance of these topics and better focus its efforts to improve labor productivity and international competitiveness in the region. The Education, Science and Technology Subdepartment houses the Information Technology for Development Division and the Education Unit, thus consolidating activities dealing with science and technology. The subdepartment is responsible for planning, developing, implementing and managing the Bank's science and technology for development activities, as well as for providing technical support to the regional operations departments in these areas. It is also responsible for providing analytical and technical support in higher education and basic scientific research.

The IDB collaborated with the Organization of American States (OAS) to organize the seminar "Priorities and Financing for Science and Technology in Latin America and the Caribbean," held in Lima, Peru, in November 2004. Co-sponsored by the Economic Commission for Latin America and the Caribbean and Peru's National Council of Science, Technology and Technological Innovation, the event coincided with the meeting of Ministers and high-ranking science and technology officials from Latin America and the Caribbean, which took place on November 11–12 in the same city.

The seminar emphasized that change, technological innovation and economic development are clearly related, and that market liberalization and the opening of the region are significant new challenges. The following topics were addressed and merit further attention: (i) the need to ensure the continuity of policies for innovation; (ii) the need to link science and technology with national objectives; (iii) the need to increase resources for research and development; (iv) the need to prioritize areas of the science and technology sector; (v) the need to promote increased capacities of human resources; and (vi) the need to invest more in information and communication technology.

The meeting demonstrated that not only is there an urgent need to make greater efforts in the active search for national strategies for innovation, but also that this historical moment offers an unprecedented opportunity for public and political leaders in the region—along with multilateral and international institutions—to increase their awareness about these issues. This year the IDB published a document containing the results and main conclusions from the meeting, which will provide an important foundation for an initiative planned by the Bank to support scientific and technological development in Latin America and the Caribbean.

Health

Recognizing (...) that health outcomes are affected by physical, social, economic and political factors and that the technical cooperation of the Pan-American Health Organization (PAHO) and other relevant international organizations should continue to support health actions in the Hemisphere, in a manner consistent with the Shared Agenda for Health in the Americas signed by PAHO, the IDB, and the World Bank (for each of these sub themes):

- **Health Sector Reform**
- **Communicable Diseases**
- **Noncommunicable Diseases**
- **Connectivity.**

The Declaration of Nuevo León, adopted by the Special Summit of the Americas held in 2004, included a specific mandate for the Bank and other Inter-American agencies with respect to health:

We are committed to (...) deepening technical cooperation with the Pan-American Health Organization, the Inter-American Development Bank, and other inter-American agencies and key actors, with a view to implementing integral public health activities for the control and eradication of these diseases [malaria, dengue, yellow fever, tuberculosis, leprosy, Chagas, and others].

- Through the Shared Agenda for Cooperation in Health, the IDB, the World Bank, and the Pan-American Health Organization (PAHO) continued to coordinate activities to assist the region in reaching the Millennium Development Goals for health. In particular, they coordinated actions related to the institutionalization of national health accounts, HIV/AIDS, the introduction of new vaccines, and maternal and child health actions.
- The Bank financed a literature review of studies of the cost effectiveness of policies and programs for combating tobacco and alcohol use, sedentary lifestyles and obesity. The Bank and the Centers for Disease Control supported the creation of the Latin American and Caribbean Network for Surveillance of Chronic Illnesses. The Bank is also formulating projects to identify good urban development practices that favor physical activity, along with studies of the factors that determine food group consumption.
- In the area of national health accounts, the IDB has carried out a number of activities together with the Shared Health Agenda, including: the creation of a web page (in English and Spanish) to raise awareness and publicize actions about this topic in all countries of the region; initiation of the institutionalization of national health accounts in certain countries of the region; and the development of satellite accounts for HIV/AIDS and reproductive health.
- Ten technical notes were published between January 2004 and July 2005, evaluating topics related to: health reforms and innovations in financing in the Caribbean; access to essential medicines in Argentina; health and poverty in Brazil; popular health insurance in Mexico; consultation processes with key health actors in Latin America and the Caribbean; resources for HIV/AIDS in the region; and the evaluation of family health programs in Brazil.
- Together with the World Bank and PAHO, in 2002 the IDB organized the Fifth Meeting of EUROLAC in Recife, Brazil to discuss the leading role of health objectives and the search for health results, with special emphasis on the Millennium Development Goals. Close to 400 Health Ministry officials and technicians participated in this event, along with health specialists from NGOs, multilateral institutions and consulting firms in Europe and Latin America.
- Together with the IDRC of Canada, the Bank supported the organization of the Fourth Subregional Forum on Leadership in Health for the countries of the Southern Cone, which was held in Buenos Aires in March 2004.
- In the second semester of 2004 the Bank approved the preparation of a project on digital e-government in Chile that has an e-health component. The component seeks to increase the connectivity of public health services in order to improve quality and implement the nation's guaranteed universal healthcare plan (AUGE). Preparation of an MIF operation began in the same country during the first semester of 2005. The objective is to develop digital tools so that private hospitals can join the AUGE plan and improve their provision of services to the most disadvantaged.
- With respect to the Millennium Development Goals for health, the IDB participated in different international commitments and projects. In 2004 the Bank signed an inter-agency commitment to reduce maternal mortality, and in March 2005 the Bank participated in a meeting in Stockholm to discuss the introduction of reproductive health goals into the MDGs.

- From January 2004 to June 2005, the IDB approved six health loans, three of which were based on a new loan modality that puts emphasis on the impact of actions (results-based programs). Two of these loans seek to reduce maternal and infant mortality in Honduras and Nicaragua. The third will contribute to child health by strengthening the immunization program in Colombia.
- In the first semester of 2004 the Bank approved a regional technical cooperation operation to document and disseminate good practices and innovative experiences in health.
- In August 2004 the Bank approved the profile for its health strategy for 2005–2015, and the final document should be approved by the start of the second semester of 2005.
- The Social Inclusion Fund presented a series of studies on the health situation and access to health coverage among ethnic groups in seven countries of the region.
- With support from a Canadian university, in 2005 the Bank initiated a review of good indigenous health practices that combine allopathic medicine with indigenous medicine. The objective is to determine the level of use of the art in the region and to define the IDB's eventual role in this area. A seminar will be organized to discuss the results of this important study.

Gender Equality

Endorse the Inter-American Program on the Promotion of Women's Human Rights and Gender Equity and Equality approved at the First Meeting of Ministers or of the Highest Ranking Authorities Responsible for the Advancement of Women, held in April 2000, by the CIM; endorse as well the Regional Programme for Action for the Women in Latin America and the Caribbean 1995–2000 and the further actions and initiatives adopted at the Twenty-Third Special Session of the UN General Assembly (Beijing + 5) to implement the Beijing Declaration and its Platform for Action; and integrate a gender perspective into the programs, actions and agendas of national and international events, to ensure that women's experiences and gender equality are an integral dimension of the design, implementation and evaluation of government and inter-American policies and programs in all spheres.

Promote greater recognition of the economic contribution of women's activities in the subsistence and informal sectors and provide, through the international and regional MDBs and other donor community, necessary assistance to communities participating in such activities, giving greater awareness at the national level to gender issues in macroeconomic planning and policy-making.

- The IDB has concentrated its efforts on the crosscutting integration of the gender perspective within the institution and into the projects it finances. After the Bank approved and initiated activities in 2003, a mid-term evaluation of the Action Plan for Gender Integration (2003–2005) was held, with the following results: in 2003 and 2004 the Bank identified a total of 59 projects as priorities for gender integration (27 percent in environment, 10 percent in finance and infrastructure, 19 percent in modernization of the state and civil society, and 44 percent in social development). In addition, the Bank prioritized 14 operations that include support for rural families, youth at risk and urban women, and that promote gender equality as a crosscutting element.
- In 2003 the Bank launched an innovative program supporting gender integration and social inclusion within the IDB portfolio for Honduras. This is the first IDB initiative that seeks to strengthen gender integration with a strong focus on project implementation and institutional strengthening. To date, the program has

provided training and technical assistance to the executing agencies of six IDB-financed programs in social as well as non-social sectors. In June 2005 the Bank presented a technical note on this experience.

- The IDB has provided support to its counterparts in the region for institutional strengthening in terms of gender integration. Actions included the inclusion of sessions on gender in three Social Development Institute (INDES) courses on social policy and management, and the distribution of 450 training manuals on gender in member countries.
- The IDB carried out a study of good practices focusing on women of African descent in Central America. The objectives were to promote regional consensus about the most appropriate methods to attend to the basic needs of these groups, and to increase awareness about gender and ethnic issues in the region. The new Strategic Framework for Indigenous Peoples (in preparation) clearly promotes support for the needs and priorities of indigenous women, including an explicit crosscutting focus on gender equality.
- In 2004, the Bank launched a program for municipal institutional strengthening in Nicaragua, developing a training module that can be used in other countries of Central America. The Bank also approved a technical cooperation operation to strengthen public sector capacities in Haiti with respect to gender.
- An evaluation was completed of the Formujer/Cinterfor Program, which allocated resources to strengthen vocational training institutions and the courses they offer to improve the employability of women in Bolivia, Costa Rica and Uruguay by integrating a gender perspective. The results of this evaluation were presented to Bank personnel in a seminar held in November 2004.
- In 2004 and up to June 2005, the Bank approved 16 projects with a focus on gender, for a total of approximately US\$380 million. The Bank also approved technical cooperation operations with a focus on gender for US\$10.5 million. These projects involve youth, microcredit for women entrepreneurs, violence prevention, vocational education, trafficking in persons, health, housing and rural development, among other topics.
- The Bank created a Multi-donor Fund to support gender integration. This Fund will provide direct support for gender integration in country strategies, all stages of the project cycle, training, technical tools, studies and the preparation of the IDB's new gender strategy. The Government of Norway has committed US\$3 million for the Fund over four years, beginning in the second semester of 2005. The proposal is also being presented to other donors in order to increase available resources.
- As part of the Bank's efforts to integrate the Millennium Development Goals in all activities with borrowing countries, it published the book *The Millennium Development Goals in Latin America and the Caribbean: Challenges, Actions and Commitments*. The topic of gender is addressed specifically in the chapter about promoting gender equality and the empowerment of women. Gender is also discussed in chapters on education and health. The Bank also completed a book as a result of the dialogues on reproductive health, titled *Promoción de la salud sexual y reproductiva en las reformas del sector salud: los casos de Argentina y Chile*. In addition, in May 2003 the inter-agency work group in which the Bank participates approved the inter-agency strategy for reducing maternal mortality and signed a joint communiqué reaffirming its commitment to reducing this problem at the country level.
- Given the importance of gender and its potential impact on the Bank's financial operations, a number of sector and country analyses have been carried out on the differences faced by men and women of different social classes and ethnicities in development. In 2004, eleven studies were published on topics of social security, labor markets, entrepreneurial competitiveness and gender equality, women and democracy, gender and ethnic discrimination in labor markets, and political participation.

- The Bank has continued to advance research on different gender issues relevant to the region, including an ambitious regional study on the education of young girls that analyzes the cases of Argentina, Bolivia, Guatemala and Peru. In 2005 a series of national and regional seminars was held to discuss the results and policy implications of these studies. Another important topic being addressed is gender equity from the perspective of corporate social responsibility.
- A three-week course was held in 2005 on social management for gender equality. The course targeted the managers of policies and programs seeking gender equality in 17 Latin American countries.
- In addition, the Bank participated in the regional preparatory meeting for Latin America in the context of Beijing+10 in Mexico (2004) and organized a week of activities dedicated to commemorate this event in the Bank, including a program of academic seminars with experts from the region. The IDB also took part in events commemorating International Women's Day at the United Nations and participated in a regional seminar on the situation of women in Latin America and the Caribbean.
- The Bank published a brochure entitled *Investing in Gender Equality 2002–2003* that details 18 projects specifically designed to take into consideration women's roles and socioeconomic activities, obstacles women confront in participating in projects, and ways for women to participate in and benefit from projects.
- An event was held to announce the winner of the Best Project Design Award for 2002–2003 from the perspective of gender from among 18 projects preselected by the Selection Committee. The winning project was "Active Labor Market Policies" (Mexico).
- In addition, the Program to Support Women's Leadership and Representation (PROLEAD) has provided specialized support for the integration of a focus on women's leadership and gender issues in programs to modernize the state and civil society. It supported four studies on state reform in Latin America, incorporating a gender focus in the areas of public administration and judicial, legal and political reform. PROLEAD provided technical assistance and three small scholarships (US\$20,000 each) to support gender integration in prioritized projects in the areas of public management and justice sector reform in Guatemala, Guyana and Paraguay. It also organized three seminars on gender equality and state reforms, legislative functions and the administration of justice.
- The Bank also approved technical cooperation funds to support the project "Women Leaders: Towards Good Governance in Latin America." This technical cooperation (which also includes the participation of OAS/CIM, UNIFEM, and UNICEF) is a continuation of the activities of the Program to Support Women's Leadership and Representation (PROLEAD). The organizations Manuela Ramos, Transparencia in Peru and SISMA in Colombia each received US\$100,000 grants for projects that promote women's leadership in national and subregional arenas. In December 2004, PROLEAD held a meeting between the beneficiary organizations and Bank personnel as part of a strategy to exchange experiences and learning between IDB headquarters and the region.
- The Bank approved a technical cooperation operation to promote the participation and leadership of women leaders in Central America and the Andean countries, responding to the commitments assumed by the Bank at the Summit of Indigenous Women of the Americas, which was held in 2002 in Oaxaca, Mexico.
- Under the same initiative, a course on democratic governance for young women leaders of the Southern Cone was held in Rio de Janeiro in November 2004. More than half of the 26 participants identified themselves as pertaining to excluded social groups. The course was carried out with joint sponsorship from the IDB, the OAS (UPD and CIM) and UNIFEM. In addition, based on a consultancy in Washington in

February 2004 in which nine indigenous women leaders from the region participated, the bases were established for a project request process for Andean indigenous organizations under PROLEAD. The National Indigenous Organization of Colombia (ONIC) was selected to receive a grant of US\$120,000. This project is supported by Enlace Continental de Mujeres Indígenas and will promote training and leadership courses for indigenous women in the five countries of the Andean region. Finally, in 2004 PROLEAD published its triennial report.

- In the context of the annual meetings of the Bank's External Advisory Council on Women and Development, a visit to Argentina was organized in April 2004 to identify challenges in the implementation of development projects from a perspective of gender. A report with specific recommendations for the Bank was presented after the meeting. A second meeting was held in November 2004 to plan the IDB's new strategy and policy on gender and development.

Indigenous Peoples

Make their best efforts, in accordance with national legislation, to encourage donor agencies, the private sector, other governments, regional and international organizations, and the MDBs to support hemispheric and national conferences in order to exchange experiences among indigenous peoples and their organizations in implementing activities to promote their sustainable cultural, economic, and social development, and in such other areas as may be identified by indigenous peoples.

- In 2004 the Bank initiated the preparation of and consultations on a new Strategy for Indigenous Development and an Operating Policy on Indigenous Peoples. The documents establish a normative framework for the Bank's systematic support for the development, with identity, of indigenous peoples, and for the prevention or mitigation of the potentially negative impacts of infrastructure projects that may affect these populations. The strategy emphasizes the need to strengthen the legal security and sustainable management of indigenous lands and territories and, at the same time, to reduce the barriers facing access to social services and labor or financial markets. It also proposes to support indigenous enterprises that rely on natural resources, cultural patrimony and social capital of indigenous peoples for niche markets in which they have comparative advantages (ecotourism, arts and crafts, organic products, ethnopharmacology, environmental services, etc.) in order to improve the living standards as well as protect their cultural heritage. In order to implement this new framework, the IDB, together with the World Bank and the Asian Development Bank, is preparing operating guidelines to support the formulation of projects.
- In order to support the design of socially and culturally pertinent public policies and programs focusing on indigenous communities and populations of African descent, the Bank supported a conference coorganized by ECLAC/CELADE and the Indigenous Fund to address advances and limitations with respect to sociodemographic information systems. After this meeting (held in March 2005 in Santiago, Chile) an interagency network was formed to support the design of an information system on indigenous communities and populations of African descent in the region. In addition to progress in the break-down according to ethnic group of censuses and household surveys (many of which receive IDB support), at this meeting the Bank presented a conceptual study on the indicators and the impact of development projects on indigenous peoples. The study emphasizes that conventional indicators to measure poverty must be accompanied by indicators that better reflect the values and aspirations of indigenous peoples. This study, which raised great interest, will be complemented by a guidebook of indicators that can be used to measure project results and impacts.

- The Bank is supporting Colombia's Superior Judicial Council in a project to coordinate the Special Indigenous Jurisdiction and the national judicial system. This innovative experience will be the subject of an international seminar in early 2006.
- The Bank is carrying out a number of studies in the field of education for indigenous peoples. A study on the situation of intercultural bilingual education in Latin America concluded in early 2005. Its objective was to provide guidelines for IDB investments in this area. A study on post-secondary education for indigenous peoples is currently underway, covering access to conventional educational programs as well as new initiatives such as emerging indigenous universities. This study will also support an important Indigenous Fund initiative in this area, exploiting technical cooperation resources provided by GTZ and other donors.
- The Bank concluded two studies in the area of education for indigenous peoples: one looks at the most innovative aspects of bilingual intercultural education at the primary level, while the other focuses on the supply and demand for technical-vocational and higher education for indigenous peoples. Another best practice study is also underway on intercultural healthcare for indigenous communities. This study will provide an overview of experiences with the introduction of traditional indigenous medicine into public health programs.
- In 2003, the Bank approved a program to assist Colombia's Superior Judicial Council to coordinate the Special Indigenous Jurisdiction and the national judicial system.
- A database on indigenous rights in Latin American national legislation was completed and is now available on the IDB Internet site. In addition to providing access to legal texts by country and/or by variable, the database includes a quantitative and qualitative comparative analysis of advances made in national judicial frameworks. Several events to publicize the database were held with the Inter-American Institute for Human Rights (IIDH). Preparations began in 2005 for a subsequent phase to extend the data base with international regulation, jurisprudence and the preparation of a system to monitor the implementation of national regulations with respect to indigenous affairs.
- The Bank is actively supporting various international forums that promote the agenda for indigenous development. These include: the Working Group on the American Declaration on the Rights of Indigenous Peoples; the Permanent Forum of the United Nations on Indigenous Questions; and the Fund for the Development of Latin America and the Caribbean. Through the Interagency Group on Indigenous Development, the Bank is also promoting greater coordination between development agencies that have programs to favor indigenous peoples in the region. The Interagency Group met in October 2004 to evaluate results of the first International Decade of Indigenous Peoples.
- The Social Inclusion Fund initiated a census of itinerant vendors in Quito's historic center. It also initiated procedures to support the association that will bring these vendors together in an entrepreneurship project, including the creation of a commercial center in a peripheral zone of the city. The project seeks to ensure that indigenous people can sell their products and participate in managing the commercial center.

V. Connectivity and Technological Development

IDB Strategic Programs

Program for Regulatory Initiatives to Promote Connectivity

The objective of this program is to strengthen the capacity of the governments of the region to develop legal and regulatory frameworks and to facilitate access to and the use of new information and communication technologies. Forums have been organized to assist countries in addressing key regulatory issues and implementing necessary changes in the area of regulation of new information and communication technology in the Knowledge Economy.

- Within the context of the Puebla-Panama Plan (PPP) and in order to address key issues in ICT regulation in Meso-America, the first meeting of telecommunications authorities was held in El Salvador in November 2001. The process continued with the organization of a series of consultative meetings to discuss and propose regulatory changes to enhance competition and access to information and communication services in the region. This work is supported by technical assistance to PPP countries. The Multilateral Investment Fund is financing consulting services for the preparation of a proposal to harmonize telecommunications regulation in PPP countries. The objective is to make private investment in the broadband backbone, which will connect these countries through fiber optics, as attractive as possible. For this reason, specific country proposals will be prepared for consideration and approval by the respective governments. The Regional Technical Commission on Telecommunications of Central America (COMTELCA) is tasked with supervising the process and facilitating efforts in the region.
- A technical cooperation operation with MIF resources was approved to contract and begin specialized consultancy work on regulatory issues. The final product will be the proposal for regulatory harmonization for the Puebla-Panama Plan countries, with a view to giving incentives to private investment in the broadband infrastructure project.

Telecenter Program for Community Development

The Bank is implementing a US\$245,000 regional technical cooperation operation entitled Telecenters for Community Development. The general objective is to create a replicable and self-sustainable telecenter model for community development, thus helping to minimize the digital gap that exists in low-income communities in IDB member countries. The program began in March 2004. To date, the design of a methodology for the technological analysis of self-sustainable telecenters (ACTTA methodology) has been completed. In addition, a training program has been initiated for telecenter operators in five countries, and efforts to evaluate and improve the methodology are underway, including the design and publication of the web portal. The initiative's portal is currently being tested and will be launched officially at the end of 2005. To date, relevant activities (including case studies and meetings) have been carried out in Colombia, Costa Rica and Nicaragua. Training has been provided to telecenter operators in the Dominican Republic, with attendance by delegations from Colombia, Costa Rica, Nicaragua, the Dominican Republic and Panama. In addition, the methodology is being applied in Mexico, El Salvador, Guatemala, Brazil and Honduras.

- A number of working groups have been created in cooperation with other organizations and civil society in order to carry out the regional projects for universal access to the Internet.

- The Bank prepared a number of loans that include projects with significant telecenter components: support for the digital strategy in Chile (US\$19 million); institutional development project for the Information Society with a major component of telecenters in the Dominican Republic (US\$5.35 million); information and communication technology in Jamaica (US\$15 million) and information and communication technology in Guyana (US\$25 million).

Connectivity Program for Excellence in Higher Education

The Connectivity Program for Excellence in Higher Education supports initiatives for the application of information and communication technologies (ICT) in basic and middle education in the region. The program promotes broadband connectivity in schools, teacher training on the educational use of ICT, and the development of an educational portal that includes distance training tools and educational contents. The goal is to take advantage of the capabilities of information technology to promote excellence in basic and middle education. To date, the program has achieved the following quantifiable results in Uruguay: (i) 25 percent of all schools are connected to the Internet; (ii) 45 percent of enrolled students have access to ICT and to the Internet; (iii) 20 percent of teachers have received training on basic use of the Internet and email; (iv) 12 percent of teachers are enrolled in courses on the educational use of ICT; and (v) 38 percent of schools are connected to the Internet.

- The project “Virtual Center for the Development of Quality Standards for Higher Education in Latin America and the Caribbean” is currently in execution. It involves a US\$200,000 regional technical cooperation operation to develop the basis for an accreditation and quality standards system for distance learning higher education programs in Latin America and the Caribbean (Virtual Center). A preliminary validation was made through consultations and pilot tests in distance learning. The objectives are to promote that institutes of higher learning improve, initiate and successfully administer distance education programs based on information technology, and to contribute to government capacities to regulate, evaluate and accredit these distance learning programs. The project includes the participation of the Consortium-Network for Distance Learning (CREAD), the Ibero-American Association for Higher Distance Education (AIESAD), and the private technical University of Loja, Ecuador.
- The Bank is supporting efforts by the CLARA Network to bring Internet2 to teaching and research communities in Latin America. The IDB will finance operational aspects of the network, including the training of system operators and administrators and the system's expansion to cover other countries not currently participating in the network. Specific planning is underway for countries that require support to strengthen their existing national networks.

Program for the Democratization of Information Technology

The Committee for the Democratization of Information Technology (CDI) is a nonprofit NGO that, since 1995, has promoted educational and professional activities in its computer and citizenship schools. Its goal is to integrate members of disadvantaged communities (mainly children and youth) successfully into society, thus reducing levels of social exclusion. In CDI's institutional vision, digital inclusion is an essential condition for social inclusion.

The organization carries out pioneering work, bringing ICT to poorer populations and promoting the proactive exercise of citizenship, literacy, ecology, health, human rights and nonviolence. CDI has successfully adapted its methodology, based on the pedagogical proposals of Paulo Freire, to cover diverse communities such as homeless children, people with special needs, inmates, and indigenous populations, among others.

Since its founding in Rio de Janeiro in 1995, the CDI Network has established 927 computer and citizenship schools in Brazil, South Africa, Angola, Chile, Colombia, Guatemala, Honduras, Japan, Mexico and Uruguay. As a result of the organization's efforts, to date a total of 950,330 students have received training.

The CDI Network's pioneering efforts to ensure ICT access to disadvantaged populations has earned the UNESCO Seal of Approval. A regional technical cooperation operation (US\$250,000) has been approved to strengthen the institutional capacity of CDI Americas and its ability to prepare, strengthen, and implement a regional strategy. The Rio Informático Program was approved in June 2001. The Multilateral Investment Fund contributed US\$860,000 in funding for this project.

The Digital Inclusion Foundation is an NGO created to promote community development through ICT, emphasizing the mobilization of local associations and with a strong focus on self-sustainability. Based on the CDI, this initiative focuses on the idea that the Internet is fundamental in the development process and for cooperation between institutions. The following are the Foundation's main projects: (i) Digital Citizen, which involves support from Dell Computers for mid-level students; (ii) Digital Cooperation Network, which distributes computers to social organizations that implement their own projects in communities in association with the National Christian Association (www.cristina.org); and (iii) the development of children's training using appropriate characters in StarOffice, with support from SUN Microsystems.

Mandates of the Summit: Infrastructure and Regulatory Environment, Connectivity, Education

Declaration of Connectivity

We are committed to promoting the development of the telecommunications infrastructure needed to support and enhance all sectors of society and the economy and will seek to provide affordable universal access. We agree to promote the modernization of the telecommunications sector, noting the leading role of the private sector in deploying infrastructure and services, and bearing in mind the legal framework of each country and the social, political, economic and cultural needs of our populations, particularly those of developing countries and remote regions. We will devote special attention to capacity building in areas of human resource development, particularly health, education, the environment, and to strengthening the democratic process.

Our governments will cooperate with each other and promote cooperation with sub-regional, regional and multilateral organizations, civil society, and the private sector to achieve the objectives of this statement and to encourage horizontal cooperation and share best practices to take full advantage of the benefits of the new economy.

The IDB recognizes that contributing to the development of borrowing member countries through ICT is a complex challenge and that, in order to meet it, the Bank must define new policies, enhance its institutional capacity, contract human resources with new competencies, improve the coordination between departments and divisions, and establish new flexible and agile operating instruments.

Consistent with this mandate and its objectives, the Bank's new ICT strategy for development, to be considered by the Board of Directors within the next few months, presents a framework of concrete action for the 2005–2009 period. It is consistent with the Bank's institutional strategy, the fundamental objectives of which are to promote sustainable economic growth, reduce poverty and promote social equity. It is also consistent with the seven sector strategies endorsed by the Board of Directors in 2003 (modernization of the State, competitiveness,

sustainable economic growth, poverty reduction and promotion of social equity, regional integration, social development and the environment.)

The objective of the new strategy is to improve the Bank's capacity to integrate ICT considerations into operations targeting economic and social development in borrowing member countries within the region. The strategy also seeks to exploit lessons learned in the past five years, emphasizing the following: (i) creation of a network for the dissemination of experiences and lessons learned among countries in the region; (ii) support for productivity-enhancing investments; (iii) development and use of ICTs to improve public administration and the provision of public services; (iv) support for the creation of public/private partnerships for the dissemination and use of ICTs; and (v) creation of better statistics on the level of ICT development in the region and its relation to socioeconomic development and governance, among other things.

In order to contribute to development through ICT, it is necessary to establish an environment that facilitates the dissemination and use of ICTs within the different scenarios of institutional, business and social reality (for example: inclusion and education in the digital era, investments in technological infrastructure, creation of local content, and adjustments in the prices of access). In order to contribute to the creation of an appropriate environment for the dissemination and use of ICTs, it is important to create (or strengthen, if it already exists) an institutional capacity, in which civil society and public and private sectors participate, to promote the dissemination and use of ICTs through programs and initiatives for the development of the information and knowledge society.

The Bank is currently identifying institutional and legal instruments that will make it possible to form public/private alliances and that, in particular, will allow for the effective participation of leading ICT firms in the Bank's nonreimbursable technical cooperation projects, specifically facilitating the financial and technical leveraging of development efforts in social and economic areas, and governance, among others. The initiative is consistent with the recently-approved Implementation Plan of the Private Sector Development Strategy, which, once its regulations have been established, will set the foundation for joint, nonreimbursable efforts by the Bank and private sector in favor of borrowing member countries in the region. These efforts seek to transfer technologies, financial resources and knowledge in favor of development work in the region, searching for a balance between the objectives of social responsibility in the short term and sustained profitability in the medium and long terms.

Once these aspects have been delineated, the Bank will continue with activities seeking to create a financial facility involving multiple donors, with participation by the private sector. In particular, this facility will seek the Bank's administration of cash and in-kind contributions from private firms, as part of the private sector's support for technical cooperation operations in areas of ICT.

The IDB, the International Telecommunications Union (ITU), the Inter-American Telecommunications Commission (CITEL), and the Regional Technical Commission on Telecommunications of Central America (COMTELCA) are collaborating in the Puebla-Panama Plan and coordinating development and telecommunications efforts in the region. This includes the regional participation of Latin America and the Caribbean in the World Telecommunication Development Conference (2002) and the World Summits on the Information Society (2003 in Geneva and 2005 in Tunis); both events organized by the ITU. Based on the regional resolutions and the goals agreed upon in these international forums, the IDB is planning initiatives for leadership in the design of appropriate financial mechanisms that can ensure the implementation and sustainability of digital strategies and plans of action at local, national, subregional and regional levels. In this context, the Bank, in alliance with the Government of Italy and in response to a request by the Government of Argentina, will organize a seminar on financial instruments for information and communication technology for development, as follow-up to the World Summit on the Information Society (WSIS). The seminar will take

place in the third or fourth quarter of 2005, with participation by representatives of the region's governments. As a result of the event, direct financial inputs will be available for the plans of action that arise from Tunis in November 2005.

In addition, the Bank is making the necessary efforts to identify innovative mechanisms to incorporate participants into the process to develop the Information Society in the region, an endeavor that will undoubtedly be catalyzed by collaborative processes with other organizations involved in this area. Since 2002 the Bank has been participating in regional efforts coordinated by the UN Task Force on Information and Communication Technology to implement actions in this area. The objective is to achieve a participatory and equitable information society in the region with the support of partners who, in one way or another, seek to identify high-impact ICT activities that favor economic and social development, governance, and the achievement of the Millennium Development Goals.

The Bank supports the development of digital strategies for a number of countries in Latin America and the Caribbean and has operations underway in Bolivia, Chile, Costa Rica, the Dominican Republic and Uruguay. It has also published a manual to help define and design strategies to promote e-government (*Manual.gob*) and edited a manual to support government strategies for promoting e-commerce (*Manual.gob/CE*).

In its telecommunications initiative, the Puebla-Panama Plan has participated in efforts to create a fiber optics infrastructure to interconnect the region. This technology will make it possible to communicate via broadband, exploiting the integration program's infrastructure of electricity distribution cables. The IDB has financed preliminary studies and currently is supporting the preparation of a business plan that will allow for the appropriate and sustainable commercial use of the network. It is also studying the possibility of creating a regional network access point (NAP) within the PPP initiative.

With the creation of a pooled donor fund for ICT for development, the Bank is strength-ening its capacity to undertake studies, seminars, and pilot projects that enhance project design.

The Program for Innovation in ICT for the Development of e-Business and Small and Medium-sized Firms (ICT4BUS) is an initiative financed of the IDB and the MIF to improve the competitiveness, productivity and efficiency of small and medium sized firms in Latin America and the Caribbean by improving their business processes and implementing innovative ICT services and solutions. The program provides funding for the development and execution of pilot projects that implement innovative ICT applications for small and medium firms, mainly in the areas of value chain integration, productivity and efficiency in market penetration. The pilot projects must demonstrate the technical feasibility and commercial viability of proposed ICT services and solutions.

The Institute for Connectivity in the Americas (ICA) participated in the financing of two projects in 2004, each totaling US\$80,000 (SME Metasys, implemented by FUNDEP in Brazil; and Terra Inka, focusing on access to the tourism market, implemented by the Khipu Civil Association in Peru). ICA will also provide US\$500,000 in financing for the new ICT4BUS-II Program.

In March 2003 the Bank and the government of Italy signed an agreement for the establishment of the 3 million Italian Trust Fund for ICT for Development. Through this fund, the Bank and the Italian government seek to contribute to the design and use of ICT for the following: (i) to reduce costs and improve the efficiency of policy and institutional reforms in Latin America and the Caribbean; (ii) to improve the efficiency and reach of social development programs, and to promote innovative instruments for poverty reduction; (iii) to improve the transparency of public administration and, in this way, to increase citizen confidence; (iv) to

introduce greater transparency into the political process and to enable increased citizen participation; (v) to ensure that governments assume fundamental roles in empowering their populations, strengthening human capacity and potential, and increasing their opportunities; and (vi) to improve the leadership, management, administration and general operations of public institutions in the region. In this context, the trust fund finances a series of technical cooperation activities for the design and implementation of e-government applications seeking to improve the efficiency and transparency of public administration, to expand the reach and impact of public social and other services, and to strengthen the capacity of public institutions to satisfy the needs of their citizens and, in this way, help to consolidate the democratic process in borrowing member countries of the IDB.