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[Multilateral Development Banks-Latin America]

2012-0769-F
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RESTRICTION CODES

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URGENT

MEMO TO KATIE FROM AIMÉE

RE: CHIEFS OF MISSION CONFERENCE ON THURSDAY, 9-16

DATE: 9-14-93

Let's cancel out here

Katie--this is very rough, I just wanted some comments before I go forward. Please let me know what suggestions you may have.
FYI--you will be on a panel with Gus Speth and maybe Jessica Mathews.

**THE ENVIRONMENT: WHAT DOES THE NEW GLOBAL EMPHASIS
MEAN TO UNITED STATES LATIN AMERICAN FOREIGN POLICY?**

1) Importance of the Environment to the Clinton Administration:

- a) Creation of new offices in the executive branch: OEP and NSC Global Environment.
- b) The Cabinet's emphasis on the environment as a priority.
- c) NAFTA environmental side agreement.
- d) Signing of the Biodiversity Convention and commitments to Global Climate Change implementation.
- e) Taking strong positions on environmental reform of the World Bank.
- f) PRDs on desertification, fresh water, and forests.

2) Regional Emphasis and Importance:

a) There is great potential for working with the region because of both governmental and non-governmental interest in developing environmental strategies and action plans, and the Administration is very interested in environmental protection possibilities for Latin America:

- mission to Bolivia of Vice-Presidential delegation to help President Gonzalo Sanchez de Lozada set up an environmental infrastructure for the country.
- technology transfer initiative with Colombia.
- President Clinton, at the request of President Aristide, has asked OEP to help develop a Haiti Environmental Action Plan with USAID; OEP is working with NGOs and AID to create a sustainable development plan for bilateral and multilateral aid.
- the NSC Global Environment Office will be working over the next several months on an environmental strategy for the Latin American region, and we would expect that all of you will be involved. Issues include straddling stocks, forests, etc.
- Ecuadorian government's has initiated a dialogue with OEP for help creating an environmental strategy.
- Latin American representatives (both NGOs and government) we met with a month ago were very eager to work on building partnerships with the new administration (can provide examples).

● I will include notes on the Yanomami massacre, Colombia initiative, anything else you need.



United States Department of State

Washington, D.C. 20520

FAX COVER SHEET

DEPARTMENT OF STATE

BUREAU OF INTER-AMERICAN AFFAIRS

OFFICE OF POLICY PLANNING AND COORDINATION

WASHINGTON, D.C.

FAX # 202-736-7450

DATE

TO:

NAME:

Christian Marsh

BUREAU/ORGANIZATION:

White House

FAX NUMBER:

456-2700

FROM:

NAME:

RICHARD THURMAN

OFFICE PHONE:

647-6305

NUMBER OF PAGES INCLUDING THIS COVER

6

REMARKS:

If she is unable to participate, we talking ph.
 would welcome ideas on who would be good.

IF THERE ARE PROBLEMS WITH THIS FAX TRANSMISSION, PLEASE CALL
 ARA/PPC 202-647-9192.

Cathy - this something
 Is - we should definitely
 do? If so, Don
 should be alerted
 immediately. Also
 8-31-93 Kurt w I
 should look
 her schedule.
 Thanks
 Christian

KM-CZ say's
 yes -- we have
 you scheduled.
 Any thoughts?
 DM? David doing
 - Christian

on KM's schedule
 KZ 9/10
 9/16 9-100



United States Department of State

Washington, D.C. 20520

8-31

TO: Christian Marsh
FROM: ARA/PPC - Richard Thurman
SUBJECT: Chiefs of Mission Conference

Rather than take a chance that Assistant Secretary Watson could not get around to signing a letter today, I am sending you the attached information on the conference and the draft schedule. If Ms. McGuinty is able to participate, we will follow-up with a formal letter of invitation/confirmation from Watson. You should know that:

- o All ARA Ambassadors will be participating
- o We are unlikely to have another full-blown conference during the next several years. Therefore it is important we define objectives at the beginning of this administration

SUBJECT: COM conference

Attached are the latest ideas for formulating the COM conference. Premise is that the conference helps DEFINE the Clinton Administration policy in Latin America--not just announce it. It's also based on the idea that there are some themes of continuity in US policy in the region (NAFTA and economic reform, anti-narcotics efforts) and some new emphases: multilateralism, environment, good governance/anti-corruption (as the second generation of democratization), and migration, for example. The goal of the first day is to TOUCH UPON almost all of these themes--without time for major discussion so we can get high level speakers for our one day in DC. Thereafter, on Thursday and Friday, we return to these themes in greater depth--with greater Amb. participation and NGO involvement.

Please review and give me your ideas for ambassadors and NGOs to participate in panels. Comments needed by Tuesday, so Alec can review. We've no hope for major speakers unless we begin inviting this week. Thanks.

8/89 10:30

DRAFT

ARA Chiefs of Mission Conference
September 15-17, 1993

Wednesday, September 15

Department	All events in Loy Henderson Auditorium, State	
8:00 am	Coffee	
8:45 am	Welcome/Introduction	A/S Watson
9:00	Congress	Obey, Leahy or Hamilton
10:00	Opening remarks Latin American policy in context of overall Clinton foreign policy Q/A	Secretary Christopher
10:30	Break	
10:45	NAFTA/trade/econ (sequential, not panel)	1) William Daley/Mickey Kantor 2) Deputy Sec Summers: IFIs, economic reform 3) U/S Spero: US business promotion, foreign econ policy 4) Comments by Ambs Jones, Cheek
12:30	Working luncheon Global issues	Tim Wirth
Democratization: The tools		
2:15	Multilateralism/conflict resolution	Anthony Lake
2:45	America's message/role of the media	Joseph Duffey
3:00		D/S Wharton
3:30	Break	
3:45	Foreign aid/AID/role of Congress	Brian Atwood Wendy Sherman Maisto, Huddleston
5:00	BCIU Reception	8th floor: Ambs, ARA/FO, ODs, Washington Ambs.

Thursday, September 16

8:00 Depart for Airlie House

9:00 Environment:
what does new emph
mean to US LA policy?

How do Ambs promote?

10:00 Break

10:15 Multilateralism and
hemispheric security
Non-proliferation/
arms trafficking

12:00 Lunch

1:30 Narcotics/terrorism

3:00 Break

3:15 Democratization:
1) human rights
2) good governance/
anti-corruption
3) civil-mil

7:00 Cocktails

8:00 Dinner and discussion
Policy goals and
diminishing resourcesFriday, September 179:00 Resources/management/
inspection issues

10:00 security issues

10:30 Financial resources/
personnel

12:00 Lunch

1Admin/1NGO/1Amb:
OVP: McGuinty
WRI, NRDC?, Nature Conserv,
Conservation Foundation?
Amb: BowersChas Freeman/Gen. Joulwan
Amb. Babbitt
Melton, CIA?
Centam amb?Panel: Lee Brown, Cowal,
Brayshaw, staffer (Marion
Chambers),A/S John Shattuck
WOLA/AW, Sullivan, Busby, Otero
Feinberg, Ambs: GJones,
Skol
Luigi Einaudi, Glassman,
McAfee, ~~Gen. Harding~~
Carl Gershaman

U/S Tarnoff

ARA/EX

Amb. Quainton

DGP/PER-Burleigh
FMP/BP
M3 Tables: Centam/Mex,
Carib, S. America

Friday, September 17

1:30	Migration/alien smuggling	Admin/INGO/Pryce
2:30	Prospects for econ reform/trade	EB A/S Tarullo & Amb. panel: Kamman, Pastorino
4:00	Break	
4:30	Wrap-up: goals	
6:00	Informal barbeque	M, Richard Moose, guest

Katie - FYI
See Bolivia, Ecuador
especially

Thanks -
very useful

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- Aimee LATIN AMERICA

JPRS-TEN-93-025
25 October 1993

Mege remarked that, later, two seminars were organized, devoted to forming firms specializing in making environmental audits. He explained that this involved creating entities that were experts on the subject, to which industries could have recourse in the event of questions, or concerning projects related to the environment.

Mege underscored the progress made in this latter endeavor because, he claimed, it received implicit, albeit unofficial, recognition from the Environmental Health Service. The latter has a list of institutions with the capacity to measure pollution levels or to give opinions on the environmental status of a particular production unit.

He claimed that further proof of the progress made in the environmental auditing area is the possible creation of an association of business firms engaged in that activity which, he said, number no fewer than 30 or 40.

The head of the Sofosa Environmental Department explained that they are currently planning the first seminar devoted to training persons to assume responsibility for environmental matters in Chilean business firms. Admitting that no such positions exist, he said that, in the future, an effort would be made to attribute to those holding them an importance similar to that of the persons in charge of industrial security.

The official added that, at present, the presence of such experts in production units is not mandatory. However, he indicated that the training of personnel is aimed precisely at creating an awareness, and paving the way for this to become a standard within a reasonable period of time, considering the undeniable significance of the ecological issue in business management today.

The aforementioned meeting will take place next April, and the German foundation, Carl Duisberg Gesellschaft, has already sent all the necessary technical material to the Industrial Development Association enabling it to carry out the project.

Anibal Mege remarked that the respective invitations have already been sent to all the companies, so that they may include in the seminar personnel whom they deem suitable for training in ecological issues and current standards. The reason is that what is being sought, precisely, is to create a professional person who will ensure compliance with the regulations to be applied, and protection of the environment.

Meanwhile, members of the Industrial Development Association stressed, as further evidence of industrialists' increased commitment to protecting nature, the

creation of the Asiquim [Association of Chemical Industries] Environmental Prize, awarded for the first time this year, by that association.

The source noted that this action was taken as part of the promotional efforts of production units related to environmental protection.

A total of 33 business firms, equivalent to 55 percent of those enrolled in the aforementioned association, competed for the award. They were required to evaluate themselves on aspects such as environmental policy and managerial responsibility; environmental organization, education, and publicity; and implementation of the environmental management system, with constant improvement.

ECUADOR

President Creates Environmental Advisory Committee

PA2609225793 Quito Cadena Ecuador Radio
in Spanish 2300 GMT 22 Sep 93

[From "The Reporter" newscast]

[Text] During a special ceremony at the reception room of the Presidential Palace this afternoon, Sixto Duran-Ballen signed an executive decree creating the Presidential Environmental Advisory Committee [Comision Asesora Ambiental]. The president was accompanied by the nation's leading authorities and his cabinet ministers. The committee, which will report to the presidency as of today, will be tasked with coordinating efforts directed at protecting the environment, while allowing sustainable progress. It will be responsible for securing the environment's current and future well-being by preventing its destruction and ensuring adequate resource management. The president had this to say:

[Begin Duran-Ballen recording] What we have done here today is definitely something that [word indistinct]. I have examined this document on Ecuador's environment, which you may already be familiar with. It was prepared by local and foreign specialists, with the help of international organizations. It contains very important information. There are 59 government agencies in Ecuador involved in 28 of the activities considered to be the worst contributors to environmental destruction. [end recording]

Besides this committee, there are another two private, or nongovernmental organizations working on this problem. The president said that these groups must work in coordination to create the environmental protection policies. He announced that he has appointed Luis Carrera de la Torre as his delegate to the commission, and therefore its president.

REGIONAL AFFAIRS

Southern Cone Environmental Issues

PY1210172493

[Editorial Report] The following is a compilation of reports on environmental issues monitored by Paraguay Bureau from 25 September to 5 October.

Argentina

The Buenos Aires metropolitan area's state Ecological Belt reported that almost 500,000 metric tons of dangerous toxic waste from 6,000 factories in the area are dumped every year into rivers, sewers, and 88 clandestine garbage dumps. Last week, a leak of hydrocyanic gas killed six people in the Avellaneda District. (Buenos Aires CLARIN in Spanish 3 Oct 93 pp 50, 51)

Bolivia

The Forestal Development Center issued a resolution suspending the activities of saw mills in Tarija Department. This decision was made to comply with demands by Gran Chaco residents who marched to Tarija to protest deforestation. A total of 42 saw mills are operating in Gran Chaco, and 92 elsewhere in the department. (Santa Cruz EL MUNDO in Spanish 29 Sep 93 Second Section p 2)

The La Paz Forestal Chamber reported that saw mills in northern La Paz Department have been successfully implementing a reforestation plan for three consecutive years. Deforestation affects 120,000 hectares per year nationwide, of which 15 percent is caused by saw mills. (La Paz LA RAZON in Spanish 25 Sep 93 p B5)

A report by members of an OAS commission that visited the area devastated by burnings stated that 3,644 hectares of the pampas of Heredia, Yaconal, Pozuelos, Palmarcito, El Armado Miradero, Porongo, Serrania Hitiyuro, Piracito, San Miguel del Banado, Tirabobo, Ipati, Buite, Caipipendi, Itacua, Serrania Hitiyuro, and Hitachine in Hernando Siles and Luis Calvos Provinces were destroyed by the fire. The report noted that the fire damaged major forests and pastures, and damaged the ecosystem and biological diversity. It also caused serious damage to producers and claimed the life of a person in San Miguel de las Pampas. Authorities and residents from Huacareta said this is the first time in more than 30 years that fire seriously devastated the forests. The dense smoke also affected residents, especially children. (Santa Cruz EL MUNDO in Spanish 30 Sep 93 Second Section p 1)

Brazil

The State Basic Sanitation Engineering Company, Cetesb, reported that pollution continues to devastate fine woods such as cinnamon and nutmeg in the Mar mountain range. The Cubatao industrial center generated a high level of pollution that directly affected the forest and hurt the soil. In 1984, this industrial center had 230

different sources of pollution. It threw into the air 313,470 kg of dust and more than 240,676 kg of toxic gas per day. In June 1993, the dust dropped to 226,517 kg and gas to 166,242 kg per day. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Oct 93 p 4)

Paraguay

The Paraguayan Forestry Sciences Graduated School delivered to Congress a report on the current situation of the country's renewable natural resources. According to this report, 2,686 million hectares were deforested from 1985 to 1989. They were distributed as follows: agriculture: 570,500 hectares; livestock: 2,004 million hectares, and others: 111,000 hectares. (Asuncion ABC COLOR in Spanish 10 Oct 93 p 25)

BRAZIL

Coutinho on Declining Amazon Deforestation, Programs

93WN0597A Brasilia CORREIO BRAZILIENSE
in Portuguese 18 Jul 93 p 18

[Interview with Minister of Environment Fernando Coutinho Jorge by Roelof Sa; place and date not given]

[Text] The commitments of Rio 92 will never get beyond the paper stage unless the youth of the world become effectively involved in the environmental issue. This is the assessment of Minister of Environment Fernando Coutinho Jorge, in whose view "we can move beyond the thesis stage and into implementation if young people accept the commitments of the Rio Conference and discuss ways of implementing them." With this in view, the Brazilian Government is supporting the holding of the World Youth Forum on the Environment in Brasilia at the beginning of 1994, with young people from all over the world participating. The event will be officially announced by President Itamar Franco in August, and until the scheduled date, Minister Coutinho Jorge plans to concern himself with the clearing by burning in the Amazon region. The number of burns has declined, just as deforestation has decreased. "There is more government supervision and participation by civilian society through the environmental groups, which is leading to a change in the thinking of the people," the minister says. On the 22nd of this month, he will launch Operation Amazon Region for this year. About a thousand men will be involved, mainly in the states of Maranhao, Para, Tocantins, Mato Grosso, and Rondonia, where the activity will be concentrated. The task of these workers will be to count the burns carried out in this season of the year. Coutinho Jorge says that the budget cuts suffered by his ministry have somewhat threatened the environmental sector. However, he is confident about the possibilities for 1994, when the Ministry will begin to have its own budget. Later this year, the international conventions are to be formalized and finalized, the policies for

the national ecosystems will be drafted and implemented, and specific sectorial policies and programs will be put into operation.

Sa: The burning and clearing in the Amazon region has been decreasing. Is the government exercising more supervision, or is it that the people have greater ecological awareness?

Coutinho: Both. There is more supervision by the government on all of its three levels—federal, state, and municipal, and there is also more participation by civilian society through the environmental groups, and this is leading to a change in the thinking of the people. A NASA study has shown that the expected deforestation in the Amazon region in 1992 did not occur. Apart from this, the burns are continuing, but to a lesser extent, and they are concentrated in smaller areas than before.

Sa: How can this process be controlled?

Coutinho: In August, we will receive some new equipment from NASA. This will make better detection of the fire locations possible. The present equipment shows heat points, but this technique can be deceptive, for example when it picks up reflected heat from a metal roof. When this new technology is available in the satellites in space, it will help us greatly. We are going to establish several tracking stations in Para, Rondonia, Mato Grosso, and Brasilia to improve the level of control.

Sa: Where will resources for this project come from?

Coutinho: This project is a part of the Tropical Forests Pilot Program, one of the international programs that we are managing to revive and continue. The resources for it are about to be approved by the federal Senate. They will be increased by the end of the year, and above all, in 1994.

Sa: But the burns this year have already begun....

Coutinho: The burn season, which will last until October or November, has now begun. We are activating a more intensive program of supervision, monitoring, and environmental education to facilitate a concentrated campaign during this period. It will involve the state and municipal governments, environmental organizations, and agricultural entities in each state in the Amazon region. This stricter control will begin officially on the 22nd of this month, when an effort will be made once again, implementing a more intensive joint operation, to reduce the number of burns as compared with last year.

Sa: How can this problem be dealt with from the cultural point of view?

Coutinho: It is important to have programs designed to control the deforestation and burns. But they must not focus on the punitive aspect, the corrective aspect, or preventing burns, exclusively. This is an issue that has a most important educational aspect. Normally, burns are carried out for the purpose of fertilizing the soil. The

farmers do this every year, and they do not know how to do it in any other way. There are also some burns to clear pastureland, and this can be avoided. Also, some burns are effected to prepare for major projects, which must be rigorously prevented and punished. But for the small and average producers, who only know how to plant after burning, we must guarantee technological alternatives. To this end, we plan to launch a program to define pilot areas for the implementation of these alternatives. We will bring in the EMBRAPA [Brazilian Agriculture and Livestock Research Enterprise], the research sector, the universities, and the agriculture secretariats to develop technologies for the tenant farmers. In order to prepare their soil for planting, they need alternatives to burning—to this violence that in the medium time range, destroys the soil and damages the environment.

Sa: Is this project part of a "green package" for the Amazon region?

Coutinho: This is one of the Green Amazon Region programs, to which we are adding a series of priority proposals for the region. Another plan calls for environmental control of the pollution of the rivers being caused by the gold-mining operations. What is being sought, in the end, is to prevent uses of the environment that lead to its deterioration. The problem is that where the clearing by burning is concerned, we cannot punish the small farmers who have always operated in this way, for example. We need to reorient their economic and technological approach.

Sa: A little over a year ago, following the conclusion of Rio 92, it was estimated that Brazil could obtain about \$5 billion in resources for environmental investments. Where is this money?

Coutinho: The countries that signed Agenda 21, which called for the investment of 0.7 percent of the GDP [gross domestic product] in the environment by the year 2000, have not honored the agreement. Some of them were even able to meet their commitment immediately, as Norway did. But the worldwide recession affected many countries, such as Germany and the United States. And Europe has experienced a very serious unemployment problem. I believe that this is one of the reasons these countries might cite for their failure to begin to meet this international commitment in the first year. For this reason, I believe that it will be impossible for Brazil to plan on obtaining \$5 billion for the environment.

Sa: Where does this leave Brazil, then?

Coutinho: We are going ahead with the Tropical Forests Program announced by President Bush and financed by the European Community. When I took over my ministry at the end of 1992, this program, which had been approved two years earlier, was at a standstill. None of the projects had been approved. We are trying to revive the original proposal, which called for more than a billion dollars, but was reduced to a quarter of that—\$250 million—when the matter was discussed in Geneva.

Sa: When will these resources reach Brazil?

Coutinho: Beginning in the second half of the year, overall projects pertaining to native reservations, the establishment of preserves for extractive purposes, demonstration campaigns in support of the nongovernmental organizations, and research proposals focused on the Amazon Region will be implemented on a gradual basis. If Brazil proves competent in the management of these projects and in making these programs viable, we will obtain substantial resources for 1994-1995.

Sa: The World Youth Forum on the Environment, to be held at the beginning of 1994, is one of the by-products of Rio 92. What is the importance of this event in the view of your ministry?

Coutinho: In Rio 92, we had a gathering that dealt with a worldwide concern—development and the environment. Almost all of the countries in the world participated in this conference. They made decisions and agreed on the need to enhance the future of mankind. If the five documents approved are implemented, the world will begin to change by the year 2000. But in order to bring this great assembly to completion, we must guarantee the participation of young people in the process. They have a basic role to play in the implementation of the theses of Rio 92. It remains for the youth to assume that role.

Sa: Why?

Coutinho: The World Forum will enable the future national and community leaders to establish their positions. It is they who will be mainly responsible for the implementation of the theses of Rio 92. And in particular, that pertaining to sustainable development, which is designed to ensure development to the benefit of man, the improvement of his quality of life, while at the same time respecting the potential of the environment, the ecosystems, and nature.

Sa: As you assess it, what role should sustained development play as the new millennium approaches?

Coutinho: Sustainable development is the great innovation, the great change, as the new millennium approaches. Today there is no discussion of any project or program anywhere in the world wherein the environmental factor does not have priority. In any country and in any situation, we may have millions of dollars of investments, but if the environmental factor is not dealt with in viable fashion, the use of these resources will be hindered. This is true because, among other things, the banks and financing bodies will not put funds into projects that will have a negative or damaging environmental impact. Society will no longer tolerate this.

Sa: Is this approach a concrete result of Rio 92?

Coutinho: Beginning with Rio 92 in particular, and despite the difficulties and hindrances, the world has accepted a new commitment, a new responsibility for the defense of the environment and sustainable development, in which the environmental factor is fundamental.

Therefore, a gathering like the World Youth Forum, oriented toward the environment, is timely, basic, and crucial. The young people are the most important protagonists in making this entire thesis viable and giving it the dimensions it requires. And even in defending it, when failure to respect it is seen.

Sa: Isn't this a very heavy burden to place on the shoulders of the youth?

Coutinho: It falls to the young people, to the youth of the world, to provide the impetus for raising the consciousness of society. At Rio 92, we achieved a great agreement. It may not have been the best agreement in the world, the agreement of our dreams. But it was an agreement that was politically possible and viable. And one that must be rigorously implemented. Nor is this agreement the final word, but like all agreements, it represents the beginning of a change, of a process that can and must be improved.

Sa: Has the time come "to do something," environmentally speaking?

Coutinho: If the youth will increasingly take up the commitments of Rio 92 and discuss how they can be implemented, I believe we can move beyond the thesis stage and into implementation. The time has now come, with the World Forum, to allow the young people the opportunity to become the great protagonists in society—including families, fathers, and mothers—society as a whole. The World Youth Forum on the Environment, following the Rio Conference, constitutes the most important thing being done, without a doubt. This is even true for the leaders who will participate in the event, including United States Vice President Albert Gore, International Red Cross President Mikhail Gorbachev, Norwegian Prime Minister Bo Gruntland, and oceanographer Jacques Cousteau, as well as the coordinator of Rio 92 himself, Maurice Strong.

Sa: And, following the Rio Conference, what is the status of the biodiversity issue in Brazil?

Coutinho: Two and a half years ago, Brazil and the World Bank had agreed upon resources of \$30 million to be invested in biodiversity, but the country did not sign the agreement. We succeeded in rescuing this project, but the funds had already been sent to Africa. We are asking for a vote of confidence, and it is now a practical certainty that this money will be invested in a program President Itamar Franco plans to launch.

Sa: What are the goals of this program?

Coutinho: We will carry out what was agreed in the Biodiversity Convention at Rio 92. In other words, we will carry out a biodiversity inventory, survey the ecosystems, define the economic value of this biodiversity, and draft a detailed policy for the ecological and economic management of biodiversity. These are the basic guidelines of the National Biodiversity Program the president will launch.

Sa: Economically speaking, Brazil finds itself in a delicate situation. To what extent will the budget cuts affect the Ministry of Environment?

Coutinho: In terms of the cuts proposed by the Ministry of Finance, we have been given a certain priority. This is because we have experienced two types of cuts. There was one in the original proposal sent to the national Congress amounting to 40 percent of the budget initially proposed. The other came with the amendments made by the parliamentarians in the negotiations on the congressional level. Obviously, all of this has hurt us somewhat, but we need to adapt to the Brazilian reality. I believe that the big budget of the Ministry of Environment budget, which only came into being at the end of last year, will be that for 1994, when it will be drafted by the Ministry itself, giving priority to our most important programs.

Sa: What, for example?

Coutinho: We must formalize and give shape to the programs pertaining to the international conventions. We must complete all of the policies for each of the national ecosystems. We must have substantial resources for the execution of programs based on sustainable sectorial policies in the fishing sector, and also for the forest sector in the Amazon region and throughout Brazil. It is also necessary to examine the timber issue, and individual policies such as those pertaining to specific products like the rubber in the Amazon region. And all of these things require a very substantial budget.

Environment, Amazon Region Ministry Created

PY2109033793 *Brasilia Voz do Brasil Network*
in Portuguese 1000 GMT 18 Sep 93

[Text] President Itamar has signed a provisional measure creating the Environment and Legal Amazon Region Ministry [Ministerio do Meio Ambiente and da Amazonia Legal]. The new ministry is the result of a merger between the Environment Ministry and the recently created Ministry for the Coordination of Actions in the Amazon Region. The new minister is Rubens Ricupero.

CHILE

Study Compares Air Quality in Santiago, Mexico City

93WN0611A *Santiago EL MERCURIO in Spanish*
19 Aug 93 p C7

[Article by Lilian Duery]

[Text] A comparative study of the main atmospheric pollutants in Santiago, Mexico City, and a number of major cities in the United States shows that our capital has the highest annual average ratio of breathable particle matter (MP10). According to the study, which was based on measurements taken in 1991, those values were

108 ug/m3, 87 ug/m3, and 66 ug/m3 (Los Angeles). The standard for this pollutant in the three situations is the same: 50 ug/m3.

These results were revealed by Dr. Lionel Gil at the recent international "Environmental Management and Business" seminar sponsored by the University of Santiago. The scientist, who is head of the Biochemical and Toxicology Laboratory of the University of Chile's School of Medicine, said the magnitude of this problem poses a major public health problem when one considers that the particles present in smog absorb gases, heavy metals, corrosive substances, and polycyclic aromatic hydrocarbons (potentially carcinogenic substances).

Gil's work is based on research reported in "Toxicological Effects of Air Pollution on Human Health," which was funded by FONDECYT, the OAS, and the British Council.

According to these same measurements, the maximum concentration of PM10 per day was in Bakersfield, California (411 ug/m3), while the figures for the rest of the American cities were far below that of Santiago (340 ug/m3) and Mexico City (300 ug/m3). The standard for 24 hours in all three cases is 150 ug/m3.

With respect to ozone (O3), the maximum concentration for one hour was found in Mexico City (.40 ppm), followed by Los Angeles, California (.31 ppm). No data are available for Santiago for 1991, but the figure for 1992 was .27 ppm. In other words, in every case, permissible levels were exceeded. It should be emphasized that Chile has the strictest standard for this pollutant (.08 ppm).

The maximum concentration of carbon monoxide in an eight-hour period was found in Mexico (49.7 ppm), followed by Santiago (31.4 ppm). The standards for both, 13 and 9 ppm respectively, were greatly exceeded.

Concerning Air Quality Indexes in the United States, Mexico, and Chile, 100 is the standard limit. In other words, when that figure is exceeded by any of the pollutants, a risk to human health is deemed to exist. There are differences, however, given the fact that for carbon monoxide (8 hours) and ozone (1 hour), our country's standard is the strictest.

Aside from this clarification, Gil reported that with respect to the number of days that the index figure of 100 was exceeded, Los Angeles did so 156 times and Santiago 113 (without including the figures for ozone). These figures are available for ozone levels in Mexico City, the city with the most days over 100: 312.

No ozone figures were available for Santiago when the analysis was done in 1991. However, based on the principal pollutants, now including ozone, the Air Quality Index in 1992 was exceeded 287 days of the year.

TPCC Latin American Environmental Initiative

Latin America represents a large and growing market for U.S. environmental technologies. Economic growth, privatization of state-owned industries, and anticipation of trade liberalization in the United States have all contributed to growing environmental awareness and protection in Latin America.

The current market for environmental technologies in Latin America is estimated to have ranged between \$8-7 billion in 1992. To take full advantage of the emerging environmental markets in Latin America, the Clinton Administration, working with the private sector, will establish a TPCC Latin American Environmental Initiative within 12 months.

This TPCC-sponsored, public-private venture will coordinate the efforts and activities of federal agencies with the needs of the private sector to build environmental partnerships and expanded exports in Latin America. Based on immediate need and opportunity, the rapidly growing Mexican market will be the first focus of the TPCC Latin American Environmental Initiative and will include several priority missions:

- Support development of sound environmental policies and practices in Latin American countries.
- Identify and disseminate to U.S. industry information regarding specific environmental business opportunities in Mexico.
- A one-stop shop service within the existing Trade Information Center to facilitate business access to federal export programs.
- Coordination of existing Mexico-focused programs, such as Export Mexico and the U.S.-Mexico Environmental Business Committee, with other federal and state efforts.
- Increased environmental promotions, including reverse trade missions, and environmental training programs.
- Heightened high-level advocacy by U.S. government officials for U.S. products, projects, and services in Mexico.
- Coordinated federal government strategy within the TPCC to maximize the benefit to U.S. companies of new environmental spending in Mexico.
- Assist in the development of regulatory regimes and enforcement mechanisms which do not disadvantage U.S. exports.

for both the short and long run, strengthened advocacy, building on the TPCC recommendations, streamlined information and improved customer service for export ready firms, and increased access to export financing and development assistance.

A. Targeted Focus:

The global market for environmental technologies is not monolithic but rather is a series of discrete and quite distinct national, sub-national and sectoral markets. These are not all equally attractive to U.S. industry, nor will U.S. government export promotion resources yield uniformly maximum returns in each one. The TPCC recognized these realities apply to export promotion generally and recommended the establishment of geographic and sectoral priorities.

There must be both short and long-term components in this strategy, if we are to retain a strong competitive position as future markets emerge. The TPCC Latin American Environmental Initiative proposed in the adjacent box is an important first step to making these precepts realities and gleanings both the environmental and commercial benefits.

5. Focus current environmental technologies export promotion activities on specific markets with potentially high, immediate returns.

- Within the next three months, identify the most promising future markets in which to focus U.S. government market development resources.
- Create five country-specific strategic marketing plans for U.S. envirotech within the next four months. Each plan will include:
 - ✓ key sub-sector opportunities for envirotech export growth;
 - ✓ identification of critical factors for U.S. firms to compete for major procurement and infrastructure opportunities; and,
 - ✓ U.S. government actions to be taken to boost U.S. market share.

Action: DOC to implement based on TPCC strategy; OMB to lead resource allocation. Identify markets within three

months, create marketing plans within four months.

6. Establish a TPCC Latin American Environmental Initiative to define a comprehensive strategy for promoting U.S. environmental technology exports to Mexico. Implement strategic events identified by the Initiative during 1994.

The United States has substantial trade with Mexico in environmental technologies, goods, and services today. A sound environmental export strategy will position U.S. business to increase its market share. Other Latin American markets, most notably Chile, Brazil, Argentina and Venezuela, show similar promise.

Action: TPCC Environmental Trade Working Group. Establish TPCC Latin American Environmental Initiative within three months. Implement it within 12 months.

B. Continuous Market Development:

7. Consistently take advantage of opportunities to enhance overseas visibility and long-term foreign market access to U.S. environmental technologies. This involves the following steps:

- Overseas, at each U.S. embassy, create a committee, chaired by the FCS Senior Commercial Officer, to coordinate all in-country environmental activities of U.S. government agencies.
- Expand the U.S. Environmental Training Institute to increase the number of foreign decision-makers trained in the United States.
- USAID, working with other federal agencies, can do much via its technical assistance and training programs to support the development of environmental management policies that are compatible with U.S. standards and practices and convey information about U.S. technologies and management practices.
- Improve overseas dissemination of performance data on U.S. environmental technologies.
- Use overseas facilities as a showcase for environmental technologies to introduce U.S. firms into export markets and demonstrate new environmental solutions to host countries.
- Work to incorporate U.S. regulatory

and testing frameworks into international agreements and foreign country standards, regulations, and voluntary measures and standards.

- Increase the number of EPA/DOE-funded environmental technology demonstrations and consultations in target markets.
- Translate pertinent elements of U.S. government environmental laws and regulations into languages of target and high-potential markets and disseminate to foreign government officials, non-government organizations and academia.

Action: TPCC Environmental Trade Working Group. Results within three months, activity to continue on an ongoing basis.

8. Strengthen U.S. government presence and environmental technology expertise overseas through training of U.S. & Foreign Commercial Service officers and Foreign Service Nationals (FSNs). Train and place envirotech specialists in five target markets within six months. Staff will be assigned to identify additional opportunities, as well as identify market barriers, standards issues, and other factors affecting U.S. market share. Consider also using temporary or limited term appointments of U.S. government personnel from EPA, DOE, other branches of Commerce and possibly state or private sector experts to serve in US&FCS offices overseas. Such experts can be targeted to provide needed expertise in priority markets, as well as augment the knowledge and capabilities of the US&FCS staff.

In addition, where feasible, consideration will be given to hiring FSNs with environmental technology expertise in priority markets.

Action: Department of Commerce, results within six months, activity to continue on an ongoing basis.

C. Strengthen Advocacy:

9. Create an envirotech project advocacy calendar, updated quarterly, of key environmental transactions and trade promotion events.

- systematically scan the world and identify the top 100 environmental infrastructure and procurement projects;

- assemble information to make the maximum number of U.S. firms aware of these opportunities;
- develop advocacy strategy for each opportunity, including use of calls, visits, etc., by high level U.S. government officials;
- distribute information on trade promotion events that merit high-level U.S. government advocacy and representation.

Action: TPCC Environmental Trade Working Group should provide necessary information on a regular basis to TPCC Advocacy Coordinating Network. Establish calendar within six months, maintain over time.

D. Streamline Information and Improve Customer Service for Export-Ready Firms:

Effective outreach to domestic business, through TPCC one-stop shops working in partnership with the private sector, will do much to make export assistance to U.S. companies more effective. In addition, we propose steps to improve the skills and coordination of government personnel involved in environmental technology programs, to improve the flow and content of information both to and from business, and to make our overseas market development efforts more effective.

10. Strengthen support dramatically for environmental technologies industry by training appropriate one-stop-shop staff.

By training key staff members in each one-stop-shop, as well as additional US&FCS District Offices in areas with a high concentration of environmental firms, there would be a point of contact in each office, improving effective outreach and providing more knowledgeable assistance. The one-stop-shops—the first four of which will open January 1994 in Miami, Los Angeles, Chicago and Baltimore—will coordinate delivery of the full range of U.S. government export facilitation programs.

Action: Department of Commerce, results within three months. Assistance to continue over time.

11. In concert with the private sector, identify the data needs, including trade statistics, of the industry and government. Explore with the private sector the best mechanism to disseminate information to them.

- As appropriate, work to modify existing data collection practices and industry codes to better collect industry specific data including trade data.

Action: Department of Commerce, OMB, other U.S. government agencies as required.

- Compile all relevant trade information, e.g., country specific industry sector analyses and environmental needs assessments. Disseminate this information via the most effective mechanisms consistent with private sector needs and the recommendations of the TPCC.

Action: Department of Commerce with input from AID, EPA, DOE.

- Collect all industry specific trade leads. Disseminate this information via the most effective mechanisms consistent with private sector needs and the recommendations of the TPCC.

Action: Department of Commerce, results within three months. Activity to continue over time.

E. Increase Access to Export Financing and Development Assistance:

The challenge of obtaining export financing from commercial banks is daunting for many U.S. companies, but certain attributes of the U.S. environmental industry exacerbate the problem. The U.S. environmental industry contains a high concentration of small- to medium-sized service oriented firms that often have little or no exporting experience. In addition, many environmental projects do not generate cash flows sufficient to service debt.

The U.S. government helps businesses of all sizes gain access to vital financing for overseas sales and investment through the insurance, loan and guaranty programs of the Export-Import Bank (Eximbank) and the Overseas Private Investment Corporation (OPIC). However, information about these U.S. government financing support programs and procurement opportunities,

created by bilateral and multilateral development agency projects, often does not reach the smaller and new-to-export environmental firms.

12. Increase awareness among environmental technology firms of U.S. government export financing support programs and projects receiving bilateral and multilateral development assistance.

- More aggressively market Eximbank and OPIC programs among environmental technology firms, particularly small- and medium-sized firms, and in foreign markets where the potential for U.S. environmental exports is great.
- More effectively collect and disseminate information about projects funded by U.S. and foreign bilateral aid agencies and multilateral development banks to increase U.S. exporter participation in these projects.
- Increase funding for pre-feasibility and feasibility studies for environmental technologies projects through the Trade and Development Agency.
- Take into consideration the environmentally beneficial aspects of a project when deciding whether to use the U.S. government's limited tied-aid resources.

Action: TPCC and Environmental Trade Working Group and Export Finance Working Group to develop a specific plan within three months. Activity to continue over time.

GOAL: COORDINATE AND BETTER FOCUS U.S. GOVERNMENT EXPORT PROGRAMS AND RESOURCES:

In the environmental technologies sector, the U.S. government's export promotion efforts have consisted of a bewildering number of programs administered by numerous different agencies. The array of technologies development programs is similar. With very few exceptions, there has been little serious effort to focus or coordinate these programs or to strategically allocate government resources. Indeed, there has been no effective mechanism for strategic planning and action among government agencies, or between government and business.

To implement an effective interagency strategy, we must truly have a cross-agency

investment strategy, with resources allocated according to established priorities and demonstrated program performance. The U.S. Global Change Research Program, under the auspices of the Federal Coordinating Council for Science, Education, and Technology, has proven over the past several years that such integrated strategies and investment plans can, indeed, be defined and implemented, when Congress, the Executive Branch, and the participating agencies truly work together. The time has come to adapt such a model to our export promotion efforts.

13. Assign responsibility for environmental technologies export performance to the TPCC Environmental Trade Working Group, within three months. Led by the Department of Commerce, it will:

- Establish internal and regional strategies, priorities, and comprehensive country-specific plans for high-priority markets.
- Establish a unified resource allocation plan which supports both the specific near-term goals and consistent development of significant future markets in each region.

13a. Appoint a senior level official to spearhead the Administration's environmental technology export strategy and follow through on the actions presented here.

This senior official will head the TPCC Environmental Trade group, and will be an agency representative at the White House (at the Office on Environmental Policy).

This senior official will have implementation responsibility for the export strategy. The official will also sit on the White House environmental technology task force, the overall agenda-setting body for environmental technology policy—both research & development, and promotion.

Action: Department of Commerce, appointment within three months. Activity to continue over time.

13b. Appoint a senior level official to spearhead public/private partnerships

for the environmental technology strategy, for the TPCC Environmental Trade group.

This senior official will be responsible for ensuring that the Administration's environmental technology export programs are responsive to the needs of American business. This official will actively seek private participation in strategy development, and engage U.S. companies in the implementation of the export strategy.

The Private Sector Liaison will be the point of contact for any business with questions about the strategy or ideas for improvement—and will be responsible for integrating business concerns into the Administration's efforts.

The Private Sector Liaison will engage businesses in partnerships to make the strategy work—such as cooperative public/private efforts between government export shops and regional business groups to expand the opportunities for area firms abroad.

The Private Sector Liaison will engage businesses in the export strategy through regional workshops undertaken with area firms where Administration officials promote the export program and sit down with business to better coordinate the strategy. Such workshops shall occur about the United States, at least four times a year.

The Private Sector Liaison, the chair of the TPCC Environmental Trade group and the White House environmental technology task force will be accountable to business, to ensure that the needs of American companies and workers are being met with the export strategy. The Private Sector Liaison will seek to arrange periodic business "report cards" on the Environmental Technology Export Strategy. These will give U.S. firms—the companies the strategy is designed for—the opportunity to "grade" the Administration, and tell us if the strategy addresses their needs. The feedback is intended to help the designers of the export strategy make improvements, and improve customer satisfaction.

Action: Department of Commerce, TPCC, White House, appointment within three months. Activity to continue over time.

14. Building on the new National Export Strategy of the TPCC, establish a budget cross-cut of existing programs and a unified resource allocation plan for environmental technology exports.

This should give the TPCC Environmental Trade Working Group, the authority, tools, and information needed to define and implement coherent strategies which cut across technology sectors and government agency boundaries and make most effective use of the already considerable U.S. government resources devoted to export promotion and enhancement.

Action: TPCC Working Group, working with OSTP, OEP, and OMB, results within six months.

15. Use limited-term interagency assignments to provide personnel involved with environmental technologies in DOC, DOE, EPA, and key overseas lending institutions with cross-agency knowledge and perspectives.

Over time, this will establish a tier of government personnel with an integrated understanding of the environmental, technological, and business challenges inherent in this area and very valuable knowledge of government programs and policies across all agencies.

Action: TPCC Environmental Trade Working Group, results within four months. Activity to continue over time.

16. Establish quantitative performance measures for its export promotion efforts in concert with formulating its regional strategies. Consistent with the TPCC recommendations, the Environmental Trade Working Group will develop semi-annual performance reports on the effectiveness of specific programs.

A central tenet of this Administration, elaborated in the National Performance Review, is that the government must begin to manage by outcomes rather than inputs. In order to do this, we must establish objective, quantitative performance measures.

Action: TPCC Environmental Trade Working Group; Department of Commerce, semi-annually.

Background to the Preparation of the Strategy

Interagency Process

An intensive interagency process, building on the foundation of core Administration precepts, developed this strategy. Chaired by the Commerce Department, the interagency group involved the Department of Energy (DOE), the Environmental Protection Agency (EPA), Agency for International Development (USAID), Export-Import Bank (Eximbank), Overseas Private Investment Corporation (OPIC), Trade and Development Agency (TDA), and the Office of the U.S. Trade Representative (USTR). Also consulted were the Department of Defense, the White House Office of Environmental Policy, the White House Office of Science and Technology Policy, the Office of Technology Assessment, and the Federal Coordinating Council for Science, Engineering, and Technology. Working in the Administration's spirit of avoiding interagency "turf battles," the focus was to develop a coordinated strategy with clear actions for measurable results, both near and long term.

Key to the process was involvement of business (including developers, vendors and users of innovative technologies), the financial community, government agencies and the public during the early stages of policy development. A series of "stakeholder" meetings were held in Los Angeles, Dallas, and Boston to hear the views and concerns of industry. There were countless other meetings and discussions with industry and other interested groups throughout this process, including state trade development agencies and industry trade associations. These discussions created the foundation for ongoing public-private partnerships.

Summary of Key

Recommendations of the TPCC

Resource Allocation: There is wide recognition that governmental resources devoted to export promotion have not been coordinated according to a coherent strategic vision.

- *Create a unified export promotion budget that coordinates resources consistent with geographic and sectoral priorities.* This will be achieved through

an interagency resource allocation process, with key roles for the White House National Economic Council (NEC), Office of Management and Budget (OMB), and the TPCC.

Domestic Field Network: Potential exporters seeking export assistance express frustration and difficulty in locating appropriate sources of help, given the number of field offices of federal agencies and other local export service providers.

- *Create one-stop shops within identified regions, so exporters can receive all needed assistance from one location.* These centers (export resource and assistance centers) will provide assistance using all federal export promotion and trade finance programs. They will also integrate federal services with other local, state and private sector providers.

Overseas Network: The Departments of Commerce, State and Agriculture carry on active trade promotion programs around the world, but improved coordination is needed.

- *Develop a single, comprehensive commercial strategic plan for each country with significant market potential that is cleared by the Country Team and approved by the Ambassador.*

Advocacy: Experience has shown that when the U.S. government advocates aggressively in specific business deals, it can significantly improve U.S. companies' chances of success. U.S. government advocacy, particularly by high-level officials, must be better organized and coordinated, with greater high-level participation.

- *Create a TPCC Advocacy Coordinating Network to identify systematically major procurement and project opportunities overseas; inform U.S. firms of these business opportunities; determine what advocacy is appropriate and where U.S. government efforts are likely to have the greatest impact; respond to the advocacy efforts of competitors; and evaluate the impact of U.S. advocacy efforts.*

Export Financing: Export financing is an important competitive tool. Weaknesses in this area cost U.S. exporters overseas

sales and prevent many would-be exporters from entering export markets.

- *Increase understanding of export financing among potential exporters, involve more banks in this field, broaden access to governmental export financing institutions, and level the playing field by addressing competitors' tied aid practices.* The TPCC will encourage private banks to return to the export finance market, filling a critical shortage for smaller exporters. Further, the TPCC will recommend consolidation of our feasibility study grant system to compete more efficiently worldwide.

Key Agency Roles

Department of Commerce: The International Trade Administration is the lead agency to promote U.S. environmental technology exports with support of other agencies. Most programs are part of more general export promotion activities that are not restricted to environmental technologies. ITA also participates in the negotiation of international environmental agreements and the setting of international voluntary standards to ensure that foreign markets remain open to U.S. exports, including environmental goods, services and technologies. The National Institute of Standards and Technology promotes technology development through program areas such as pollution avoidance and in the maintenance and advancement of the requisite measurements and standards infrastructure for technology development and deployment. The National Oceanic and Atmospheric Administration promotes the development of environmental technologies through programs in environmental assessment and monitoring of the global environment.

Environmental Protection Agency: EPA sets U.S. environmental protection policies and management practices. These policies and management practices create the demand for environmental technologies and services and affect the rate and shape of technology development as well as the structure of the U.S. industry. EPA addresses issues of technology cooperation with other countries, facilitates environmen-

tal technology development and demonstration, and provides technical assistance and training. Many of these programs indirectly help U.S. businesses with export promotion. EPA helps other countries establish their environmental policies and management practices, which can further stimulate demand for innovative technological solutions.

Export-Import Bank and the Overseas Private Investment Corporation: Eximbank offers loans, guarantees, and insurance to support the sale of U.S. goods and services overseas. OPIC provides loans, guarantees, and insurance to support U.S. foreign direct investment in development countries and other emerging markets. Both agencies increasingly emphasize environmental activities.

Department of Energy: DOE is the lead agency for technology research and development, with environmental programs in energy efficiency; clean processes, environmental restoration; waste management; global environmental research; and the transfer of innovative technology to the private sector for commercialization. DOE is also the largest developer and user of environmental restoration and waste management technologies in the Federal government.

DOE's environmental technology export role focuses on energy efficiency, renewable energy, clean energy, environmental remediation and waste management technologies. DOE leads the Committee on Renewable Energy, Commerce and Trade (CORECT), a public-private working group to promote international sales of renewable energy products and services; supports export promotions via the Committee on Energy Efficiency, Commerce and Trade; and cosponsors international trade missions, conferences and technology demonstrations.

Agency for International Development: USAID is the lead agency for sustainable development assistance. Its programs include technical assistance, training, and policy advice on environmental management in developing countries. USAID activities also encourage developing countries to open their economies to international trade and investment, thereby

creating new opportunities for U.S. business. It also is the lead agency in the U.S.-Asia Environmental Partnership, a public/private program designed to protect Asia's environment and promote economic development.

Other Agencies: Include the Trade and Development Agency, Small Business Administration, U.S. Trade Representative

(USTR), and Department of Labor. For example, USTR deals with market access and international standards and regulatory regimes, both of which have a substantial potential effect on U.S. environmental technology exports. The Labor Department, through its Occupational Safety and Health Administration, is involved in establishing international standards to protect workers from environmental dangers.

Interagency Environmental Technologies Working Group - Contacts

Department of Commerce

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Export-Import Bank

John Wisniewski, Vice President, Engineering - Environmental Affairs

U.S. Agency for International Development

Jeff Seabright, Senior Policy Advisor to the Administrator

Overseas Private Investment Corporation

Harvey Himberg, Director, Investment Policy and Environmental Affairs

Trade and Development Agency

Jill Jones, Country Manager for Special Projects

PENDIX: Mexico, NAFTA, and Environmental Export Opportunities

With passage of the North American Trade Agreement (NAFTA), Mexican and for environmental technologies will ease significantly, presenting lucrative opportunities for the U.S. environmental technologies industry and good high-paying jobs for American workers.

Environmental Benefits of Free Trade

Economic growth spurred by NAFTA is expected to directly benefit the Mexican environment, and increase U.S. exports. Though:

Increased access to international capital and technology will enable Mexican companies to purchase the latest in pollution control equipment and technology.

An expanded tax base will enable the Mexican Government to allocate more resources to environmental monitoring and enforcement.

Higher living standards will make Mexico citizens even less tolerant of pollution and more likely to place a higher priority on environmental issues.

NAFTA also will stimulate additional U.S. exports of environmental products and services to Mexico through key provisions, including:

- Enhanced enforcement of environmental regulations under the NAFTA Supplemental Agreement on Environmental Cooperation. Under this agreement, NAFTA countries make unprecedented commitments to enforce their environmental laws, backed up by a groundbreaking dispute settlement mechanism that offers penalties for countries that persistently fail to effectively enforce their laws. Just as importantly, the agreement contains a number of mechanisms through which countries will enhance cooperation on enforcement of environmental laws.
- Removal of tariff and non-tariff barriers to U.S. environmental technology exports. Tariffs on pollution control equipment currently range from 0 to 20 percent. Under NAFTA, tariffs on most pollution control equipment will be eliminated on the date of implementation or within 5 years of implementation.

This stimulates U.S. exports by further enhancing the relative price competitiveness of U.S. pollution control equipment vis-a-vis non-NAFTA products.

- Elimination of restraints on the cross-border provision of environmental services. Under NAFTA, environmental engineers and consultants will be able to enter Mexico on a temporary basis to provide services.

Mexico's Environmental Commitment

Mexico already has demonstrated a strong commitment to protecting the environment and enforcing its environmental standards. Mexico is a leader in the developing world in such expenditures and in its willingness to enter into international pollution reduction agreements on the same terms as developed countries. For example, Mexico has agreed to reduce its use of ozone-depleting substances according to the same phase-out schedule of developed countries as negotiated under the Montreal Protocol. Its comprehensive Environmental Law of 1988 is based in large part on U.S. law and experience and includes criminal penalties for noncompliance.

In May 1992, Mexico created the Secretariat of Social Development (SEDESOL is the Spanish acronym). This ministry for environmental affairs and social development is one of the most important in the Mexican Cabinet. Within SEDESOL, the Attorney General for the Environment may inspect and partially or permanently close industrial facilities that do not comply with the environmental standards published by the National Institute of Ecology (an environmental division within SEDESOL). SEDESOL is working with international consultants to write or revise more than 200 environmental regulations.

Environmental Financing in Mexico

Lack of adequate financing has hampered environmental protection efforts in Mexico to date. With passage of NAFTA, an additional commitment of \$8 billion will be made available through government, private, and multilateral lending institutions to finance environmental infrastructure projects over the next decade. This is in addition to the already significant

"NAFTA embraces the emerging consensus that the international trading system must be better harnessed with our priority for local, national, and global environmental protection. Trade and the environment are inextricably linked in the world of commerce, and through the NAFTA they have been linked in the world of diplomacy."

*Timothy Wirth,
Counselor of the
State Department,
September 20, 1993*

"Getting stakeholders involved is very important. Technology providers and the government are insufficient. The public needs to be involved.

The environmental groups need to be involved. And the end users of technology need to be involved. And they're not."

Joe Petrillo
Vice President of
Environmental Business
Development and Marketing
Stone and Webster
Engineering

"We simply do not know the amount of government programs available, and we are also somewhat confused by the range of agencies involved. Just as the environmental technology industry needs a single voice to represent it in export issues, the federal government also needs to consolidate and coordinate its efforts so that we minimize agency turf battles and maximize the benefits afforded to the environmental technology industry."

Richard Colob
President
World Information Systems

and growing Mexican government environmental budget and an anticipated 15 percent annual growth in environmental spending on the part of Mexican private industry.

On September 28, 1993, an initiative to channel multilateral development bank loans for environmental projects in Mexico was announced in Washington, D.C. Under this new program, the World Bank would provide \$2 billion in loans to Mexico in 1994-96 to support major new environmental initiatives. The Mexican government has committed to provide \$2 billion in matching funds.

Although this \$4 billion program will address environmental concerns throughout Mexico, the U.S.-Mexico border region will receive priority attention during the initial stages. The full range of environmental projects will be financed by the loans, including wastewater treatment, water supply, sanitation and sewerage, solid waste management, industrial pollution, toxic waste management, and protection of natural resources.

Contingent on the enactment of NAFTA, a bilateral U.S.-Mexico financial plan for the border region is also to be launched. This plan calls for the establishment of two new institutions: a North American Development Bank (NADBank), capitalized in equal \$225 million shares by the U.S. and Mexico, that will leverage over \$2 billion in additional financing for environmental infrastructure projects; and a

Border Environment Cooperation Commission (BECC) to assist border communities and other sponsors in developing and implementing environmental projects, and to certify projects for NADBank financing. These two new institutions will significantly help marshal resources from both public and private sources to solve the environmental problems of the border region.

Border Environment Plan

The centerpiece of U.S. and Mexican efforts to address border environmental problems is the Integrated Environmental Border Plan. This plan is the first major, joint border environmental program to discuss issues in the context of the entire border area. All major issues (air, water, hazardous, materials, and ground pollution) will be considered under this program. The plan's fundamental goal is to protect human health and natural ecosystems along the border. The plan's central objectives are to:

- Strengthen enforcement of existing laws.
- Reduce pollution through new initiatives.
- Increase cooperative planning, training, and education.
- Improve understanding of the border environment.

The U.S. government allocated \$208 million for environmental initiatives during fiscal year 1993 under the border plan; Mexico has committed \$466 million for the first phase of the program (1992-94).

Timeline for Implementation

GOAL: MAKE IT EASIER FOR BUSINESSES TO WORK IN PARTNERSHIP WITH THE U.S. GOVERNMENT.

1. Establish the Environmental Trade Advisory Committee

GOAL: STRENGTHEN THE TECHNOLOGY DEVELOPMENT AND COMMERCIALIZATION ABILITIES OF THE DOMESTIC INDUSTRY.

2. Establish mechanisms to provide effective coordination of federal environmental technology development programs and resources in all agencies.

3. Assist commercialization of environmental technologies by the private sector.

4. Review regulatory standards and procedures in order to reduce barriers to environmental technology development and commercialization.

GOAL: SUCCEED IN THE MOST IMPORTANT MARKETS TODAY; DEVELOP TOMORROW'S MOST POTENTIALLY VALUABLE MARKETS; MAXIMIZE SPILLOVER BENEFITS OF EACH PROGRAM.

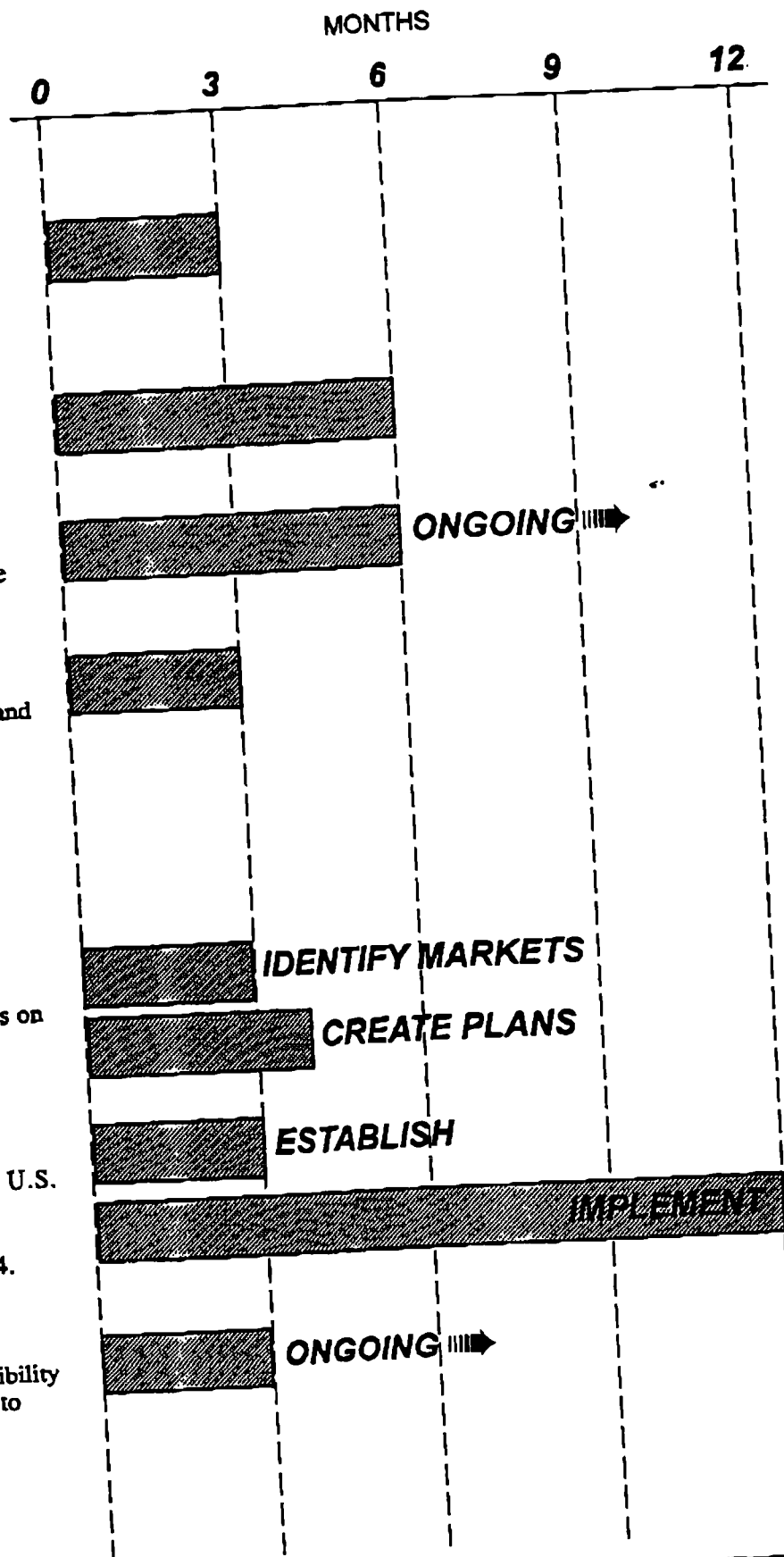
Targeted Focus

5. Focus current environmental technologies export promotion activities on specific markets with potentially high, immediate returns.

6. Establish a TPCC Latin American Environmental Initiative to define a comprehensive strategy for promoting U.S. environmental technology exports to Mexico. Implement strategic events identified by the Initiative during 1994.

Continuous Market Development

7. Consistently take advantage of opportunities to enhance overseas visibility and long-term foreign market access to U.S. environmental technologies.



8. Strengthen U.S. government presence and environmental technology expertise overseas through training of U.S. & Foreign Commercial Service officers and Foreign Service Nationals (FSNs).

Strengthen Advocacy

9. Establish a strategic calendar, updated quarterly, of key environmental transactions and trade promotion events that merit high-level U.S. government advocacy and representation.

Streamline Information and Improve Customer Services for Export Ready Firms

10. Strengthen support dramatically for environmental technologies industry by training appropriate one-stop-shop staff.

11. In concert with the private sector, identify the data needs of the industry and government. Explore with the private sector the best mechanism to disseminate information to them.

Increase Access to Export Financing and Development Assistance

12. Increase awareness among environmental firms of U.S. government export financing support programs and projects receiving bilateral and multilateral development assistance.

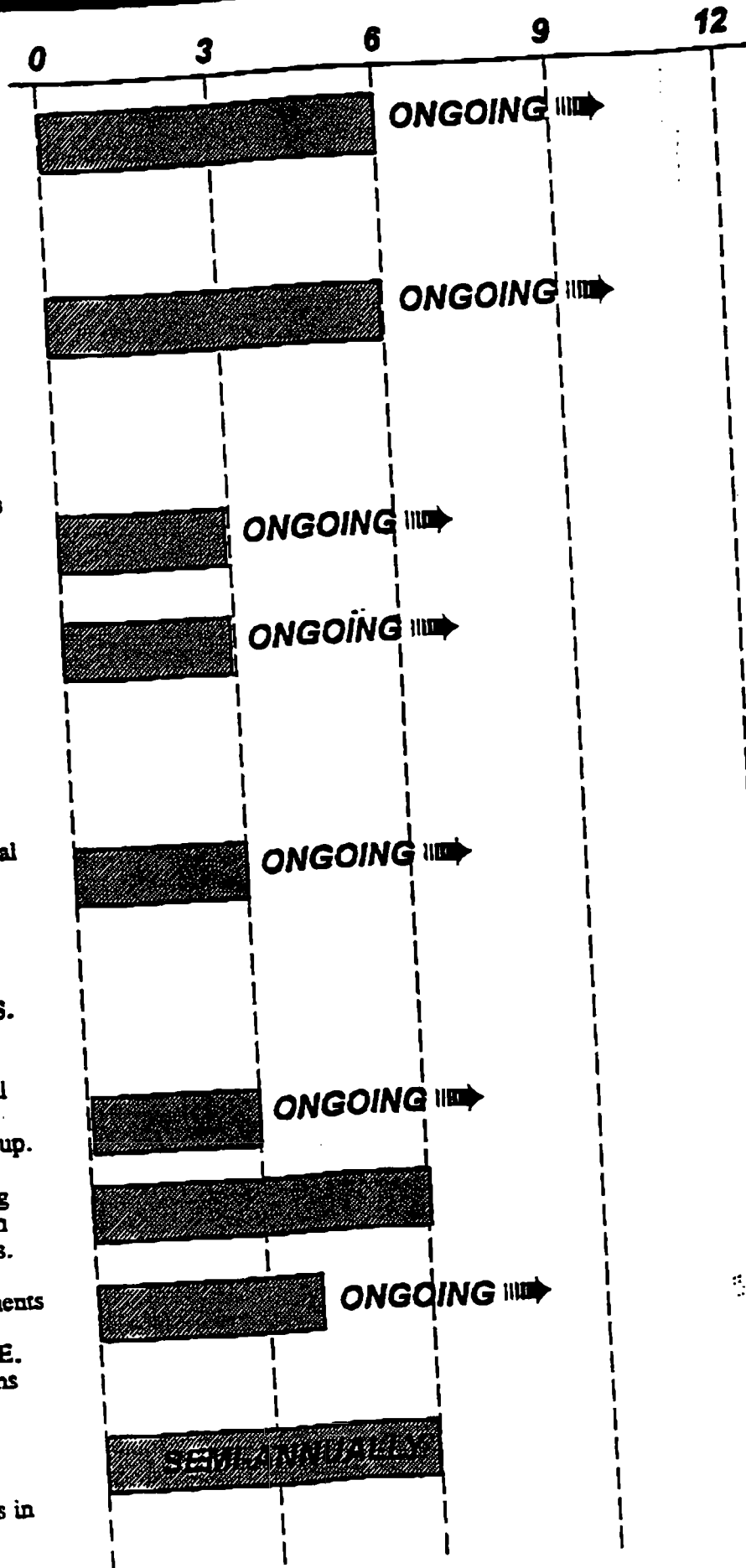
GOAL: COORDINATE AND BETTER FOCUS U.S. GOVERNMENT EXPORT PROGRAMS AND RESOURCES

13. Assign responsibility for environmental technologies export performance to the TPCC Environmental Trade Working Group.

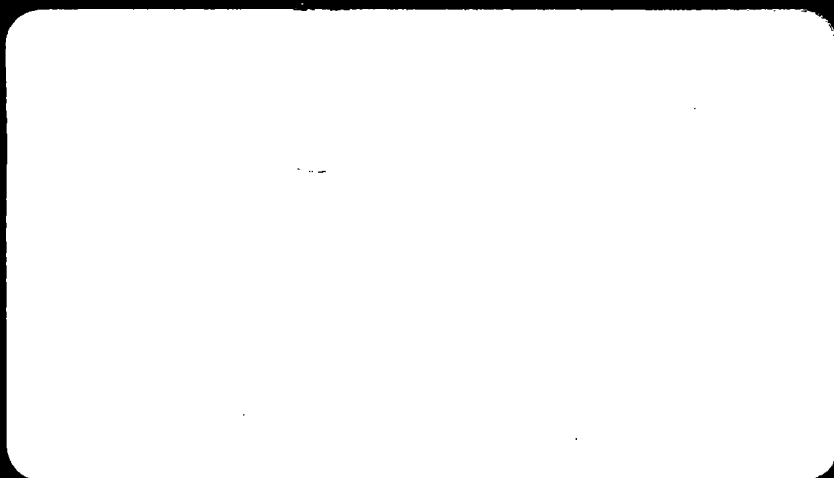
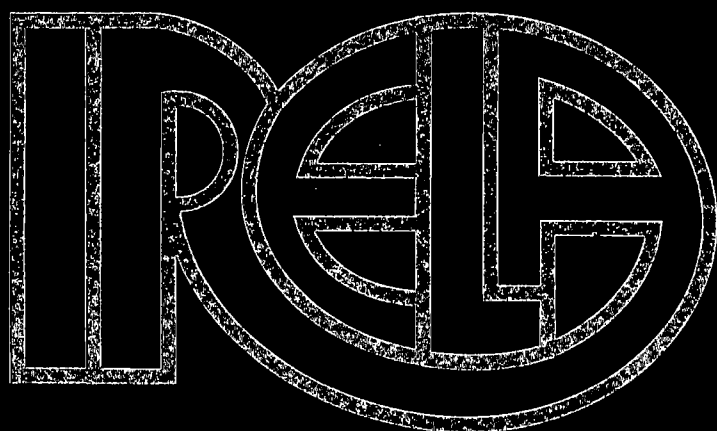
14. Establish a budget cross-cut of existing programs and a unified resource allocation plan for environmental technology exports.

15. Use limited-term interagency assignments to provide personnel involved with environmental technologies in DOC, DOE, EPA, and key overseas lending institutions with cross-agency knowledge and perspectives.

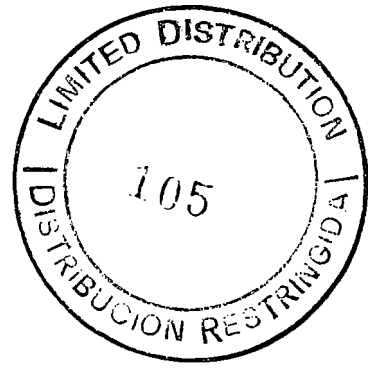
16. Establish quantitative performance measures for its export promotion efforts in concert with formulating its regional strategies.



INSTITUTO DE RELACIONES EUROPEO-LATINOAMERICANAS



INSTITUTE FOR EUROPEAN-LATIN AMERICAN RELATIONS



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Poverty in Latin America:

Causes and Costs

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POVERTY IN LATIN AMERICA: CAUSES AND COSTS

*To: Anne Christensen
Any thoughts?
RF*

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INTRODUCTION

1. On 23 July 1993, a group of gunmen shot dead eight Brazilian children in a business district of Rio de Janeiro. Poor, homeless and mainly black, these "street children" were the latest victims of death squads which have killed an estimated 7,000 Brazilian youngsters in similar circumstances over the past fifteen years. Street children are often forced to turn to begging and petty theft to survive, which may point to the motives behind the killings. But the dead have come to symbolize the most tragic face of an enduring and increasingly acute problem in Latin America: widespread poverty. Most of the region's poor are children, and most children are poor. In November 1992, the Economic Commission for Latin America and the Caribbean (ECLAC) estimated that impoverished Latin Americans have almost doubled in number since the early 1970s and now exceed 200 million, roughly 45% of the region's population. Even this figure fails adequately to express the predicament of those living on low incomes in ill-health, or in a state of destitution. Poverty is the principle cause of death in the region, blamed for one and a half million deaths every year.

2. The problem of impoverishment is increasingly visible. Almost all Latin American cities are surrounded by *cinturones de miseria* — large belts of extreme poverty — often lacking the most basic infrastructure and social services. The inhabitants suffer high rates of unemployment or underemployment, live in very inadequate housing, are constantly at risk from infectious diseases and are usually worst-affected by natural disasters. On 8 August 1993, Caracas was hit by a storm that caused 150 deaths and left thousands homeless. Almost all the victims were slum dwellers.

3. Poverty and related issues, such as unequal distribution of incomes and access to social services, were neglected during the 1980s despite generalized economic distress among most social groups in Latin America. Only once the foreign debt crisis faded from the headlines did these issues begin to rise on the domestic and international policy agendas. Over the past two years, moreover, grave political problems and outbreaks of social violence in Brazil, Haiti, Peru, Venezuela and, most recently, Cuba and Nicaragua, have heightened attention to the precarious position of the region's poor. Such incidents, moreover, have raised worries about governability and even democracy itself in Latin America. To reiterate the Rio Group's prescient question of December 1988: "how much poverty can liberty bear?". Freedom has endured a great deal of poverty in the period of adjustment of Latin American economies. The danger was always that democracy, as a guarantor of freedom, would not be able to alleviate the poverty fast enough to make the suffering worthwhile.

4. Many now speak of Latin America's massive "social debt", a concept deriving from the combined consequences of external indebtedness and economic adjustment. Social debt refers to the perceived impact on living standards of far-reaching economic reforms, and the common view that servicing the external debt has usually been at the expense of Latin American society. While economic reform appears to have restarted moderate growth in much of the region, poverty has generally not yet tended to decline in either

relative or absolute terms. Much more attention is being paid by policy-makers, research institutions and the media to the debilitating effect of the 1980s' recession, and continued adjustment in the 1990s, on the welfare of the poorest sectors, as well as on social equity.

5. Most Latin American governments have adopted anti-poverty strategies. Political leaders in the region are committed to increasing the proportion of state resources earmarked for improving the conditions and prospects of the poor, though government budgets are limited. The fundamental objective is to ensure that the region's reforms, nascent economic growth and democratic consolidation are not swept away by a tide of popular protest and political upheaval. The international community is also aware of the need to take action: the 14-16 July III Ibero-American Summit, held in Salvador de Bahía, Brazil, adopted as its theme social problems and poverty. The European Community (EC) and particularly the European Parliament (EP) have often expressed their concern through declarations on the subject.

6. Over the last few years, moreover, major studies on poverty have been published by ECLAC and other United Nations (UN) bodies, along with the World Bank, the Inter-American Development Bank (IDB) and a range of smaller, academic and non-governmental bodies. In the past, the available data was often outdated, incomplete, of doubtful accuracy and uneven between countries and regions, making it difficult to obtain a clear picture of developments among Latin America's poor. The latest body of literature on poverty helps to redress this lack of information, and thus to assess the extent of the problem before, during and after the recession of the 1980s. It should still be noted that the data remains unsatisfactory in many respects; different sources sometimes provide markedly distinct estimates. For this reason, specific figures from studies — particularly the most recent research — quoted in the text occasionally do not match exactly the broader values given in the Annex.

7. But by any measure, poverty is one of the most salient issues in Latin America today, particularly since the impoverished in the region are, in the World Bank's view, among the "poorest of the world's poor". The subject remains controversial, involving much disagreement over the precise causes and repercussions of poverty. Apart from dealing with the miserable existence and the very survival of millions of human beings, it touches upon virtually all other issues of today — from the environment and democracy to economic policy management and choices of development strategy.

8. This Dossier examines the evidence presented by recent and rigorous research on the poor in Latin America. It begins by evaluating the patterns of poverty in the region in the postwar period, looking particularly at the prevalent trends, at those groups most affected, and at the scale and manifestations of poverty in the region today. Close attention is paid to the impact of structural adjustment and economic stabilization since the early 1980s. In subsequent chapters, the Dossier assesses the mechanics of poverty — such as its propagation among particular groups — and the manner in which poverty is likely to shape economic performance, as well as politics, policy-formulation and governability in the region during the 1990s. The Dossier seeks to analyze some of the options available to Latin America in dealing with an historically intractable problem.

I. THE EVOLUTION OF POVERTY IN LATIN AMERICA

Defining and Measuring Poverty

9. Concepts of "poverty" evolve over time and vary enormously from one country or region to another. Value judgements are inevitably at the heart of the issue. The most common approach is to define poverty as the inability to meet most fundamental needs for a dignified existence in a given society. An arbitrary poverty line can then be drawn to separate the poor from the non-poor. On or above this line, a household can afford to satisfy its dietary requirements and consume basic goods and services such as clothing, education, health care, reasonable housing and transport. *Absolute* poverty is calculated as the total number of poor people among the population as a whole, an indicator sometimes referred to as the "headcount" index.

10. Poverty can also be *relative*. First, objectively speaking, "poverty" in industrialized countries bears no real relation to that in developing nations. The current US federal poverty line is \$15,170 per household; the EC defines as "poor" those earning under half the Community average (around 15,500 ecus). Drawing a poverty line does not indicate the extent to which poor people fall below this level: many will be close to satisfying their dietary and non-food needs, but others may exist in far more miserable conditions and might even be on the verge of starvation. More complex techniques are available to measure this "incomes gap". Moreover, the notion of "indigence", or destitution, allows the classification of those who can not even afford a basket of food sufficient to stave off malnutrition. Indigence can be defined by drawing a second, much lower, poverty line.

11. The World Bank's 1990 report on world poverty designated as poor those struggling to survive on under \$370 per capita per year; destitution was considered to set in at less than \$275 per annum. Latin American countries do not always adopt these thresholds. Mexican researchers, for example, consider moderate poverty to begin at less than an annual income of \$940 per individual, and indigence at under \$200 per year. Incomes at the moderate poverty level in Mexico would probably be equivalent to a more comfortable existence in Haiti, as well as in parts of the Andean region and Central America. For highly urbanized Greater Buenos Aires, the poor are understood to include those living three to a bedroom in sub-standard housing, with inadequate water and sewerage, as well as deficient access to education. The definition of poverty for rural Bolivia would obviously be different in both substance and degree.

12. Poverty lines also blur the rural-urban divide in much of Latin America. Food and housing, for example, are usually cheaper in the countryside. City dwellers might therefore reasonably be considered poor even at levels slightly above the national poverty line. Similarly, peasant families might be regarded as only becoming impoverished at as little as 75% of this level. While income is the most habitual measure of well-being — permitting the purchase of food, basic goods and vital services — it only hints indirectly at the living conditions of the poor in Latin America. It is just as important to consider the key "quality of life" indicators, such as the infant mortality rate (IMR), malnutrition and educational attainment. These indicators offer important clues about the current welfare and future opportunities of those in poverty.

Changes in Poverty over Recent Decades

13. The socio-economic and political fallout of Latin America's "lost decade" has tended to cloud the long-run picture of significant progress on reducing poverty. For the first eighty years of this century, Latin America registered faster economic growth than any other region in the world: total output expanded by 3.8% a year, rather more than either Asia (3.2%) or countries that now form the Organization for Economic Co-operation and Development OECD (2.9%). After World War II, economic growth in Latin America was sustained by a powerful combination of strong international demand for primary products and vigorous industrialization at home. Even after the 1973 oil crisis, when the world economy slowed, Latin America kept growing — stimulated by huge quantities of foreign finance provided at very low real interest rates.

14. Rapid postwar economic growth was admittedly very unevenly distributed at the individual level. Incomes actually became more concentrated, notably in Argentina, Brazil, Chile, Colombia, Mexico and others. Brazil is roughly indicative of events in the region as a whole: from 1960 to 1980, the wealthiest tenth of the population saw their share in total earnings rise from a quarter to over a half. The main reason was rising demand for skills and a tendency for capital-intensive investment in what had been, excluding parts of the Southern Cone, labour surplus economies. In 1980, the poorest fifth of the Latin American population had an average share of barely 4% of national income, one of the lowest rates anywhere in the world.

15. Despite this, changes in the rate of poverty have been favourably and directly correlated with economic growth. Declines in poverty have usually been coincident with expanding markets. Beginning in the early 1950s, employment increased faster than did the labour force as a whole. Employment and earnings opportunities brought increased incomes for the majority of Latin Americans; absolute income levels, even of those remaining in poverty, tended to rise. Government expenditures increased markedly in vital areas such as sanitation, water supplies, health care and education. This brought dramatic progress in "quality of life" indicators for the region: life expectancy, calorie intakes, child and infant mortality rates, and education attainment have all improved markedly over the past four decades. Indeed, Latin America advanced faster in this period than did the present OECD nations at a comparable stage in their development.

- Coverage of the **educational** system has been greatly expanded. The Southern Cone countries — excluding Brazil — had long provided more equal education opportunities than the rest of the region, and this gap closed notably after 1960. Practically all countries saw impressive gains in primary school enrollment and adult literacy. Prior to 1960, Africa, Asia and the Pacific region all provided their young people with greater access to secondary school than did Latin America. Today, excluding countries such as Hong Kong and Singapore, the situation has been reversed.

- **Health indicators** in Latin America have been consistently better than those of other developing regions in the postwar period. In 1960, the death rate of Latin American children aged 1-4 years was 9 times as high as for the industrialized world. By 1991, the ratio had fallen to 5:1. The region's IMR has declined dramatically, halving in the last twenty years. Life expectancy has risen from 54 to 67 years since 1960.
- **Population growth** has slowed continuously during the past thirty years, and is now around average for the developing world. Demographic growth averaged 2.4% per year in the 1970s, but is today approaching 1.9%. The overall transition from high mortality and high fertility to low rates of both is largely complete in a number of Latin American countries, with rates of barely 1%.

16. Several points should be borne in mind. First, the impact of such change will not be seen for many years because of "demographic momentum": when fertility rates were high the age structure of the population became youthful. Hence, although the average woman is having fewer children than three decades ago, the number of women of reproductive age is now very large. Substantial increases in the population will therefore continue until the generation born during the period of high fertility passes beyond the age of reproduction. In this context it is worth noting that, since 1950, Latin America's population has almost tripled to reach 446 million; by the year 2000 the total is estimated to reach 540 million. Second, population growth has exacerbated poverty, straining natural resources in rural areas and putting pressure on the basic infrastructure of urban centres. This has led to overcrowded schools and high rates of unemployment among the young, all of which has required increased government expenditure on social services.

Poverty, Structural Adjustment and Economic Stabilization in the 1980s

17. Overall poverty worsened in Latin America during the 1980s. In part, this was a direct consequence of the powerful external and internal economic shocks that affected the region in this period. Partly, too, it resulted from the austerity measures adopted by national governments to restore market stability in the wake of the 1982 debt crisis. The real roots of the crisis go much deeper. Latin America's inefficient, inward-looking economic growth model was exhausted. In the 1970s, the inevitable outcome was postponed by abundant flows of foreign credit, but this in itself contributed decisively to the onset of severe crisis in the early 1980s. While the precise nature of Latin America's economic predicament is beyond the scope of this Dossier, the end of the postwar growth trend had great significance for poverty in the region.

18. A number of new studies, covering the national situation in a broad cross-section of Latin American countries, indicate that the 1980s were truly a "lost decade" for the poor. Whereas the proportion of Latin Americans living below the poverty line had fallen in the 1960s and 1970s, the trend stopped in the 1980s — and was even reversed in Argentina, Brazil, Guatemala and Venezuela, among others. A December 1992

World Bank staff study found that the region's "poverty headcount" rose from 27% to 32% from 1980-89; ECLAC puts the figure even higher (46% in 1990). There were marked intra-regional differences, with less growth in poverty in Costa Rica and Uruguay. Both countries had among the lowest rates in Latin America: 3% and 5%, respectively, in urban areas. The most extreme growth was in Mexico, where the proportion living below the poverty line rose from a third in 1970 to half by the mid-1980s. Bolivia, Guatemala and Honduras also performed relatively badly.

19. During the 1980s, too, poverty shifted from a predominantly rural phenomenon to a mainly urban problem. The chances of being poor in 1990 were still higher in rural areas (61%) than in urban zones (39%). But the *absolute* number of poor became higher in the cities, partly because many rural poor migrated to urban areas. Generally, rural poverty rates have declined even in countries where urban impoverishment was on the rise. Economic crisis was ameliorated in the countryside since peasants could protect their food intakes by consuming their own production. During the 1980s, almost 60% of the rise in regional poverty took place in Brazilian and Peruvian cities. A more than proportionate share of Latin America's poor (70%) live in only 6 countries: Bolivia, Brazil, Guatemala, Haiti, Honduras and Peru.

20. Structural adjustment and economic stabilization were global phenomena in the 1980s. Latin America, however, found itself at the forefront of such efforts due to its traditional position as the developing world's leading debtor region. Economists agree that the sheer magnitude of the external and internal shocks affecting Latin America made it virtually inevitable that the region's citizens — including the poor — would be hurt by adjustment and stabilization measures. Most also point out that structural reforms should help the poor in the long-run, to the extent that sound economic management and growth are restored, or at the very least by preventing the situation from deteriorating further. Some adjustment measures actually help the poor directly. The best example is the positive impact of devaluation on those peasant farmers that produce export foodstuffs. But in general terms, the short-term consequences of economic adjustment have been devastating for Latin America's poor.

The impact of austerity on the poor in the 1980s

21. Economic adjustment usually demands cuts in domestic consumption and in government spending, to combat inflation and to help improve the trade balance. Because Latin America was particularly affected by declining terms of trade and a heavy debt burden, these cuts went relatively deeper than in other, comparable regions. Structural economic problems, allied to severe capital flight, the "dollarization" of many economies, and even smaller tax revenues (due to the shift of much economic activity into the informal sector and high inflation), made it technically harder for local economies to respond to standard adjustment formulae. Throughout the region, the response of exports and investment was, at least initially, disappointing.

22. Annual growth rates in the 1980s were significantly below the region's average performance from 1940 to 1980. The relative difference was over 4% less per year in Argentina, Brazil, Ecuador, Mexico and Peru, and around 3% less for most other countries. Only Chile (under 1% less) and Colombia (a 1.3% drop) escaped relatively lightly. Colombia was the only Latin American country not to suffer a large fall in output at any time during the 1980s. From 1950 to 1980, per capita GDP had doubled in Latin America despite rapid population growth. But in 1989, per capita output was below that of 1980. Argentina, Bolivia, Haiti, Nicaragua, Peru and Venezuela all saw a decline of over 20%. Colombia and Chile enjoyed cumulative growth of around 8%, but even here average incomes and real minimum wages did not keep pace with economic expansion.

23. Adjustment affected the poor directly. Austerity measures and restrictions on demand tended to provoke unemployment and lower real wages. Falling government spending on education, health and social welfare hurt the poor, as did the removal of state subsidies on basic foodstuffs and essential services such as public transport. Real incomes in much of the region dropped to the levels of the 1960s. In most countries, living standards worsened as people not only earned less but also had to work longer hours. Earnings, obviously, are vital for the poor since labour is their only asset. Economic recession brought strong downward pressure on wages and job opportunities for those at the bottom of the income pyramid. Those hardest hit were new entrants to the job market, who lacked experience, and the least educated, who tend anyway to be among the poorest.

24. Continued high inflation worsened the relative conditions of the poor, who were unable to protect themselves by purchasing inflation-proof assets such as dollars, gold, property and company shares. Their purchasing power was correspondingly eroded. In Mexico, for example, inflation led to a halving in dollar terms of the real minimum wage from 1981 to 1990. Moreover, genuine unemployment became a major problem in many Latin American cities for the first time. Previously, joblessness was much less of a problem than widespread under-employment. The informal sector's ability to absorb this labour was limited.

25. It is important to stress, however, that a few basic *welfare indicators* in Latin America have been resilient to crisis, at least in the short term. Even in the 1980s, child malnutrition and IMR decreased in much of the region, regardless of overall income distribution or the absolute level of poverty. While it is true that the pace of improvement slowed, Latin America continued to score well on the United Nations *Human Development Index* (HDI) — which combines figures for life expectancy, educational attainment and income — throughout the 1980s. In 1990, Chile and Costa Rica had higher rankings on the HDI than Portugal, and slightly below Greece. Latin America's average ranking still compared very favourably with the Southeast Asian nations, and was far better than the rest of Asia, the Mediterranean, and sub-Saharan Africa. A number of other sources indicate that even during the 1980s life expectancy continued to rise in practically all Latin American nations; by 1990, the IMR was less

than half of the 1965 levels in every single country; progress in literacy has been remarkable in most of the region since the late 1970s (up by over 8% 1978-1990), and spectacular in the poorest countries.

26. In short, gauging poverty is a complex and arbitrary matter, involving income levels, the real distribution of earnings, and key welfare indicators such as the IMR and the opportunities for education. Even though the measurement techniques are still haphazard, it is clear that the 1980s had a powerful, negative effect on Latin American social well-being — something that can easily be inferred from stagnant or negative economic growth, higher unemployment and lower real wages. It is equally clear that the region's "lost decade" largely obscured the significant long term progress made by Latin America, as shown by vastly improved welfare indicators since the 1960s, and by a gradual reduction in population growth rates. Nevertheless, in overall terms, poverty in the region worsened during the last decade.

II. PATTERNS OF POVERTY TODAY

27. Impoverishment today is dramatic, both in depth and scope, practically throughout Latin America, with the poor distanced from the rest of the population in terms of economic resources and access to essential services. An April 1993 study of Buenos Aires, home to a third of all Argentines, found that over 30% of the city's inhabitants are poor. The poorest tenth of the population earn barely 2% of the total income. The latest research in Mexico reached a similar conclusion regarding the share of the poorest in national income. It also estimated that 10-15% of households are "hardcore poor" and that a further 40% of Mexicans are moderately impoverished. As with other Latin American countries the *degree* of poverty is greatest in rural areas, although there are more poor people in the cities.

28. Health indicators are perhaps the most poignant manifestation of widespread distress. Over a quarter of Latin America's children are affected by stunted growth as a result of inadequate diet, though this average disguises extremes of over 50% in Haiti and Guatemala and 10% or less in Argentina, Chile, Uruguay and Venezuela. In parts of the Andean region and Central America, up to a sixth of children aged under five die as a result of malnutrition. A deficient food intake leaves the poor, particularly the youngest, highly vulnerable to illness. Several "19th century" diseases have become important threats to life in areas lacking running water and adequate sanitation, putting even greater stress on the limited health infrastructure.

29. A cholera epidemic broke out in Peru in early 1991 and has spread to ten other Latin American countries. During 1992, 280,000 new cases of cholera were reported in the region, and the epidemic has continued on a similar scale in 1993. Tuberculosis, increasingly resistant to drugs even when these are available, is affecting many thousands of infants and young children in the region. HIV/AIDS is another disease of the poor. The impact of the virus is badly aggravated by malnutrition and complications induced by other chronic ailments. It spreads quickly among the poor due to a lack of proper information, and by the fact that poor addicts are intravenous drug users. The number of cases of full-blown AIDS in Latin America has risen from 8,000 in 1987 to over 60,000 in 1993. The trend is sharply upwards: as many as half a million people in Colombia and Mexico are thought to be carrying the virus.

Uneven progress by country and region

30. Analysts point out that poverty — expressed in terms of malnutrition, poor housing, lack of educational opportunities and shortened life spans — is at its worst in countries with particularly low, average per capita income. This is true of Haiti as well as large areas of the Andean region and Central America. Yet poverty remains highly visible even in Latin American nations boasting relatively high levels of income, such as Brazil and Mexico. High degrees of income inequality usually lead to greater infant and child mortality in individual countries than would normally be likely for nations at their average level of per capita income. Costa Rica is often quoted as an example. Its average income per head has consistently lagged behind Brazil. Nevertheless, Costa Rica

has scored far better on the major child health and life expectancy indicators than Brazil and other higher income countries in the region. This implies that average income *and* its distribution are far more important for poverty than the absolute level of average income alone. Hence, some analysts may be putting excessive weight on GDP per capita as a means of reporting the social progress of nations.

31. As with income distribution, overall trends tend to mask the fact that progress has not been uniform within or between countries. More unequal income distribution aside, some nations have recorded striking progress: the IMR in Costa Rica has declined from 72 to 13 per thousand since 1965, and almost as markedly in Chile; almost 95% of Costa Ricans have access to primary health care, and in Chile the careful targeting of social services has led to an impressive drop in infant mortality rates and malnutrition. These two nations also share among the highest life expectancy rates in Latin America, and the lowest levels of illiteracy. Colombia's child death rate has fallen to a quarter of its 1965 level, and is now broadly in line with the OECD average. Cuba has registered significant progress on practically all relevant health and education indicators since the 1959 revolution, all the more remarkable bearing in mind that pre-revolutionary Cuba was already among the best performers in Latin America.

32. Improvements have been slower and less marked in Haiti, parts of Brazil, as well as in much of the Andean region and Central America. Life expectancy in Bolivia is only 59 years, the lowest in the Western Hemisphere after Haiti, whose IMR of 94 per thousand is comparable only to sub-Saharan Africa. According to the April 1992 Human Development Report, issued by the United Nations Development Programme (UNDP), Brazil has the worst income distribution in the world: the richest fifth of Brazilians earn 33 times the income of the bottom fifth.

Propagating Poverty: Is Impoverishment Hereditary?

33. Most studies show that, even over significant time periods, it is persons sharing similar characteristics who remain poor. Low incomes and high birth rates mean that poor parents are less able or willing to offer their children more than minimal schooling. **Education** attainment tends to be tightly linked, therefore, to a person's socio-economic background, and vice versa. In Buenos Aires, almost three quarters of poor children do not progress beyond primary school and barely 1% of all university graduates are poor. Poverty rates for Guatemalans and Hondurans with 4 or less years schooling are 60% and 80%, respectively. Around 90% of Mexican heads of poor households are completely uneducated. This relationship is important. First, poor families depend disproportionately on the earnings of the head of the household, since women often do not earn income, and there are larger numbers of children to feed, clothe and educate. Second, adults rarely return to school to continue their education.

34. Yet the degree of educational achievement decisively affects the type of job and level of earnings available to Latin Americans. A lack of schooling notably increases a

person's chances of belonging to the poorest paid group of workers. The evidence from a wide selection of studies is overwhelming:

- Variations in educational attainment are found to make the greatest contribution to income inequalities, accounting for 25% of wage differentials in Latin America.
- In developing countries, including Latin America, a farmer with four years of primary schooling is almost 10% more productive than an uneducated one.
- ECLAC has found for Panama, Venezuela and the Southern Cone, for example, that the incidence of poverty is extremely high among uneducated workers in small firms or domestic service.
- In Guatemala, every extra year of schooling means a 3% reduction in the chances of a worker being in the bottom fifth of earners.

35. **Dietary deficiency** in Latin America, in contrast to much of sub-Saharan Africa, tends to be related more to the poor's low purchasing power than to a shortage of food. Due to rising food prices, in several countries poorer sectors have reduced their food consumption by cutting meals from three to one per day, and many no longer drink milk. A recent World Bank study found that food consumption in Peru had fallen 55% during the 1985-1990 period. Beyond income, educational opportunities have a direct bearing on physical well-being. Malnutrition and child health, particularly the IMR, are closely associated with the education of mothers. There is also a connection to ethnicity and rural areas:

- In Chiapas and Oaxaca, the main indigenous areas of Mexico, almost 70% of the under-fives suffer from a degree of malnutrition.
- Poor diet is a factor in almost two thirds of child deaths in rural Honduras.
- A Peruvian child whose mother has at least seven years schooling is 75% less likely than the offspring of an uneducated woman to die before the age of one.

36. **Health** is, in fact, both the outcome and a determinant of the overall development process, at national and individual level. Poor health and nutrition reduce the gains of schooling in terms of total enrollment, the ability to learn, and participation by girls. Healthier children are more likely both to go to school and to learn. Those with nutritional deficiencies, however, tend to develop lasting cognitive problems. A study of Northeast Brazil found that underfed children's education attainment was 20% below average. Girls are particularly vulnerable to inadequate iodine and iron intakes, and thus are proportionately more likely to suffer mental retardation. Female pupils also miss school more often to look after younger siblings or sick relatives. Many more women now go out in search of paid employment, working longer hours, from a younger age and sooner after childbirth. Infant health and safety has tended to suffer as a result.

37. As with education, state health expenditure patterns have been adverse for the poor, and favoured the urban middle and upper strata of society. Government expenditures have been biased towards curative, hospital-based treatment in urban areas. In Peru, for example, 60% of the poor must still travel for over an hour to obtain basic health care, as compared to under 3% of wealthier citizens. Peru is not an isolated case.

The World Bank's 1993 development report indicated that Latin America could have reduced its burden of disease by up to a quarter had governments redirected half their health budgets to primary care programmes. The bulk of the region's poor continue to rely on low quality health care. Medicine and equipment are in short supply, while misdiagnosis and inappropriate treatment are common.

38. Since many poor adults do not contribute directly or indirectly to state social security schemes, their families have correspondingly less benefits coverage than wealthier families. This becomes important should the head of household die prematurely or be incapacitated for work. Moreover, there are clear links between the nature of one's job during working life and income, or the lack of it, in retirement. Once the poor reach retirement age, they face the accumulated consequences of such factors: they have less and lower quality provision of pensions and other benefits or, very often, none at all. Hence, throughout Latin America, poverty often appears to sustain itself in a vicious circle, trapping mainly those already most disadvantaged and passing the condition from one generation to the next.

Pockets of Poverty: Rural Areas, Indigenous People, Women and Children

39. "Hereditary" poverty is most common in existing pockets of impoverishment. Poverty is unevenly distributed among specific groups in Latin America. Children, women, refugees and indigenous peoples are among those who suffer relatively more from illiteracy, sickness, malnutrition and premature death. Even in economic boom periods, many in these key groups failed to share fully in general upward mobility. Yet their basic needs remain immediate and specific.

40. Being caught on the wrong side of the poverty line is relatively more common for **rural dwellers** than for those in the cities, even allowing for lower living costs in the countryside. Insufficient diet, illiteracy, low life expectancy and squalid housing have always been more frequent in rural zones. Here, health and education infrastructure is inadequate or non-existent and most social services are of dubious quality. Rural poverty rates exceed 70% in Bolivia, Brazil, the Dominican Republic, Haiti, Guatemala, El Salvador and Peru. A third of Mexican peasant families are classified as indigent. Distribution of public services is badly skewed: Lima has two thirds of Peru's doctors but only a third of the national population; in the rural *sierra*, there is barely one trained doctor for every 10,000 people. It should be pointed out that the rural population varies greatly by country. Barely 6% of Venezuelans live in the countryside as opposed to almost three quarters of Haitians. Rural poverty in countries such as Argentina, Chile, Uruguay and Venezuela is therefore relatively less serious.

41. Poverty can also vary between rural areas in the same country. Northeast Brazil is acutely deprived in comparison to the countryside around São Paulo and other parts of the rural south. Latin America's worst poverty usually occurs in resource-poor arid or steep hill-slope areas, which are often isolated in all senses. Rural deprivation in the postwar period has been accentuated by three characteristics of Latin American society:

economic policies with a marked urban bias, concentrating welfare and income progress in the cities, often literally at the expense of the countryside; highly concentrated land ownership, which is far worse than in either Africa or East Asia; and relatively less access to education for peasant children. The rural poor almost unavoidably have inadequate access to capital, technology and other inputs.

42. There is a strong connection between poverty and **ethnicity**. Recent studies in Bolivia and Guatemala found that indigenous tribes continue to have an above-average possibility of being poor; indeed, most indigenous people are indigent. Much the same is true of ethnic minorities, such as the black and mulatto groups in Brazil. The connection is not surprising, bearing in mind that the overwhelming majority of such groups live in rural zones. While indigenous peoples make up less than a tenth of Latin America's population, they are concentrated in a few countries — accounting for 40%-70% of the population in Bolivia, Ecuador, Guatemala, Honduras and Peru. This helps to explain widespread poverty in parts of the Andean region and Central America. In absolute terms, Mexico has the largest indigenous population, with some 12 million.

43. An indigenous Bolivian normally lives up to 10 years less than the national average, and has more than twice the average probability of dying in infancy. Amerindians are often the victims of violence, for political or economic reasons, and of malnutrition. On 19 August 1993 the Peruvian insurgent group *Sendero Luminoso* massacred 60 members of the Ashaninka tribe. That same month, Brazilian *garampeiros* — illicit gold prospectors — killed around 70 Yanomami indians in Roraima state. In Honduras, the indigenous Lenca tribe suffers from malnutrition rates approaching 100% as a result of rudimentary agriculture and the lack of health care. Between June and August 1993, several dozen members of the tribe died from hunger.

44. Gender affects the incidence of poverty just as surely as rural and ethnic origin. The available data suggests that Latin American **women** are significantly disadvantaged with regard to health, nutrition, education and participation in the labour force. Women have a one in three chance of being in the poorest 20% of society; for men, the probability is one in six. Only a third of women of working age are employed formally. Even when they have a job, women continue to earn less than men — often because they work in the informal sector. The trend, however, is gradually towards more equal pay and greater participation in the labour market: in Brazil, Mexico and Venezuela, the ratio of female to male workers has doubled since 1960.

45. Women's predicament varies across the region. Research conducted in Buenos Aires found no clear link today between female-headed households and poverty, yet this link is strongly apparent in Brazil and much of the rest of Latin America. Even in Argentina, however, women in all income categories are more likely than men to be illiterate or to fail to finish primary school. Partly as a consequence of their mother's circumstances, **children** also suffer disproportionately from poverty. The shape of Latin America's population pyramid — with relatively large numbers of young people — and the higher propensity of poor parents to have large families also affect the position of

children. The future quality of poor children's lives, moreover, is jeopardized by inadequate nutrition, substandard health care and bad education, especially for girls.

46. The above factors contribute to the perilous conditions of life facing a large proportion of Latin American children. According to some estimates, up to 50 million children struggle to survive on the region's streets, exposed to multiple threats such as hunger, crime or sexual abuse. As pointed out in the Introduction, children are often the victims of death squads, many allegedly funded by local business communities and involving off-duty police and army officers intent on "cleaning up street crime". Official figures show that between January 1992 and June 1993, almost 800 children were murdered in Rio de Janeiro alone. In Central America, it is thought that over a million children work full-time, usually for extremely low wages. Armed conflicts in parts of Latin America have orphaned thousands of children, leaving many others homeless or maimed: some 80,000 El Salvadorean children have permanent injuries resulting from the recently-ended armed conflict.

"New" Poverty

47. Contrary to widespread belief, the economic costs of adjustment in Latin America did not only fall on the existing body of poor, but were relatively evenly spread across most income levels. The 1980s and early 1990s witnessed the arrival of the "newly" impoverished, as large numbers of people fell out of the middle classes and swelled the ranks of the urban poor. Many of those who gained directly from the development process from 1950 to 1980 have now lost out. In most countries, the urban middle classes have suffered an above-average decline in their income levels and in the quality of state services received.

48. The new poor are often current or former public employees. Most Latin American adjustment programmes have involved liberalization and deregulation, along with a reduced state role in the economy. Privatization is a cornerstone of the new economic strategy, and has indirectly led to reductions in state firms' workforces. Mexican unions claim, for example, that up to 100,000 workers have been made redundant as a result of the privatization or streamlining of public enterprises. In Chile, the sale of state firms has not been followed by massive lay-offs; employment has even risen in some cases. However, state employment had already fallen by almost 40% prior to 1986, when the sales began. There is also evidence of reduced staffing levels in Argentine state companies prior to their privatization.

49. Moreover, many of those still in government service have seen cuts in income of up to 50% since the early 1980s, particularly teachers and medical personnel. Social spending as a percentage of total government expenditure fell in the 1980s, at a time of a real contraction in the overall budget. Large cuts in national education and health budgets have not always been accompanied by reduced staffing. As a result, the brunt of adjustment has been borne by wages, allied to a reduction in the extent and quality of services — both to the new poor and to those already living in poverty.

50. The current state of poverty in Latin America is reasonably clear. The overall extent of impoverishment and indigence is shocking, while diseases linked to overcrowded living conditions and poor diet are affecting hundreds of thousands of Latin Americans each year. Progress has been uneven by country, and even within countries. Costa Rica, Chile, Colombia and Cuba have registered relatively better than other nations on indicators such as life expectancy, nutrition and literacy. Poverty is practically hereditary among certain sub-groups, including children, ethnic groups, women and many people in rural areas. More than any other single factor, it is the lack of basic education that locks such groups into continued impoverishment. The pattern of poverty in the region is made more complex by one of the most significant legacies of the 1980s: the "new" poor. Made redundant by the formal sector or the state, many thousands of Latin Americans have had to abandon any semblance of a middle class existence and survive on a fraction of their former income. The percentage of poor households now tends to converge around the 30% mark in most countries.

III. ECONOMIC PERFORMANCE, POLICY OPTIONS AND THE POOR

51. The consequences of poverty for those directly affected by it are well-documented: malnutrition and hunger, lack of basic services such as electricity, clean water or sewage disposal, high exposure to infections and diseases and lack of access to basic education. Beyond such immediate effects, however, poverty has negative repercussions on a country's economic performance, jeopardizing not only the chances of the poor to improve their living standards in the medium or long term, but also endangering the economic prospects of the non-poor. Might not the persistence of massive poverty and income inequality divert the region from the path to sustained economic growth?

Poverty, Productivity and Markets

52. Economies that include large poor populations usually suffer from **low productivity**. The poor normally lack anything more than the most rudimentary education. This has important implications for the national economy, especially in countries where poverty is widespread. Domestic productivity suffers as a result of workforces with limited schooling and skills, making it difficult to compete for capital and export markets in the international economy. Recent trends in capital movements show that low labour costs are no longer sufficient to attract large amounts of foreign investment, and with it badly-needed jobs and technology. Basic skills are increasingly required for even the most simple production processes. Undernourishment further lowers the productivity of many workers, as well as their ability to learn.

53. The importance of *human capital* — composed of people's knowledge, skills, health and the quality of their work habits — is increasingly recognized. The productivity of modern economies is increasingly reliant on the creativity, diffusion and use of all levels of knowledge, particularly via education. Gary Becker, the 1992 Nobel laureate for economics, won the award on the basis of his path-breaking research into human capital formation. He analyzed income trends since 1960 for over 100 countries and proved conclusively that there is a close connection between economic progress and education. This has important implications for poverty alleviation. For example, female education raises the participation of women in the workforce, lifting many out of impoverishment and vastly increasing childrens' possibilities of a healthy, poverty-free existence.

54. Nations with large numbers of poor people have much **smaller domestic markets** than their overall population would suggest. Poor consumers lack purchasing power and therefore tend to buy less durable goods, eat less farm produce and use fewer private services. Brazil, for example, has a population of 154 million and the world's tenth largest economy in terms of GDP, yet high income inequality and widespread poverty reduce the size of the "real" domestic market. With the poorest 60% of the population earning less than 20% of national income, millions are unable to purchase even quite simple products. As in the rest of Latin America, there is a further implication for the domestic economy: wealthier sectors often acquire a taste for imported, mainly luxury

goods while those on lower incomes tend to consume locally-made goods and services. Mass poverty thus does not favour the expansion of domestic production. Moreover, small real markets inevitably attract less foreign direct investment (FDI) than those with larger aggregate consumer spending power, and may put limits on the current Latin American integration schemes, mainly through limited export and import opportunities.

55. Poverty hurts the economy in other ways: the absence of proper health services and sanitation, for example, facilitates the spread of epidemics. These can inflict considerable damage on a national economy. The recent cholera epidemic in Peru severely affected the fishery and tourism sectors, both important foreign exchange earners. Fighting the epidemic strained the budget, costing the equivalent of several years' total government expenditure on health services in Peru.

56. Similarly, AIDS will probably have an increasingly significant economic impact on a number of Latin American countries: infection rates are rising faster in Brazil, Costa Rica and Mexico than in Los Angeles. The World Bank calculates that AIDS has a measurable effect on savings and productivity, estimating that the 10 worst affected countries in Africa could see per capita income growth slow by around 0.6% per year. While AIDS is far more prevalent in Africa than in Latin America, these figures are a warning for the future.

57. Economies also suffer from the problems of **crime and violence** that derive partly from impoverishment. In recent years, several Latin American countries have experienced a dramatic rise in urban crime rates. For the urban poor in particular, common theft or organized looting is an effective way of acquiring food and basic consumer goods; for many families, it represents the only means of survival. Especially in areas where income inequality is pronounced, the incentive towards crime is high among the poor. The economic impact is two-fold: companies suffer losses, or raise the price of their goods to compensate; and many of Latin America's most popular tourist destinations receive fewer visitors, with a consequent fall in foreign exchange receipts.

58. Some Latin American insurgencies are strongly rooted among the poor. *Sendero Luminoso*, Peru's violent Maoist guerrilla movement, has attracted many poor peasants to its cause, offering food and guidance in remote areas long neglected by the state. Such guerilla conflicts also inflict tremendous damage on national economies. Peru has lost an estimated \$20 billion in direct damage to the nation's infrastructure, and significant amounts in forfeited earnings from foreign investment and tourism. Public money that might otherwise go to health and education is being spent on security in an attempt to restrain violence, mainly in Colombia, Guatemala, Nicaragua and Peru.

A Growing Informal Economy: Symptom or Solution?

59. Most Latin American countries have a large informal sector of street vendors, labourers and entrepreneurs whose activities are untaxed, unregulated and unauthorized. In Mexico, for example, estimates of the size of the informal sector range from 25% to

40% of official GDP; similar figures are cited for many other countries in the region. Typically, more than a quarter of the economically active population in these countries participates in the informal sector. Some see this as the inevitable consequence of impoverished societies, while others stress the efficiency and vitality of informal entrepreneurship and job creation.

60. Undoubtedly, the informal sector is very often a direct consequence of poverty. In recent decades, for example, thousands of Peru's rural poor, with no money or technical training, left the land because of natural disasters, declining farm yields, inadequate property rights, or violence in the absence of state protection. They arrived in the cities only to find it almost impossible to acquire legal status, set up businesses and build proper housing. Unable to gain proper access to the legal system, the urban poor turned to informal activities as a means of survival. The picture is similar for many other Latin American countries, notably in the Andean region, Brazil, Central America and Mexico. Severe economic recession in the 1980s and continued adjustment in the 1990s have further fueled the growth of informality.

61. Informality is not a purely negative phenomenon, something acknowledged in many publications and even by the multilateral institutions. Often, true entrepreneurship blossoms in this sector, away from the severe constraints of a bureaucratized, law-ridden and sometimes corrupt legal sector. A pioneering 1988 study of Lima found that it "cost" almost 300 days and more than 30 minimum wages to set up a small business, or almost 60 times the minimum wage to obtain a housing permit, which anyway took more than six years. Informal house building and businesses, particularly in manufacturing and services such as transport, have thrived. Some believe that harnessing informal creativity and dynamism could significantly boost economic growth and development in much of Latin America.

62. Informality does, however, have significant disadvantages. There is no recourse to the judicial system in the case of disputes, while inferior housing and lax transport vehicle safety standards are the norm. Lack of access to social security arrangements leaves the informal workers vulnerable to unforeseen mishaps and largely unable to plan for the future. There are also more general disadvantages from informality affecting the national economy:

- Since informal activities remain untaxed, the state forfeits large amounts of revenue. As the tax base declines, governments become increasingly powerless to address popular needs. Trying to correct the problem by raising taxes in the formal economy merely pushes more workers into informality, leading to even lower revenue. And the presence of a large informal sector means that many adjustment measures only affect parts of the economy, rendering them ineffective.
- Informal establishments often tap water and electricity supplies illegally: for example, an estimated half of Lima's water and electricity supply is unaccounted for. This increases official utility prices, hurting the formal economy.

Damage to the Environment

63. While industrialized countries account for most of the world's environmental problems today, a strong link also exists between poverty and environmental degradation. In many rural areas of Latin America, subsistence farmers are forced to adopt short term, ecologically-harmful strategies to meet their immediate needs. Such strategies involve the over-exploitation of limited resources (crops, soil and water) and often lead to further poverty. Land is no longer left fallow between harvests; cultivation extends up fragile hillsides, so rain floods down and the soil erodes. Over-use of land — often in a desperate attempt to produce higher yields — has led to rapid soil degradation, ultimately forcing the poor to migrate to the cities in search of a livelihood. Such migration has been accelerated by the absence or failure of land reform in many areas of the region. Deforestation, partly a result of slash-and-burn activities and demand for firewood of the poor, has accelerated environmental damage through erosion, reduced soil fertility and desertification. In Latin America, erosion as a result of improper land use now affects an area of more than 2,000,000 km² — or 10% of the total land mass.

64. Relentless urban growth is accompanied by serious environmental deterioration, particularly related to poor sanitation, housing deficiencies, a lack of such basic services as drinking water, and rising levels of air pollution and solid waste. Airborne contamination is the major cause of the region's 2.3 million cases of chronic respiratory illness among children, and of the 65 million working days lost throughout the region as a result of respiratory sickness. Labour productivity suffers as a consequence. Moreover, clean-up activities impose huge costs on national budgets — Mexico now spends an estimated 1% of GDP on fighting environmental degradation.

65. Clearly, the link between poverty and the environment can have a direct bearing on Latin American countries' future economic potential. There is a real threat to long term agricultural income and other non-farm economic opportunities in the region. Poverty alleviation, then, would not only provide immediate benefits to the poor themselves, but also enhance the overall economic prospects, reinforcing the possibility for reducing poverty levels over the long term: a doubly positive effect. But what measures should be taken to reduce poverty? Many recent studies on the issue conclude that a successful strategy involves both domestic policies in the countries concerned, as well as support from the international community.

Reducing the Social Debt: Domestic Policy Options

66. Although tackling the social debt is a complex matter, several strategies have been suggested. The World Bank favours a two-pronged approach to the problem: the first element is to stimulate a pattern of growth that encourages the productive use of labour, the poor's most abundant asset. Measures include the reduction of taxes on agriculture and targeting fiscal incentives towards labour-based production and away from capital-intensive processes; the underlying aim is to provide the poor with greater economic opportunities. The second element is greater investment in basic social services,

especially primary education and health care, nutrition and family planning. This increases the capacity of the poor to take advantage of new opportunities.

67. The general lines of this two-part strategy are commonly accepted today as a pragmatic policy option for developing countries. In addition, selective income transfers are needed to support those unable to benefit from general macroeconomic and sectoral policies in the short term, namely the old, the sick and those who live in resource-poor regions. Safety-nets are also required, to attend to people hurt by macroeconomic shocks or the results of natural disasters, such as famine. ECLAC and the Latin American Centre for Demography (*Centro Latinoamericano de Demografía*, CELADE) agree on the need to improve the quality of human resources in the region in order to combat poverty. Others point out that since the ownership of assets directly affects income opportunities, increasing and diversifying the assets of the poor — away from exclusive dependence on income from labour — could also have a strong poverty-reducing effect. This could be achieved by expanding the access of the poor to land, credit, appropriate technology, infrastructure and productive inputs.

Policy Coherence: Economic Adjustment and New Spending Priorities

68. Latin American policy-makers accept the need for far-reaching economic adjustment in the interests of achieving sustainable economic growth. Few today believe that the poor would be better off in the long run without the drastic measures being implemented by governments to improve general economic performance in the region. However, many do believe that even under current circumstances, countries can do a great deal to ease the burden of the poor. Swift action on certain fundamental policies designed to provide the context of future growth — price reforms that benefit the farm sector, for example — is crucial in that respect. This could be combined with measures that moderate declines in private consumption in the transition period: a temporary reduction in fixed investment, for example, in order to sustain consumption. There are trade-offs, however: price stability is an important condition for long term growth anywhere, yet European experience shows that policies to pursue low inflation are often incompatible with low unemployment.

69. Whether through investments in education, health and infrastructure, or through direct income transfers and social security schemes, government spending to reduce poverty needs to be consistent with macroeconomic stability; inflationary budget deficits are unlikely to improve matters. Brazil's federal government, for example, has carefully cut its spending, yet many states have continued to spend freely and now all but three are bankrupt. To bail out the states, Brasilia has been left with little money for its anti-poverty programmes. Governments may try to combine increased revenues from taxes and fees imposed on the better-off, and the reallocation of existing expenditure to more urgent social needs. To be politically feasible, taxes must be modest enough not to be resisted by the non-poor.

70. Even a small tax increase, however, could bring substantial benefits to the poor. According to a study by the World Bank, all Latin America's poor could be lifted just over the poverty line by reallocating only 0.7% of regional GDP - the approximate equivalent of a 2% income tax on the wealthiest fifth of the population. Improved tax collection mechanisms, as well as more progressive taxation, would also help governments boost their revenues. Experience in some countries has shown that even under a tight fiscal regime, it is possible to shift public spending in favour of the poor, and to target transfers more accurately. Chile, for example, managed to protect basic services to the poor during its fiscal adjustment. Despite lower public spending on goods and services overall, basic health and child nutrition programmes targeted to the poor expanded, as did spending on primary education.

Modifying state expenditure

71. Beyond a continued commitment to macroeconomic stability, governments are now seeking to redefine their social spending priorities, in terms of relative share in expenditure and target groups. The OECD nations recycle around 15%-30% of their GDP into social spending via the budget. On average, developing countries' budgets amount to around 25% of national GDP, yet less than a tenth of this expenditure is directed towards priority human development areas such as education and health. Latin America averages much more: 5.3% of GDP, from around 4% in Peru to some 15% in Costa Rica. Moreover, in relative terms, Latin America has not tended to squander spending on the military. In the 1990s, excluding the two highest spenders, Cuba and Nicaragua, the region has spent less than 2% of national income on the armed forces. Costa Rica and Mexico spend only 0.5% of GDP on security, among the lowest rates in the world.

72. Apart from redirecting spending towards education, health and housing, it is vital to manage existing expenditures better. Studies purport to show that only a minimal proportion of social spending actually reaches the poor. Indeed, it is estimated that even if all current welfare programmes were stopped, the situation of some Latin American countries' poorest 50% of the population would not be affected, for two main reasons. First, social policy is not aimed only at the poor. Second, institutional bureaucracy and inefficiency in design and implementation means that scarce resources are wasted.

73. Expenditure on social services has not tended to focus on the people who need it most — the poor. Because the non-poor are the greatest consumers of these services, they have also benefitted most from the corresponding government subsidies. Thus, in several Latin American countries, people in the top 20% of income distribution receive more than 50% of the subsidies for higher education. Governments have often favoured the tertiary sector over the primary teaching that is of greatest benefit to the poor. In much of the region, the quality of instruction remains weak.

74. Similarly, basic health care services remain relatively underfunded. Many states have traditionally spent a disproportionate amount of their health budgets on expensive curative care and infrastructure, including large hospitals and sophisticated medical equipment. Highly cost-effective interventions (such as treatment of tuberculosis),

preventive care (such as mosquito control) and community services (for example, health education) have a far greater impact on a country's general health performance yet have not been given sufficient priority.

75. Food subsidies, commonly used in Latin America, are hard to target properly. Such schemes can be costly and, while benefiting many non-poor, have often failed to reach the poorest of the poor. Limiting subsidies to commodities that are consumed mainly (and abundantly) by the poor would enhance the poverty-reducing effect of such programmes. In many Latin American countries, public programmes to provide services, infrastructure and technology for agriculture are designed mainly in the interests of large farmers, especially exporters. Credit subsidies for large-scale commercial farming have often fostered excessive mechanization and may reduce demand for labour. Such biases in the farm sector, coupled with a highly unequal land distribution (common throughout most of the region), may limit the extent to which the poor gain from agricultural growth. Several countries are making efforts to support broadly-based rural development and to target public support for the farm sector more directly towards the rural poor. Examples include Brazil's *Projeto Noreste*, which supports small rural producers, and Colombia's *Programa de Desarrollo Integral Campesino*. Rural micro-enterprise programmes to support non-farm activities have also been reported in a number of countries.

76. Consequently, improving the quality of health and education services will require not only more funds but also better use of the available resources. In this respect, a shift in the allocation of funds from higher-level services to basic health and primary education would serve both efficiency and equity objectives. Moreover, programmes targeted more directly towards rural communities would help reduce the huge gap that exists between rural and urban areas in terms of the provision of social services. In order to raise the funds needed to improve and expand basic services, governments could try to recover more of the costs of certain existing services - particularly in higher education and in hospital care. As many recent initiatives in Latin America have shown, achieving major improvements in health and education services at local or national level - even with limited public funds - is not impossible.

Anti-poverty initiatives

77. ECLAC reports that most countries in the region are now making efforts to improve the quantity and quality of social services, and to target them better towards the poor. Recent initiatives include higher social spending, particularly in the past two years; more emphasis on marginal groups and remote areas; and increased decentralization of administration, with greater participation of local authorities, non-governmental organizations (NGOs) and the private sector in the provision of basic services. Bolivia, Brazil, Costa Rica, Ecuador, Guatemala and Mexico have adopted integrated, multi-annual national social development plans. Typically, these national plans combine measures to combat all aspects of poverty. The main areas include: nutrition, health (particularly of infants and mothers), sanitation, access to clean water, housing, education, and the creation of productive employment.

78. One of the earliest and most successful integrated anti-poverty plans is Mexico's National Solidarity Programme (*Programa Nacional de Solidaridad*, PRONASOL), which began in 1989. It allocates \$2.7 billion per year, some 4% of the Mexican budget, to efforts to integrate Mexico's substantial poor population into the mainstream economy through the provision of vital public services. In four years, *Solidarity* has provided 8-10 million people with electricity, water and drainage, awarded 500,000 school scholarships and created 2,400 small businesses.

79. According to the Mexican government, its infrastructure programme does not simply pour money into depressed areas, but is founded on the belief that projects run locally will be better supported and more efficient. The community forms a Solidarity committee which then requests funds for specific projects. The federal and state governments provide basic materials and technical help, and the Solidarity committee builds its schools, roads and health clinics. There are now about 100,000 such committees throughout the country. The programme covers food support for the undernourished, better access to credit for farmers, risk capital for small businesses, scholarships for children, land titles for squatters, and urgent infrastructure needs, such as roads, electricity, and health clinics.

80. Even in countries where overall economic performance has been less strong, specific local initiatives have brought sizeable benefits to the poor. In Brazil's north eastern state of Ceara (the country's third poorest state) a cheap and simple project of door-to-door basic health assistance has reduced infant mortality by a third in just three years. In 1988, then state-governor Tasso Jereissati set up a programme to train 3,000 community-chosen health agents in hygiene, prenatal care, re-hydration therapy, vaccination and breast-feeding techniques. Health agents, most of them women and semi-literate, earn a monthly salary of \$60; this helps to boost employment. Given its huge success, the scheme has now been expanded to 7,300 agents attending a total of four million people.

81. Summing up, in the absence of counter-measures, poverty will tend to limit the net expansion of an economy. Mass impoverishment is tightly correlated with low productivity and small domestic markets. Epidemics and environmental damage, induced in large part by the presence of widespread poverty, have quantifiable economic costs and reduce the future economic potential of developing nations. Crime and violence, too, are often rooted in poverty and also imply economic costs. These are further examples of how poverty can propagate itself. Part of the proposed solution to the predicament of the poor emphasizes domestic policy responses. Improvements in basic social services - education, health and nutrition - directly address the worst consequences of being poor, and attack some of the most important causes of poverty: the lack of skills, malnutrition, associated low productivity and hence low income. But even though Latin America is intent on providing greater direct support and opportunities for the poor, is this enough? Many hold that the best way to help the impoverished in developing regions is to ensure unfettered access to international markets, thus providing a boost to domestic economic growth and, thereby, additional employment opportunities.

IV. GROWTH, TRADE AND FOREIGN INVESTMENT: OPTIMAL MEANS TO REDUCE POVERTY?

Growth and Poverty Reduction

82. Over the past decade, Latin American governments have pursued an export-oriented strategy in order to "grow" out of poverty. As has just been stressed, domestic action is vital, particularly in terms of reoriented and more efficient expenditure. Yet, as Mexican officials have acknowledged, the real alleviation of poverty will come not so much from grassroots anti-poverty programmes such as PRONASOL, as from sustained economic growth coupled with better distribution of the benefits of expansion. Economic growth should generate new employment opportunities and, eventually, higher wages. It will also tend to raise tax revenues and thus provide more resources for public investment and social spending. The model chosen by most of Latin America emphasizes an open market, export orientation and the promotion of international competitiveness. It includes strict targets for fiscal deficits and trying to keep inflation low, market deregulation, and renewed stress on FDI.

83. Most analysts agree that in order to translate rapid economic growth into commensurate levels of human development for all groups of society, countries need to design economy-wide and sectoral policies that enable the poor to participate in economic growth. This will require, above all, policies that make efficient use of *labour*. Countries should therefore encourage broadly-based rural development and urban employment, thereby increasing the returns to small-farm production and wage labour. Since labour is an abundant resource in Latin America, encouraging its use is generally consistent with rapid and efficient growth.

84. The employment issue is vital in this context because most of the population increase will be in the middle age-range: the proportion of those under the age of 15 will decline; the proportion of those over 64 will increase only slightly; but the economically active population will grow from 56% (1980) to 62% (2000). In some countries the workforce could triple in size over the next two decades, with no prospect that agriculture or industry will generate enough employment to absorb the surplus manpower. Under- and unemployment rates will therefore continue to grow, markedly so in some countries. For the region as a whole, 100 million new jobs will be needed just to keep pace with the growth rate of the potential workforce. A regional GDP growth rate of about 7% would simply absorb new increases in the labour force. More than 8% would be needed to make any headway against existing unemployment (in the absence of more appropriate sectoral and tax policy reforms).

85. A few countries aside, domestic economic expansion is still far below this target. Yet the short term outlook is reasonably optimistic. According to a September 1993 ECLAC report, most Latin American economies are experiencing moderate growth for the third year in succession. The most dynamic markets are Argentina and Chile, with a growth prognosis of 5% for 1993, and Brazil (4%). Average growth for the region will be 3%. Brazil and Peru, the two largest reservoirs of poverty, are both emerging strongly

from recession since 1992. Just as importantly, general macroeconomic conditions appear stable: the majority of Latin American countries will see falling or unchanged rates of inflation, averaging an historically respectable 19% for the region as a whole. Six countries, Argentina, Bolivia, Costa Rica, Chile, Mexico and the Dominican Republic, will register price increases of less than 15%.

86. In this context, the industrialized countries can help poverty alleviation in developing countries in two specific ways. First, by promoting economic growth in their own markets, allied to the promotion of free trade at the global level. This will enhance the opportunities for export-led growth in developing countries. Second, through the generous provision of aid and progressive policies on developing nations' debt, thus providing additional benefits for the poor and an invaluable breathing space for the adjustment process in these countries.

87. Indeed, one reason why growth in Latin America has not been faster is that many industrialized countries are still struggling with large budget deficits, insufficient levels of savings, excessive rigidity in labour markets and, as a result, historically low levels of market expansion. On 22 September 1993 the International Monetary Fund (IMF) issued its latest "World Economic Outlook", forecasting that the industrialized countries would see a rise in output of only 1.1% this year. The IMF expects them to expand, at best, a modest 2.2% in 1994. Near stagnant economies are unlikely to generate greatly increased orders for imported products. And if governments fail to reduce budget deficits, in a context of low private savings, real interest rates will remain high for the foreseeable future. With continued tight monetary policies, industrial country growth rates will remain slow, affecting Latin America in at least four different ways:

- Lower purchasing power will dampen demand for Latin American exports.
- High real interest rates will maintain the debt service burden for countries with floating rate debt, and mean that new borrowing remains costly.
- Limited growth will probably imply less generous amounts of development cooperation with Latin America.
- Developed countries will be less willing to dismantle industrial protection.

Trade and Investment

88. Latin America's efforts to grow out of poverty have often met with obstacles from abroad. Prominent among these are the trade policies of developed countries: agricultural protectionism, for example, or tariff escalation that obstructs Latin American attempts to diversify away from exports of primary commodities and towards more valuable and dynamic manufactured products. This is one reason for keen Latin American interest in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), in which practically all countries in the region are participating.

89. The EC Common Agricultural Policy (CAP) is often accused of having protectionist repercussions for Latin America. The CAP has meant a significant decrease

in Latin American exports of temperate farm products to the Community. Moreover, subsidized exports of surplus EC produce lower world prices and limit Latin American access to third markets as well. Farm trade liberalization would allow Latin American farmers to recapture their traditional comparative advantage in world markets and guarantee higher export revenues to the region's food-exporting nations. The EC has already taken major steps to reform its farm policies. On 21 May 1992 it announced important cuts in CAP price supports, thus benefitting Latin American exporters of meat and cereals. It should be noted that US agriculture continues to be highly subsidized, and that complete reform of the CAP would threaten important niche markets for Latin American producers, such as soya beans.

90. While economic progress in Latin America has created possibilities for the region to develop its own processing industries, tariff escalation (the imposition of heavier duties on more elaborated products) in the industrialized countries has discouraged this process by discriminating against processing abroad. In Europe, for example, processed mineral products imported from Latin America are subject to high tariffs in order to protect EC refineries. As a result, Latin American exports to developed countries are still overwhelmingly made up of unrefined and unprocessed raw materials, which, compared to processed products, earn relatively less on the world market. Higher incomes to be derived from processing in Latin America would boost growth, create jobs and bring greater revenue for social and health services.

91. It is here that the issue of "social dumping" becomes important, since it has links to both poverty and trade. "Social dumping" is a concept increasingly used to justify action taken against firms and countries which exploit existing international differences in salary levels, social security arrangements and standards in other areas (health, safety, environment) to gain a competitive advantage over their rivals. There is growing pressure, notably in the EC and North America, for measures against "excessively" cheap imports from developing nations whose competitiveness is allegedly based on "social dumping". With uninhibited trade, the industrialized countries may have to lower their welfare standards or lose markets. Yet restrictive measures against the exports of developing regions, including Latin America, could prove extremely damaging to the less advanced economies. "Social dumping" is a major reason why so many countries have placed such great hopes on the outcome of the Uruguay Round of the GATT.

The GATT: Panacea for the Poor?

92. A successful Uruguay Round accord is currently being held out by some as the single most important element in helping the poor. Reduced tariff escalation and fewer non-tariff barriers will certainly prove beneficial for many poorer sectors in Latin America. Freer world trade is expected to stimulate important labour-intensive exports such as textiles. Trade analysts estimate that a completed Uruguay Round could signify additional annual benefits of up to \$100 billion for developing countries, a considerable share of which would go to Latin America. Trade-induced growth should lead to the creation of a many new jobs in the region.

93. Nevertheless, the gains from the current Uruguay Round package will not be spread evenly. Analysis indicates that the very poorest developing countries will lose out for several reasons. First, their current trading preferences with the EC and others could be eroded. For example, the Dominican Republic and Haiti are members of the Lomé Convention, while 10 Andean and Central American nations enjoy privileged access to the Community as part of the EC's contribution to the fight against drugs. Second, not all Latin American countries will benefit from a reduction in agricultural protectionism. Net importers of farm products will suffer as a result of higher prices for imported food, increases that will inevitably be passed on to the local population. Third, poorer countries' heavy reliance on primary products and lack of capital, skills and technology mean they stand little to gain from trade liberalization alone.

94. The GATT negotiations on trade-related intellectual property rights (TRIPS) could have a potentially damaging effect on small farmers in Latin America. The implementation of a patents regime in genes, plants and farm inputs poses a real threat to the massive, informal farmer-to-farmer seed exchange that underlies most peasant agriculture and that was a vital ingredient of the green revolution in all developing nations. However, advances in bio-technology will offer farmers the chance to use seeds with vastly increased yields and greater resistance to pests. This could have an immediate impact on nutrition in poor areas.

95. In any case, international trade is not the only relevant factor. Foreign investment is an increasingly important element for developing economies. The UN World Investment Report 1993 finds that direct investment by multinational firms is now a bigger force in the world economy than trade. Figures from other sources show that the situation in Latin America is encouraging: since the mid-1980s, foreign investors have paid around \$40 billion for over 1,000 Latin American state enterprises. This represents some 10% of the region's external debt and is in addition to other external investment flows. Some 40% of European investment flows to developing regions in the 1990s has gone to Latin America. Clearly, FDI is making a key contribution to the Latin American adjustment process, and is helping to encourage renewed economic growth in the 1990s. In this sense, direct investment is a valuable ally in combatting poverty.

96. Increasing reliance on direct investment is probably inevitable, yet there are several drawbacks which deserve to be highlighted: first, the poorest countries receive relatively less FDI since they are less able to offer the requisite infrastructure, skill base and component supply industries; second, there is an increasing concentration of investment in services and technology-intensive manufacturing rather than in the primary sector and resource-based manufacturing. As such, FDI may not be offering optimal job creation opportunities in developing nations and thus is not making the maximum contribution to harnessing the main resource of the poor: their labour. Other types of foreign capital, particularly development cooperation, are often thought of as offering a better return in terms of poverty alleviation. Some, however, hold that international cooperation has its own shortcomings in this respect.

International Cooperation: Misallocated and Insufficient?

97. The OECD's Development Assistance Committee (DAC) reports that "the most troubling shortcoming of development aid has been its limited measurable contribution to the reduction of extreme poverty". Aid is supplied by bilateral donors, multilateral agencies and NGOs. Bilateral donors, in particular, provide aid for a variety of reasons: political, strategic, commercial and humanitarian, etc. Poverty alleviation is only one motive, and often not the most important. This explains why a substantial part of "development" aid is not targeted towards the poorest countries; why much bilateral aid is tied, requiring recipients to purchase goods and services from donor countries; and why donors prefer to support physical installations that benefit their own firms and exporters, whereas they are often reluctant to finance the operating costs of such installations.

98. The UNDP's Human Development Report 1993 criticizes aid donors for allotting barely 7% of development cooperation to social spending. The Report claims that overall levels of aid are falling drastically, while bilateral assistance is badly distributed: only 25% goes to the poorest three quarters of the developing world. NGOs are praised for reaching many of the poor missed by governments and major donors, and are seen as responding quicker and more effectively in many situations. The EC shares this latter perception, disbursing 10% of its total cooperation through "co-financing" with NGOs. Latin America receives almost a third of the EC cooperation distributed in this way.

99. Multilateral institutions, led by the United Nations, have repeatedly urged industrial nations to support a substantial increase in global aid levels and to direct more of their aid towards the neediest countries. However, given mounting problems and sluggish growth rates in their own economies, most donor countries are now reluctant to provide more aid. Few countries currently meet the UN official aid objective of 0.7% of donor GNP. While there seems to be little chance of a significant increase in current aid levels, better targeting of such aid towards poverty-reducing measures in the developing world is nevertheless a possibility, especially in the post-Cold War era. Moreover, analysts point out that the management of existing aid flows can be greatly improved. Various studies have shown that bilateral and multilateral aid projects often suffer from lack of commitment (both by donors and recipient governments); frequent shifts in priorities and policies and insufficient coordination among donor countries; unfavourable macroeconomic conditions in recipient countries; and inadequate participation of the target group in the design and implementation of projects.

100. The EC has made the formulation of clear policy goals, and improved coordination of poverty-reducing initiatives among its Member States, a top priority in its development cooperation with developing nations. On 18 November 1992, in a meeting between the Commission and representatives of Member States' development ministries and agencies, it was agreed that future development activities will be directed mainly towards capacity training, technology transfer and general poverty alleviation. Work is now underway to define specific sector priorities. Greater cooperation between Member States is planned, to avoid overlapping and to maximize efficiency in the allocation of funds. The EC will also seek to coordinate its activities more closely with those of individual Member States.

101. With respect to Latin America, there have been quantitative and qualitative changes in EC development cooperation since 1988. According to Commission documents, from 1976-88, the Community allocated 1.1 billion ecus to Latin America. In the three years after 1988, however, the Community provided a further 800 million ecus, and in 1992 alone, cooperation stood at 375 million ecus. Europe's overall contribution is much greater, since bilateral assistance from EC Member States is usually about seven times higher than Community cooperation. The Community is also trying to respond to Latin America's new economic strategies with cooperation schemes designed to boost private sector growth.

102. To achieve a better targeting of funds towards the poor, it has been suggested that donor countries should link the allocation of aid more closely to a recipient country's own commitment towards poverty-reduction. This means that countries committed to the policies described previously would be the main recipients of aid. Likewise, support for debt-reduction in low-income countries with a high debt service burden, as well as the concession of new loans on favourable terms, should be conditional on appropriate policy reform in the countries concerned. Such conditionality is a politically sensitive issue. But as public debate — and public information — on development aid increases in donor countries, developing countries will have to deal with this type of conditionality. Low-wage workers in Europe, for example, will increasingly ask why they should send money to Latin America's poor when many of Latin America's richer sectors continue to pay very little tax.

103. In short, poverty not only causes great individual distress, it also has powerful economic ramifications. Moreover, it hurts a country's overall economic performance, and thus places limits on that country's future development potential. Most analysts agree that effective poverty alleviation involves two crucial elements: first, creating economic opportunities for the poor, through policies that support labour-based economic growth and greater access for the poor to land, credit, infrastructure and technology; and second, improving the capacity of the poor to take advantage of those opportunities - through the provision of basic social services such as primary health care and education. Many Latin American countries are now pursuing policies that promote sustained economic growth, and are making efforts both to improve their social services, and to target them more directly towards the poor.

104. Economic growth, allied to greater trade and foreign investment, will play a predominant role in reducing poverty. These factors are known to suffer from drawbacks that detract from their positive impact on the poor, yet poverty alleviation must take place within a changing global context that involves FDI, multinational corporations and a very broad agenda for trade liberalization. There is little support for the view that poverty can be meaningfully reduced by trying to shut out developments in the global economy. However, the current economic situation of many industrialized nations has negative repercussions for growth in the region: it means political pressure on many governments to devote greater resources to resolving problems at home, leaving less financial resources available for cooperation efforts abroad; and it is symptomatic of the general economic malaise in much of the OECD, and therefore of somewhat stagnant potential export markets for Latin America.

V. GOVERNABILITY AND THE POLITICAL IMPACT OF THE SOCIAL DEBT

105. To a greater degree than in the past, there is a tendency to see threats to Latin American democracy in terms of their links to poverty and to austerity policies. Moreover, because of the enormous social impact of Latin America's economic decline in the 1980s and continuing austerity in the 1990s, there is a further inclination towards "worst-case" scenarios of the region's governability and political future. Influential bodies such as the Inter-American Dialogue have highlighted the possibly devastating political consequences of mass poverty and inequality. In their view, mass impoverishment tends to lead to political apathy, disaffection and hostility, with violent unrest sometimes the result. Other consequences are a broad mistrust of political leaders and institutions, the heightened appeal of demagogues, and abstention from elections.

106. Have the dangers to Latin America's governability, and to the region's democracies, suddenly become more threatening? Widespread poverty undoubtedly has political effects, in the sense that generalized anxiety among large sectors of a population is rarely without political consequences. However, Latin America's period of democratic transition was always going to be complicated, disorderly and lengthy. The experience of other regions shows that transitions carry risks. The longer the transition, the longer a country runs the risk that the end will not be what was aimed for. Poverty, *in itself*, does not pose an immediate danger to democracy. But poverty might prolong the transition while magnifying the negative effects of pre-existing social and political trends. It is in conjunction with those trends that impoverishment can produce outcomes which threaten governments, and make political systems unstable. The danger for many Latin American governments is that some of those accompanying trends are very much present.

Demographic Dangers

107. In the coming years, one major trend among Latin American electorates will be a progressive increase in demands. That tendency will coincide with specific demographic patterns in a context of widespread impoverishment. Such a combination, in turn, will have political repercussions. The population "crisis" at the global level has been exaggerated by some analysts. The rate of demographic increase in Latin America is in fact declining and will continue to do so for the foreseeable future. However, while the growth rate is falling, the total number of Latin Americans is going to increase significantly because of "demographic momentum".

108. By 2000, Brazil alone will have a population of 200 million. Mexico's population will expand to 113 million. By then, one in every ten people on the planet will be a Latin American living in Latin America. Moreover, this large population will have a particularly youthful age structure: the average age of the region's population is now 21 (in the EC it is 34). Such a youthful population profile will create severe demand pressures for government services such as education and child health. Those demands will seek political articulation at a time when all governments face financial constraints.

Furthermore, as this population "bulge" becomes older it will exert additional political pressures for housing, transport, urban services and employment.

109. From a political perspective, such factors imply that there will be "winners" and "losers" among Latin American countries. Some republics will generate enough growth to provide jobs and meet many of the other needs of this expanding population. Others will not. In the latter countries, governability will be constrained by the conflict between the increasing demands of a growing population and the inadequacy of state apparatus to meet those demands. While the prospects remain bleak for the extra millions who enter the job market every year, migration, the informal sector, crime and - in the few cases where guerrillas are still active - armed struggle could claim many of those unable to make a living. Such phenomena will prolong the democratic transition, and existing dangers to governability will thereby be perpetuated - particularly in the cities.

Poverty and Urban Growth: a Political Time Bomb?

110. Latin America does not have a particularly high rate of population density. The problem is one of population concentration, especially in towns. The region is much more urbanized than other developing parts of the world. On the basis of present trends, around 76% of Latin Americans will live in cities by 2000. In that year, the two largest cities in the world will be Mexico City and São Paulo.

111. About 40% of Latin America's urban population is now poor (as against 26% in 1960). Importantly, therefore, poverty in the region is no longer simply a reflection of rural backwardness. "New" poverty, which is now a significant factor, is very much an urban phenomenon. The poverty of those living in the *favelas* of Rio de Janeiro in the 1990s is not more miserable than that of those who lived in rural Recife in the 1960s. But the slum-dwellers are very concentrated in an urban environment. Their poverty is, above all, highly visible — in a way that the misery of the rural poor is not. It is reflected by the mass media. Among the non-poor, therefore, consciousness of its existence is greater. Hence political pressures for something to be done will increase not only among the urban poor but also among the non-poor.

112. In terms of future governability and patterns of political conduct, such pressures will change the nature of Latin American politics. Urban primacy is not going to abate in future. Population concentration in the cities will aggravate existing problems of urban government (which are already substantial) and will provoke rising popular demands for basic welfare amenities. This will have several important political consequences, all of them inter-related.

Key Political Effects

113. First, the need to provide such services will prompt concern with the ways in which demands are currently being channelled to local administrations or national governments, and will also provoke dissatisfaction with existing mechanisms. Such

dissatisfaction is going to increase in the majority of countries which are unable to establish an effective administrative apparatus to cope with rising demands.

114. Second, that dissatisfaction will manifest itself in different ways in different countries, but concrete political effects will be apparent in several republics. In Guatemala, for example, a wave of street demonstrations and strikes protesting against a 40% increase in electricity rates (coupled to broad popular disillusion with politicians) led then-president Jorge Serrano to believe that he could stage an institutional coup on 25 May 1993, along the lines of President Fujimori's *autogolpe* of 5 April 1992. Fujimori had alleged widespread corruption, obstructionism and lack of credibility among congressmen and supreme court magistrates as the pretext for his coup. Elsewhere, public dissatisfaction may be channelled into the kind of popular unrest evident in, for example, the Caracas riots of February 1989 or the wave of supermarket looting in Rio de Janeiro in April 1992. That possibility, in turn, has several political implications — foremost among them the deployment of army units to maintain order and a greater military role in domestic policy-making.

115. Third, the possibility that the armed forces will increasingly be used to maintain public order is particularly relevant because urban primacy is leading to the progressive erosion of traditional methods of sustaining governability. As the basis of Latin American politics has become increasingly urban, so patron-client relationships are breaking down. In general, urban votes are less easily "controlled" (via patronage and clientelist networks) than are rural votes. Most of the electorate is now urban.

116. Fourth, in these circumstances the inability of national and local governments to meet rising demands will reinforce the current trend towards the establishment of grass-roots organizations such as neighbourhood self-help groups and religious base communities. Such groups are often politically active. Even if they are not "politicized", their activism leads to an increase in peoples' sense of having rights, and in their consciousness of citizenship. The net result is a greater degree of political articulation among sectors which were previously marginalized in political terms. Recently, cases of political upheaval have been prompted more by the reaction of the non-poor (in particular the middle class) to a relative deterioration in their living standards. In future, the poor themselves are more likely to voice political demands.

117. Fifth, as levels of political articulation rise among the disadvantaged in the cities, existing patterns of income polarization (exacerbated by urban concentration) could lead to political polarization. It is a fact of political life that prosperity makes governing easier, whereas frequent breakdowns in public services help destroy consensus. Even in Cuba — where the degree of internal consensus has seemed particularly strong — there were street disturbances and vandalism of businesses during July and August 1993 in popular reaction to extensive cuts in the electricity supply each day. Historical experience suggests that, anywhere, political polarization is a characteristic of worsening social deprivation. High levels of such polarization will necessarily have some political effects and can, in extreme cases such as early-1970s Chile, produce major upheaval.

118. In short, if the number of people existing in various stages of misery in the urban informal sector continues to expand, the cumulative impact of these inter-related trends will affect party conduct and voter behaviour. Politics will become more volatile and less easily-controlled by traditional parties. Even Mexico's *Partido Revolucionario Institucional* (PRI), one of the most durable governing parties in the world, is less able to ignore the demands that challenge the party's internal homogeneity. The PRI can no longer assume electoral victory with the certainty that it once enjoyed. Many Mexicans have yet to see the benefits of recent years' healthy economic growth: on 28 July 1993, thousands marched on Congress to protest against the freeing of rents in Mexico City.

119. Indeed, the government's PRONASOL anti-poverty plan is seen by critics as a veiled vote-buying scheme intended to undermine an electoral challenge from the left. Research carried out in Mexico purports to show that *Solidarity* expenditures are politically motivated, with funds deliberately allocated on the basis of political or electoral concerns. Others, including the Mexican government and the World Bank, stress instead that anti-poverty programmes help generate political support for economic reforms by providing people with tangible benefits — electricity, housing, roads and water — instead of just hardship.

120. Economic stabilization entails economic costs that must be borne by some or all social groups. Governments must then draw heavily on their political capital to put the programme through. Initially a technical matter, stabilization becomes a vital issue in domestic politics, particularly in a properly functioning democracy. The unpleasant social effects of such programmes become a regular target of criticism by the opposition and governments can find themselves in a dilemma: to postpone or dilute stabilization programmes, thus posing potentially worse political and economic problems for the future, or continuing to give the opposition ample room for criticism and thus possibly losing the next elections.

121. The social cost of economic adjustment will increasingly become a major issue in electoral campaigns. It is already central to the campaign in Argentina, and is likely to be so in Brazil next year. If it is true that widespread impoverishment helps to destroy consensus, then the increasing use of the poverty issue as a weapon of electoral politics will have further political repercussions. This is because, as a determinant of governability, one of the most important areas in which consensus should be sustained is the degree of agreement on the limits to political competition.

The Limits to Consensus

122. Attainment of political consensus is not solely a question of adequate economic resources. Brazil is a case worthy of note. The Brazilian "economic miracle" of the 1960s and 1970s is often evoked as a kind of economic golden age to which the country should try to return: between 1968 and 1974 Brazil's average annual GDP growth was a remarkable 10%. However, throughout the entire period 1960-1980, Brazilian income distribution worsened significantly. Brazil's experience refutes the "trickle-down" theory

of growth and poverty alleviation. According to the theory, wealth accumulation by a few sectors is desirable, since it supposedly stimulates greater growth and investment in due course. Moreover, growth alone is expected to be enough to alleviate poverty.

123. According to some analysts, the result in Brazil and elsewhere is an "apartheid democracy" which generates threats to itself. Those threats are not necessarily *directly* linked to a simple lack of money: Brazil, it should be remembered, is the tenth largest economy in the world. To become a serious threat to a system of government, poverty must be activated by other, pre-existing factors such as bureaucratic inefficiency, political corruption, administrative ineptness or a lack of interest on the part of local elites to integrate the mass of the population into some coherent concept of a nation state.

124. An "apartheid democracy" inevitably leads to conflict, perpetuates disorganization and inhibits the development of a more organized democracy based on consensus and social pacts. Lawlessness increases to the detriment of governability. Moreover, this cycle perpetuates underdevelopment, making it impossible to grant adequate resources to those institutions responsible for maintaining democratic order, or even to control those institutions effectively: four of those arrested after the 23 July murders of street children in Rio were members of the city's police force; three military policemen were arrested after the massacre of 21 people in a slum district of the city on 30 August.

125. As long as such underdevelopment is perpetuated in this fashion, consensus will be severely constrained and the transition to full democracy will be prolonged, with the risks attendant on such a delay. The consolidation of full democracy will depend on an adequate quality of life for most voters: the majority will then have some stake in the continuation of the existing (democratic) political and economic order. They will not be disposed to support military intervention or guerrilla insurgency. Neither will they be inclined to vote for radical, populist or authoritarian alternatives in which the promise of short term economic gain is more important than pluralist democratic principles.

126. These considerations are important because, in the four years from December 1993, there will be presidential elections in 17 countries of Latin America. In many of those countries the hegemony of traditional political parties is enduring. In others, new political forces are emerging in the form of recently-established parties or "anti-politicians" such as Fernando Collor or Alberto Fujimori. This phenomenon raises the prospect of a return to populism. In some countries, that prospect is enhanced by the much-eroded credibility of elected politicians in a context of widespread poverty.

127. Political credibility has been damaged by the issue of corruption. Obviously, it is not exclusively a feature of the developing world: cases of extensive political corruption in Europe have received substantial publicity this year. In Latin America, moreover, it is unlikely that any one country's politicians or government officials are necessarily more corrupt than 20 years ago. There is little, if any, evidence to show that Latin American politics have become "dirtier" than previously. On the contrary, the only two presidents in the region's history to be impeached — Carlos Andrés Pérez and Fernando Collor de Mello — were removed from office in the past twelve months, which suggests that politics

might in fact be becoming cleaner. Yet, as the quality of life deteriorates for large sectors of a population, the fact that some politicians are corrupt matters more to more people. When it matters so much to so many people as it did in Brazil and Peru last year, and in Venezuela and Guatemala this year, the political consequences can be substantial. Such corruption further widens the gulf between the governors and the governed, reinforcing the notion of political apartheid. When the governors are elected civilians, that process can undermine faith in participatory democracy.

The Allure of Populist *Caudillismo*

128. In Latin America, populists have often won elections: Juan Domingo Perón never lost one. The 17 elections over the next 4 years will in some cases be held in countries where the rising demands of an expanding population will remain unmet - a population which is more politically articulate and less easily swayed by traditional political forces. In such circumstances, what kind of choices will electorates make? To what campaign pledges will they be attracted? If polarization does come to characterize continued social deterioration, then promises of "quick-fix" solutions (likely to come from unaffiliated candidates, perhaps with dubious democratic credentials) could be seductive to many voters. The latter may then exercise their democratic rights accordingly in free elections.

129. It is worth noting that in the 1960s and 1970s democracy in Latin America was not necessarily thought of as something valuable *in itself*. The emphasis tended to be on the goods that the system could provide, rather than on the freedoms it could guarantee. In view of the electoral calendar, therefore, a fundamental problem is the coincidence of democratic politics with social decline. In this context, the dilemma for the region's democratic leaders will consist of applying viable, growth-oriented policies while simultaneously meeting popular expectations for better living conditions. If democracies are not able to meet basic social needs, and in conjunction with the trends outlined above, some countries could witness the emergence of authoritarian, although civilian, populism. There is evidence to suggest that many in the middle and lower sectors associate populist and authoritarian political actors with prospects for economic success, and that a desire for rapid improvement in living standards often has priority over a desire for the formalities of democratic procedure. Amid last year's twin political and economic crises in Brazil, for example, one survey found that 50% of respondents agreed that "what is important is to reduce misery, even if it harms democracy".

130. Polls in Peru prompt similar concern. The majority of Peruvians supported President Fujimori's institutional coup last year, despite the blatant breakdown of the democratic order: the suspension of democracy, it seemed to many, was the only way to make the country more governable. If such opinion surveys are to be believed, most Peruvians feel that their country's version of democracy has failed them. It has not met their needs, represented their interests, articulated their aspirations, made them less poor or helped them feel more secure. On the contrary, Peruvian democracy seems simply to have fostered sterile confrontation between institutions of government that have little connection to large sectors of Peruvian society. About 60% of that society lives below

the poverty line. Even in Venezuela, where the proportion of the population living in poverty is much smaller, there was a conspicuous absence of demonstrations in support of the government during last years coup attempts.

131. The point here is not simply that poverty undermines faith in democracy. Perhaps a basic lesson to be drawn from the popular demonstrations before and after Serrano's abortive coup, and from the Caracas riots of 1989 (spontaneous, leaderless, with no political agenda) is that people want more democracy, not less, in order to ensure that the government improves its contact with public opinion. (After the riots, Venezuela introduced local elections for mayors, who had previously been political appointees). But a partial democracy which is prone to institutional paralysis and sterile inter-institutional confrontation does not seem to be desirable at all to those suffering the worst social costs of adjustment. This creates political space for the populist, the anti-politician, the figure of national salvation. Like Collor, Fujimori and Serrano, such figures may assume office with a recently-established political party which has a minority in the legislature — a virtual guarantee of inter-institutional conflict and a further motivation for such leaders to attempt to bypass congress.

132. It should be noted that, despite comparable levels of public disaffection with "traditional" politicians in Peru and Guatemala, Jorge Serrano's coup attempt failed. However, in both cases (although only initially in Guatemala) the coups were supported by the military. The recent history of military government in Peru is very different from that in Guatemala, where few would wish to see a return to the brutality of the early 1980s. Overall, it is reasonable to assume that — after a decade of social decline since the onset of the 1982 debt crisis — increasing numbers of voters in some countries may be swayed by appeals from political leaders who might have a limited parliamentary base, and who will therefore be disposed towards populist measures. A principal danger is that, in historical experience, populism in Latin America has often been followed by some form of military intervention.

Poverty and the Military

133. In the past decade there have been just two successful military coups (both in Haiti) against a non-military incumbent. The 1980s saw the fall of all the military dictatorships that came to power in the 1970s. In the second half of the decade most countries cut their defence spending. At the regional level, from 1985 to 1990, military expenditure fell by approximately 35%. Defence expenditure was notably reduced in Argentina, Brazil, Chile and Peru. However, a number of countries (only two of them facing an internal war) increased military spending. All countries except Argentina, Chile and Peru increased the number of military personnel. In Mexico, Brazil and Venezuela the number of men under arms increased by 15%, 17% and 45%, respectively.

134. Two conclusions may be drawn. First, economic austerity policies have affected the armed forces. This is particularly true in Argentina, where the military's political leverage has been reduced by cuts in public expenditure as well as by the privatization

process that affected vested military interests and economic positions. Second, some countries have used increased military recruitment as a means of alleviating the impact of economic adjustment on unemployment patterns. In a context of rising popular demands, the simultaneous expansion of military personnel and the reduction of resources allocated to them could be a precarious policy over the long term. The erosion of salaries among the lower ranks can become a source of mutinous discontent, and divisions *within* military establishments might become a source of long-term instability. But a direct military take-over, where the armed forces as an institution seize power to impose a common political project, seems highly unlikely.

Democracy Endangered?

135. Latin America is not a country — a fact which is sometimes overlooked by analysts discussing the dangers posed by poverty to the region's democracies. Poverty in the region is itself disproportionately concentrated in a few countries. While many political phenomena are common to most countries of the region, those countries also differ in the strength of their traditional political parties, the degree to which the state is present throughout the national territory, their ethnic composition, economic potential, geostrategic significance, history of guerrilla struggle and experiences of military intervention. The extent of poverty, and the way in which such poverty interacts with existing demographic, political and social patterns in each country, will produce different outcomes in different parts of the region.

136. The link between poverty and politics is not direct. Last year there were two military coup attempts in Venezuela and one military-backed, institutional coup in Peru. In 1992, Peru's per capita GDP contracted by 1%; Venezuela's expanded by 5%. About 62% of Peruvians do not have piped water; less than 4% of Venezuelans lack that facility. Other indicators show similar disparities. In Honduras, which according to most indicators is even poorer than Peru, there has been no indication that the system of government is endangered by the extent of poverty in the country. In recent history, Honduras has not even produced a serious insurgent movement of any consequence.

137. The inference is obvious. In any country, widespread poverty affects governability: in short, it makes a country more difficult to govern. But it is misleading to state that poverty endangers democracy "in Latin America". For the survivability of democracy, economic considerations at the regional level will probably continue to be less important than political, cultural, social and historical factors which are very country-specific. In each country, poverty will condition those factors in such a way as to affect political trends and make the task of governing more difficult. But poverty will not, in every country, condition those factors in such a way as to endanger civilian democracy. In the 1990s, many of the dangers to the democracies of Latin America are similar to those which prevailed in the 1970s. In this present decade, the scale of the poverty might make those dangers more immediate, but it does not create them. Neither will poverty alleviation, alone, make those dangers go away.

138. From a purely political perspective, it would be unrealistic not to recognize that in many countries the situation is grave, that effective governance is constrained, and that democratic politics could become yet more volatile. However, it would be equally misleading to overstate the threat. Historically, the political centre has proved itself to be resilient. Alternatives to it are few. Neither the extreme left nor the extreme right seems to have much appeal. Nowhere does it appear probable that the armed forces, as an institution, would want to intervene directly and assume the responsibility for governing. In the 1990s, even an elected populist would probably display economic prudence, avoiding the kind of chaos that can prompt a breakdown in democratic rule.

139. Rarely has the rhetoric of liberal democracy been abandoned in Latin America; few authoritarian governments in the region have threatened to depart permanently from democratic procedure. The standard journalistic cliché is that Bolivia has experienced 189 coups in 168 years as an independent republic. But Colombia, in 173 years of independence, has experienced less than five years of military rule - a record which is remarkably better than that of several countries in Western Europe. In fact, many countries of the region have a long tradition of democracy. The force of that tradition should not be underestimated: it has survived numerous crises in several countries, and seems likely to survive more.

CONCLUSION

140. Poverty is extensive throughout Latin America, in both absolute and relative terms. Just under half the region's inhabitants are poor. Many are indigent, surviving on the very edge of human existence. Beginning in the 1980s, poor and deprived segments of the population have become even more marginalized. The "new" poor, while not usually as badly affected by impoverishment, often feel particularly aggrieved by unfulfilled expectations. The dramatic nature of the whole phenomenon is perhaps best demonstrated by the resurgence of essentially 19th century infectious diseases.

141. Clearly, it is difficult to build and sustain democratic institutions in societies deeply divided by persistent, gross inequalities of income and wealth. The perception of national cohesion is undermined by widespread poverty. And the steadily eroding credibility of traditional Latin American political parties further weakens the sense of belonging to the same society, as well as of being represented by elected leaders and the democratic institutions themselves.

142. However, there is a tendency to over-stress potentially undemocratic outcomes to the region's political transition process. The most likely general scenario towards the year 2000 is neither civil authoritarianism nor military dictatorship, but rather constantly unstable democracies. Latin American government systems will probably tend to suffer from an unpredictable political climate, featuring rapidly-shifting coalitions, undefined political constituencies, frequent changes of government and the accelerated decline of traditional parties. The sheer dimensions of poverty, popular disaffection and frustrated expectations in certain countries will leave them particularly prone to instability in a democratic context, perhaps even punctuated by outbursts of popular unrest or uprisings by sections of the military. The risks posed to governability by impoverishment — and the degree of democratic instability — are sharper in these particular nations.

143. Practically throughout the region, the nature of participatory politics is changing as a result of mass urban poverty. This is true both of the electorate and electoral issues. Most national political systems are having to make room for those who now represent a large section of the population: the hereto effectively disenfranchised urban poor. Increasingly in the 1990s, the region's slum dwellers will exercise their right to vote. The victory of the *Causa Radical* in the 6 December 1992 Caracas municipal elections has been widely viewed as an early electoral expression of this trend. The social price of economic adjustment will inevitably become a dominant issue in Latin America's forthcoming electoral campaigns.

144. The main rationale for many of the economic adjustment policies currently being implemented in Latin America was that they would provide tangible benefits to the majority in a reasonably brief period of time, albeit not immediately. In most cases, the expected benefits are all too obviously absent. Without democracy, this may not have mattered a great deal. With political pluralism, the lack of results is likely to be punished at the polls. There is nothing politically innovative about rejecting governments that perform unsatisfactorily and, hence, voting for the opposition. This is indicative of

a functioning democracy. However, it makes governments increasingly keen to find effective means of ameliorating poverty and improving social equity.

145. **Policy responses** are available. Given that poverty is caused less by the lack of resources than by their unequal distribution, there appears to be substantial room for redirecting policy priorities and state spending. Even at existing levels of spending, the improvement could, potentially, be spectacular; some current national and local anti-poverty programmes, symbolized by Mexico's PRONASOL and Brazil's *Ceara* scheme, point the way to simple but highly cost-effective grassroots measures. Such programmes have already made a measurable difference to the living conditions of millions of poor Latin Americans. Further, modestly progressive changes to the tax system could also have highly beneficial implications for the poorest sectors.

146. One conclusion brought out strongly in the recent body of literature on poverty is that governments can actively use policy formulation to improve their countries' stock of human capital. In the case of universal basic education and primary health care, the formation of human capital is synonymous with poverty alleviation. And while it is not the sole determinant of social welfare in any country, human capital is a vital component of a further, highly effective weapon against poverty: **economic growth**. The goals of promoting growth and reducing poverty go hand-in-hand. In no Latin American nation will the poor truly be better off without consistent economic expansion. Allied to appropriate redistributive policies, steady growth will be a powerful antidote to poverty.

147. Most Latin American countries, including those with the principal reservoirs of poverty, have now resumed moderate but steady economic growth. The rate of growth is not yet sufficient even to dent poverty in the region, highlighting the need for effective redistributive policies. Moreover, some long term trends in the global economy may not be altogether positive for growth-induced poverty alleviation in Latin America. It is not clear that the movement towards globalized production and capital movements, robotics, biotechnology and the gradual supplanting of trade by FDI are entirely helpful for the poor in developing nations. All such developments have some advantages, but will create "losers" as well as "winners". The current GATT draft may facilitate some of these effects, as well as create opportunities for trade-based economic expansion. Further, the truly unknown variable for economic growth and poverty alleviation is environmental damage. The rural and urban poor are the most exposed to this factor, particularly as regards unpredictable agricultural yields.

148. Policy-makers in Latin America and elsewhere need to be aware of these factors, but should not let them detract their attention from small, concrete steps and more immediate needs. The key appears to lie in efficiency and moderation: it would be a mistake to abandon overall policy coherence, perhaps by adopting populist measures, thus endangering the fruits of adjustment efforts made hereto and thus future growth. In the final analysis, and whatever the difficulties, poverty reduction is not merely a laudable aim in itself. It is also a vital way in which to stabilize democratic systems and realize the region's economic potential, while in the process redressing the terrible human cost of the social debt in Latin America.

ANNEX I: STATISTICAL DATA ON POVERTY

1. Basic Data

Country	Surface area 1992 (km ²)	Population 1992			GDP (values in constant 1988 US dollars)						
		Inhabitants ('000s)	Growth (%)	Density (p/km ²)	Total, 1992 (millions)	Per Capita, 1992	GDP Growth per Capita (%)				
							1961-1970	1971-80	1981-90	1991	1992
Argentina	2,776,889	33,101	1.2	11.9	143,880	4,347	3.0	0.8	-2.8	7.6	7.4
Bolivia	1,098,581	7,524	2.4	6.8	6,670	886	2.6	1.4	-2.6	2.1	1.0
Brazil	8,456,508	154,105	1.5	18.2	331,534	2,151	2.5	6.3	-0.7	-0.8	-2.5
Chile	756,629	13,599	1.6	18.0	38,925	2,862	1.9	1.1	0.9	6.0	10.4
Colombia	1,138,914	33,425	1.7	29.3	49,795	1,490	2.1	3.1	1.4	0.6	1.8
Costa Rica	50,900	3,191	2.5	62.7	5,607	1,757	2.5	2.5	-0.5	-0.3	4.7
Cuba	114,524	10,808	0.9	94.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dominican Rep.	48,442	7,471	2.1	154.2	5,184	694	1.9	4.3	-0.6	-2.9	5.5
Ecuador	270,670	11,055	2.4	40.8	14,344	1,298	1.9	5.7	-0.9	1.9	1.4
El Salvador	20,935	5,395	2.2	257.7	5,946	1,102	2.3	0.2	-1.9	1.4	2.3
Guatemala	108,889	9,745	2.9	89.5	9,045	928	2.6	2.8	-2.0	0.3	1.6
Haiti	27,750	6,754	2.0	243.4	1,474	218	-1.2	3.0	-2.9	-5.9	-11.8
Honduras	112,088	5,463	3.1	48.7	4,169	763	2.2	2.2	-1.0	-0.0	1.2
Mexico	1,967,183	88,153	2.1	44.8	196,434	2,228	3.6	3.7	-0.7	-1.4	0.5
Nicaragua	118,358	3,958	3.9	33.4	2,025	512	3.5	-3.1	-5.2	-3.7	-3.4
Panama	77,082	2,514	1.9	32.6	5,676	2,258	4.9	2.6	-1.5	7.2	5.9
Paraguay	406,752	4,519	2.8	11.1	6,908	1,529	1.7	5.5	0.0	-0.3	-1.0
Peru	1,280,219	22,454	2.1	17.5	29,086	1,295	2.5	0.9	-3.2	0.3	-4.6
Uruguay	177,508	3,131	0.6	17.6	9,507	3,036	0.6	2.6	-0.3	2.3	6.8
Venezuela	912,050	20,186	2.2	22.1	78,564	3,892	2.7	0.8	-2.2	8.0	5.0
Latin America	19,920,871	446,551	1.9	22.4	942,785	2,164	2.5	3.4	-1.1	1.8	.8

Note: GDP calculations for Latin America exclude Cuba.

Sources: IDB, *Basic Socio-Economic Data*, 1993; CEPAL, *Anuario Estadístico de América Latina y El Caribe 1992*, Santiago de Chile, March 1993; IRELA calculations.

2. Distribution of National Income

Country	National Income (Groups of Population) ¹						
	Year	1 st 20%	2 nd 20%	3 rd 20%	4 th 20%	5 th 20%	Richest 10%
Brazil	1989	2.1	4.9	8.9	16.8	67.5	51.3
Chile	1989	3.7	6.8	10.3	16.2	62.9	48.9
Colombia	1988	4.0	8.7	13.5	20.8	53.0	37.1
Costa Rica	1989	4.0	9.1	14.3	21.9	50.8	34.1
Dominican Rep.	1989	4.2	7.9	12.5	19.7	55.6	39.6
Guatemala	1989	2.1	5.8	10.5	18.6	63.0	46.6
Honduras	1989	2.7	6.0	10.2	17.6	63.5	47.9
Mexico	1984	4.1	7.8	12.3	19.9	55.9	39.5
Panama	1989	2.0	6.3	11.6	20.3	59.8	42.1
Peru	1985	4.9	9.2	13.7	21.0	51.4	35.4
Venezuela	1989	4.8	9.5	14.4	21.9	49.5	33.2

1 This refers to the share in national income of each population group (in ascending order of income). The table shows for Brazil, for example, that the poorest 20% of Brazilians obtain only 2.1% of national income, the next 20% of the population receives 4.9%; the richest 10% account for 51.3% of Brazil's national income.

3. Public Spending as a Proportion of GDP and by Main Social Spending Sectors

Country	Social Spending ¹ (as % of GDP)			Public Spending per Sector (% of total expenditure)					
				Education		Health		Housing and Social Security	
	1980	1990	1992	1980	1991	1980	1991	1980	1991
Argentina	33.4	24.3	23.3	n.a.	9.9	n.a.	3.0	n.a.	39.4
Bolivia	17.4	31.4	36.3	n.a.	18.7	n.a.	3.3	n.a.	18.8
Brazil	20.4	n.a.	n.a.	0.0	3.1	8.0	6.7	32.0	25.5
Chile	29.1	25.2	25.3	14.5	n.a.	7.4	n.a.	37.1	n.a.
Colombia	19.6	23.8	25.0	19.1	n.a.	3.9	n.a.	21.2	n.a.
Costa Rica	18.9	31.8	29.3	24.6	19.1	28.7	32.0	9.5	13.3
Dominican Rep.	12.9	11.8	13.7	12.6	10.2	9.3	14.0	13.8	20.2
Ecuador	n.a.	27.3	28.2	34.7	18.2	7.8	11.0	1.3	2.5
El Salvador	16.4	13.6	18.1	19.8	14.4	9.0	7.7	2.1	1.4
Guatemala	11.0	10.0	10.5	n.a.	19.5	n.a.	9.9	n.a.	7.8
Haiti	18.6	15.3	7.1	6.6	n.a.	4.5	n.a.	5.0	n.a.
Honduras	30.1	33.3	35.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mexico	32.9	31.5	24.1	18.0	13.9	2.4	1.9	18.5	13.0
Nicaragua	29.9	50.8	41.2	11.6	n.a.	14.6	n.a.	7.4	n.a.
Panama	33.7	31.2	30.8	13.4	17.1	12.7	20.5	13.5	23.8
Paraguay	8.7	9.5	13.2	12.9	12.7	3.6	4.3	19.2	14.8
Peru	18.0	16.1	12.2	15.6	21.1	5.6	5.6	0.0	0.5
Uruguay	15.8	27.2	29.9	8.8	7.4	4.9	4.5	48.5	50.3
Venezuela	14.9	32.6	29.9	19.9	n.a.	8.8	n.a.	9.5	n.a.

1 Data refer to non-financial public sector, including both current and capital expenditures.

Sources: CEPAL, *Anuario Estadístico de América Latina y el Caribe* 1992, Santiago de Chile, March 1993; World Bank, *World Development Report* 1993, Washington DC; IDB, *Basic Socio-Economic Data*, various editions, Washington DC; and IRELA calculations.

4. Trends in Inflation and Salaries

Country	Consumer Price Index (average annual change)			Evolution of Average Real Wages (1980=100)		
	1980-85	1986-91	1992	1985	1990	1992
Argentina	309.9	1,021.7	23.0	108	82	78
Bolivia	2,085.3	60.1	12.1	70	77	85
Brazil	131.0	953.8	1000.0	74	42	51
Chile	22.0	19.8	15.4	93	104	114
Colombia	21.3	25.9	27.0	116	123	121
Costa Rica	31.5	19.0	21.8	95	103	97
Dominican Rep.	15.6	38.1	5.0	80	74	78
Ecuador	23.6	47.3	54.6	69	40	36
El Salvador	14.0	22.1	11.3	93	n.a.	n.a.
Guatemala	7.6	24.3	10.1	91	72	72
Haiti	9.7	6.6	20.1	81	57	48
Honduras	8.1	13.1	8.8	88	88	88
Mexico	52.1	66.9	15.5	71	73	77
Nicaragua	56.9	4,923.7	20.0	56	n.a.	n.a.
Panama	4.6	0.6	1.9	108	n.a.	n.a.
Paraguay	15.7	27.5	15.1	90	99	86
Peru	89.8	2,020.2	73.5	79	33	33
Uruguay	44.7	82.8	68.5	88	92	98
Venezuela	11.9	38.1	31.4	75	54	56

5. The Workforce¹ in Latin America

Country	Workforce 1989- 1991 (% pop.)	Working Women, 1990 (% of total)	Distribution of the Workforce (% of total)					
			Agriculture		Industry		Services	
			1965	1991	1965	1991	1965	1991
Argentina	38	21	18	13	34	34	48	53
Bolivia	31	24	54	47	20	19	26	34
Brazil	43	35	49	28	20	25	31	47
Chile	37	31	27	18	29	30	44	52
Colombia	45	41	45	n.a.	21	n.a.	34	n.a.
Costa Rica	37	29	47	24	19	30	34	46
Cuba	44	32	33	24	25	29	42	47
Dominican Rep.	30	15	59	46	14	15	27	53
Ecuador	35	30	55	30	19	24	26	46
El Salvador	41	45	58	10	16	35	26	55
Guatemala	34	26	64	48	15	23	21	29
Haiti	41	40	77	50	7	6	16	44
Honduras	39	18	68	36	12	17	20	47
Mexico	30	31	49	22	22	31	29	47
Nicaragua	35	34	56	46	16	16	28	38
Panama	36	27	46	12	16	21	38	67
Paraguay	45	41	54	48	20	21	26	31
Peru	40	33	49	35	19	12	32	53
Uruguay	40	31	20	15	29	18	51	67
Venezuela	37	22	30	12	24	32	46	56
Latin America	39	32	44	24	21	26	35	50

¹ The workforce is the economically active population, including military personnel and the unemployed, but excluding housewives and others performing unpaid services.

Sources: IDB, *Economic and Social Progress in Latin America and the Caribbean*, several editions, Washington DC; CEPAL, *Balance Preliminar de la Economía de América Latina y El Caribe 1992*, Santiago de Chile; UNDP, *Human Development Report 1993*, Madrid; and IRELA calculations.

6. Demographic Indicators

Country	Life Expectancy at Birth (years)			Birth Rate ¹ (per 1,000 inhabitants)			Infant Mortality Rate ² (per 1,000 inhabitants)	
	Total population		Women 1991	1965	1980	1991	1965	1991/92
	1960	1991						
Argentina	67	71	75	23	25	21	58	25
Bolivia	43	59	61	46	43	36	160	83
Brazil	52	66	69	39	32	24	104	58
Chile	55	72	76	34	24	23	98	17
Colombia	58	69	72	43	32	24	86	23
Costa Rica	62	75	78	45	32	27	72	13
Cuba	71	75	77	27	17	17	38	11
Dominican Rep.	56	67	69	47	35	27	110	54
Ecuador	53	66	69	45	38	30	112	47
El Salvador	51	66	68	46	41	34	115	42
Guatemala	49	64	67	46	44	39	112	60
Haiti	47	55	56	41	37	35	158	94
Honduras	49	65	68	51	44	38	133	49
Mexico	56	70	73	45	35	28	82	36
Nicaragua	50	66	68	49	46	40	121	56
Panama	61	73	75	40	31	25	56	21
Paraguay	64	67	69	41	35	33	60	35
Peru	45	64	66	45	38	27	130	53
Uruguay	71	73	77	21	20	17	47	21
Venezuela	67	70	73	42	34	30	65	20
Latin America	54	67	71	40	33	26	92	43

1 Birthrate is the ratio between the nº of births during the year and the average population in the same period.

2 Deaths of infants from 0 to 1 year of age per 1,000 live births.

7. Mortality: Principal Causes

Country	Main Causes of Death, 1985-90 (per 100,000 inhabitants)			Incidence of Tuberculosis, 1990 (per 100,000 inhabitants)	Cholera Epidemic			
	Contag. Disease ¹	Other diseases	Injuries		1991		1992	
					Cases	Deaths	Cases	Deaths
Argentina	107	530	59	50	-	-	451	15
Bolivia	-	-	-	-	128	10	19,248	339
Brazil	-	-	-	56	326	3	17,055	213
Chile	131	444	88	67	41	2	71	1
Colombia	-	-	-	67	10,258	145	2,158	23
Dominican Rep.	206	392	88	110	-	-	-	193
Ecuador	210	444	119	166	40,465	623	29,563	41
El Salvador	202	448	201	110	810	33	6,966	189
Guatemala	595	385	513	110	2,534	40	12,963	13
Honduras	-	523	-	-	5	-	282	42
Mexico	168	-	-	-	2,107	27	3,855	12
Nicaragua	-	-	-	-	1	-	1,461	70
Panama	-	-	-	-	924	22	2,846	653
Peru	327	-	53	250	285,438	2,730	183,070	-
Uruguay	98	443	67	15	-	-	-	-
Venezuela	151	519	110	44	-	-	2,117	47
		449						
Latin America	193 ²	494 ²	95 ²	92 ²	343,037	3,635	279,989	1,851

1 Includes maternal and pre-natal causes.

2 Estimated regional average

Sources: World Bank, *World Development Report 1993*, Washington DC; IDB, *Basic Socio-Economic Data*, June 1993, Washington DC; World Bank, *Social Indicators of Development 1993*, Washington DC; Latin American Newsletters, *Latin American Special Report*, London, October 1992; and IRELA calculations.

8. Poverty in Latin America (1970-1990)¹

Country	Years	Poverty ² (% of total households)			Indigence ³ (% of total households)		
		Total	Urban	Rural	Total	Urban	Rural
Argentina	1970	8	5	19	1	1	1
	1980	9	7	16	2	2	4
	1986	13	12	17	4	3	6
Bolivia	1989	n.a.	50	n.a.	22	n.a.	n.a.
Brazil	1970	49	35	73	25	15	42
	1979	39	30	62	17	20	35
	1990	43	39	56	n.a.	22	n.a.
Chile	1970	17	12	25	6	3	11
	1987	38	37	45	14	13	16
	1990	35	34	36	12	11	15
Colombia	1970	45	38	54	18	14	23
	1980	39	36	45	16	13	22
	1990	n.a.	35	n.a.	n.a.	12	n.a.
Guatemala	1970	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	1980	65	41	79	33	13	44
	1990	n.a.	n.a.	72	n.a.	n.a.	45
Honduras	1970	65	40	75	45	15	57
	1986	71	53	81	51	28	64
	1990	75	65	84	54	38	66
Mexico	1970	34	20	49	12	6	18
	1977	32	n.a.	n.a.	10	n.a.	n.a.
	1984	30	23	43	10	6	19
Panama	1970	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	1979	36	31	45	19	14	27
	1989	38	34	48	18	15	25
Peru	1970	50	28	68	25	8	39
	1979	46	35	65	21	12	37
	1986	52	45	64	25	16	39
Uruguay	1970	n.a.	10	n.a.	n.a.	4	n.a.
	1981	11	9	21	3	2	7
	1989	n.a.	10	n.a.	n.a.	2	n.a.
Venezuela	1970	25	20	36	10	6	19
	1981	22	18	35	7	5	15
	1990	34	33	38	12	11	17
Latin America ⁴							
Households	1970	40	26	62	19	10	34
	1980	35	25	54	15	9	28
	1990	39	34	53	18	13	30
Population	1990	46	39	61	22	15	37

1 Figures may differ from some more recent and specific data quoted in the text.

2 "Poverty" here includes "indigence". Households whose income is less than twice the cost of a basic basket of foodstuffs are below the poverty line.

3 "Indigent" households are those whose income is less than the cost of a basic basket of foodstuffs.

4 Includes the 20 countries of Latin America.

Source: CEPAL, *Anuario Estadístico de América Latina y El Caribe 1992*, Santiago de Chile; CEPAL, *El Perfil de la Pobreza en América Latina a Comienzos de los años 90*, Santiago de Chile, November 1992.

9. Education Indicators

Country	Adult Literacy Rate (%)			Years of Schooling ¹	Enrollment by Level of Schooling ² (most recent estimates, %)		
	1970	1980	1990	1990	Primary	Secondary	Tertiary
Argentina	93	94	95	8.7	111	69	41
Bolivia	63	n.a.	78	4.0	82	34	23
Brazil	66	75	81	3.9	108	39	11
Chile	89	91	93	7.5	99	74	19
Colombia	81	88	87	7.1	110	55	14
Costa Rica	88	93	93	5.7	102	42	25
Cuba	n.a.	92 ³	94	7.6	98	92	21
Dominican Rep.	67	69	83	4.3	101	46	19
Ecuador	74	84	86	5.6	114	54	25
El Salvador	57	67	73	4.1	83	29	15
Guatemala	46	56	55	4.1	79	23	7
Haiti	21	38	53	1.7	86	19	1
Honduras	57	n.a.	73	3.9	114	33	10
Mexico	74	84	88	4.7	115	50	13
Nicaragua	58	87 ³	-	4.3	95	38	9
Panama	81	87	88	6.7	105	62	22
Paraguay	80	88	90	4.9	109	31	5
Peru	72	82	85	6.4	126	79	35
Uruguay	94	95	96	7.8	108	84	50
Venezuela	77	85	88	6.3	109	35	28
Latin America	76	80	85	5.2	107	49	16

1 Indicates the average years spent in school by those aged 24 or over.

2 The number of pupils enrolled at a given level of education, expressed as a percentage of population corresponding to that level but including pupils older than the normal age for this level.

3 Data refer to 1985.

10. Health Indicators

Country	Inhabit. per Doctor		Hospital Beds per 100,000 inhabit.		% of Population with access to: (1987-90)			Intake of: ¹ 1988-90	
	1980	1986-91	1980	1986-91	Health services	Clean Water	Drain- age	Calories	Protein (grs.)
Argentina	356	328	5.3	4.8	n.a.	n.a.	89	3,068	99.2
Bolivia	1,956	2,100	1.8	1.5	n.a.	46	34	2,013	51.9
Brazil	830	848	4.2	3.7	n.a.	96	78	2,730	61.4
Chile	2,700	2,165	3.4	3.3	95	86	85	2,484	68.0
Colombia	1,598	1,081	1.7	1.5	87	92	68	2,453	55.8
Costa Rica	1,473	1,205	3.0	2.2	97	94	97	2,711	63.9
Cuba	635	333	5.5	7.4	100	n.a.	n.a.	3,129	73.0
Dominican Rep.	n.a.	n.a.	n.a.	n.a.	n.a.	62	60	2,310	50.3
Ecuador	1,281	1,078	1.8	1.6	80	58	56	2,399	49.9
El Salvador	2,860	2,641	1.3	1.1	n.a.	41	61	n.a.	n.a.
Guatemala	1,773	3,999	1.8	1.2	60	60	57	2,254	54.9
Haiti	8,921	6,006	n.a.	n.a.	45	42	21	2,005	48.1
Honduras	3,022	1,811	1.4	1.1	62	52	33	2,210	54.0
Mexico	1,081	885	0.8	0.7	91	78	74	3,062	80.2
Nicaragua	2,067	1,789	1.7	1.4	n.a.	53	27	n.a.	n.a.
Panama	1,074	871	3.8	3.0	82	83	84	2,269	58.0
Paraguay	1,283	1,470	1.0	1.2	n.a.	33	58	2,684	68.2
Peru	1,391	3,606	1.7	1.5	n.a.	58	49	2,037	53.7
Uruguay	540	341	6.0	4.6	n.a.	84	n.a.	2,668	82.4
Venezuela	925	579	2.8	2.4	NA	89	92	2,443	61.0
Latin America	NA	1,220	NA	NA	86	81	72	n.a.	n.a.

1 Daily intake of calories and proteins in grams per inhabitant; three year average.

Sources: World Bank, *World Development Report 1993*, Washington DC; CEPAL, *Anuario Estadístico de América Latina y El Caribe 1992*, Santiago de Chile; UNDP, *Human Development Report 1993*, Madrid.

11. Development Indicators

Country	Human Development Index ¹ , 1990		Ranking by GDP per capita, 1990	Difference: ² GDP per capita ranking minus HDI ranking
	HDI Value	World Ranking by Country		
Argentina	0.832	46	62	16
Bolivia	0.398	122	119	-3
Brazil	0.730	70	53	-17
Chile	0.864	36	75	39
Colombia	0.770	61	93	32
Costa Rica	0.852	42	76	34
Cuba	0.711	75	101	26
Dominican Rep.	0.586	97	112	15
Ecuador	0.646	89	108	19
El Salvador	0.503	110	102	-8
Guatemala	0.489	113	110	-3
Haiti	0.275	137	143	6
Honduras	0.472	116	118	2
Mexico	0.805	53	60	7
Nicaragua	0.500	111	133	22
Panama	0.738	68	77	9
Paraguay	0.641	90	97	7
Peru	0.592	95	95	0
Uruguay	0.881	30	54	24
Venezuela	0.824	50	56	6

1 Development indicator adopted by UNDP and made up of three elements: life expectancy, education (adult literacy) and decent living standards (national product per capita). The HDI, which varies between 0 and 1, tends towards 1 the higher the level of development. Countries are ranked according to their HDI.

2 A positive figure indicates that a country is ranked higher on the HDI than it is in simple GDP per capita terms, and vice versa for negative figures.

Sources: UNDP, *Human Development Report 1993*, Madrid; CEPAL, *Anuario Estadístico de América Latina y El Caribe 1992*, Santiago de Chile, and IRELA calculations.

ANNEX II

RESOLUTIONS OF THE EUROPEAN PARLIAMENT ON POVERTY-RELATED ISSUES (Extracts)

1. RESOLUTION ON THE TORTURE AND MURDER OF CHILDREN IN BRAZIL
(13 September 1990)

It is estimated that 7 million children live and work in the streets of Brazil. Given the allegations that members of the Brazilian police take part in death squads, the European Parliament (EP) regrets that the authorities have failed to take the appropriate steps to protect the most vulnerable victims of police violence. The EP expresses its satisfaction at the new regulations adopted by the Brazilian Congress for the protection of these children. Equally, it supports the recommendations of Amnesty International for torture and executions to be eradicated through the exhaustive investigation of all accusations and for the setting up of a register of all violent deaths.

2. RESOLUTION ON THE CHOLERA EPIDEMIC IN PERU
(26 February 1991)

Taking into account that the Commission of the European Communities has agreed emergency aid of 500,000 ecus, and in conjunction with some Member States, the EP expresses its solidarity and preoccupation with the serious epidemic of cholera affecting Peru. It asks the Commission to find a way in which to coordinate the assistance of Member States and the competent international organizations, as well as to provide economic and humanitarian aid in partial compensation for the crisis provoked by the fall in exports as a result of the cholera epidemic.

3. RESOLUTION ON THE MURDER OF STREET CHILDREN IN BRAZIL
(11 July 1991)

The European Parliament, having regard to the tragic circumstances of the millions of homeless and orphaned children and adolescents living on the streets of Brazil's major cities, expresses its disgust at such acts of violence against street children in Brazil, and at the apparent indifference with which the authorities treat this problem. It calls on the Council to draw the attention of the Brazilian authorities to the detrimental effects which the continuation of these human rights violations could have on relations between the EC and Brazil. It requests that the Commission examine ways in which the Community could help to improve the situation of the seven million street children in Brazil, as well as ways in which it might wish to use the "conditionality principle" in economic relations with Brazil, should the violation of the rights of these children persist.

4. RESOLUTION ON THE KILLING OF HOMELESS CHILDREN IN COLOMBIA
(12 March 1992)

Given the presence of thousands of persecuted and abandoned children in Colombia, the fact that the number of homeless children is rising, and that in the past few years hundreds have suffered burns or been killed, the EP asks the Colombian government to take effective steps to prevent further killings of homeless children; welcomes with satisfaction the fact that the Colombian government is doing everything possible to end the killing of children carried out by the police and by death squads, as well as to prosecute those responsible; calls on the Colombian government to provide the necessary resources to address the problem of homeless children and to put into action health and education programmes; and requests that the Commission examines ways of cooperating with organizations that are attempting to help these children. Further, the EP supports the call by Amnesty International for the setting up of a register recording all violent deaths attributed to death squads or the Colombian police, for supervision of all investigations into these killings, for adequate protection of victims and witnesses, and for all reports of torture to be carefully and impartially investigated. The EP also approved a resolution on the case of the indigenous people murdered in the Colombian city of Barranquilla, motivated by the aim of selling their bodies to the Faculty of Medicine.

5. RESOLUTION ON THE CHOLERA EPIDEMIC IN LATIN AMERICA
(12 March 1992)

Conscious of the difficulties arising from the lack of an ideal sanitary infrastructure, in order adequately to combat the cholera epidemic that is spreading across Latin America, the EP asks the Commission to grant an emergency credit and to organize emergency economic and humanitarian aid to those areas and countries most seriously affected, in coordination with the competent international, regional and national organizations. The aim is to instigate coordinated action against the epidemic, thus permitting its control and eradication.

6. RESOLUTION ON STREET CHILDREN IN GUATEMALA
(10 April 1992)

The EP calls on the Commission and the Council to do all that they can to support and sustain the fight against the scourge of frequent killings and torture of street children by the police and death squads. The EP calls on the Twelve to formulate a common policy towards countries where the persecution of street children is recurrent, and to support organizations such as the Alliance House of New York (*Casa Alianza de Nueva York*), and the Canadian Agency for International Development, in helping these children and bringing legal action against those responsible.

7. RESOLUTION ON HOMELESS CHILDREN IN BRAZIL
(19 November 1992)

Struck by the fact that 45 million Brazilian children are denied fundamental rights such as education, food and health care, and conscious that this problem, among others, is due to major socio-economic inequalities in Brazil and at international level, large sections of the population thus being denied the basic essentials for life, the EP appeals to the Brazilian authorities to do everything in their power to improve the safety and prospects of street children. It also calls on the European Community and its Member States to support the Brazilian government in this respect, to raise the question of the interests of the street children in bilateral development cooperation and to raise EC help for these children and their organizations under development programmes.

8. DENUNCIATION OF "SLAVE LABOUR" IN BRAZIL
(19 February 1993)

The President of Brazil's Federal Council of Lawyers, Dr Marcelo Lavenere Machado, told the EP's Sub-Committee on Human Rights about what he described as "slave labour" in Brazil. Dr Lavenere detailed what he called "modern slavery": large landowners (*fazendeiros*) or agricultural companies recruit landless labourers on the basis of promises that are never kept. In fact, these workers are not paid wages, live in inhuman conditions and are frequently locked in at night under armed guard. Those that try to escape are jailed and punished or even, on occasions, killed. However, according to the Brazilian lawyer, the situation has begun to change under the new government.

9. RESOLUTION ON HUMAN RIGHTS VIOLATIONS IN BRAZIL
(16 September 1993)

The EP calls on the Brazilian authorities to bring to justice those responsible for the torture and killings over the past few months, particularly with respect to the slaughter of Yanomami Indians in Amazonia and the murders committed in slum areas (*favelas*) of Rio de Janeiro. The Members of the EP are deeply concerned about the appointment to high office in the Brazilian government of alleged perpetrators of torture or killings; the EP requests that the authorities revise drastically the manner of operation of both civilian and military police forces. It also asks the authorities to respond with the greatest firmness with respect to reports, investigations and punishment of these crimes and expresses its support for all initiatives aimed at the preservation of life, harmony, citizenship and survival for all Brazilians.

ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
CAP	Common Agricultural Policy
CELADE	<i>Centro Lationamericano de Demografía</i> Latin American Centre for Demography
DAC	Development Assistance Committee
EC	European Community
ECLAC	Economic Committee for Latin America and the Caribbean
EP	European Parliament
FDI	foreign direct investment
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IMR	Infant Mortality Rate
NGO	non-governmental organization
OECD	Organization for Economic Co-operation and Development
PRI	<i>Partido Revolucionario Institucional</i>
PRONASOL	<i>Programa Nacional de Solidaridad</i> National Solidarity Programme
TRIPS	trade-related intellectual property rights
UN	United Nations
UNDP	United Nations Development Programme

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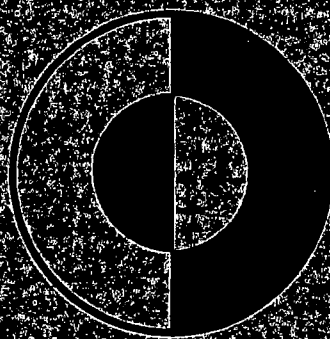
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MEMO TO EILEEN AND DAN FROM AIMÉE
RE: HAITI/AID MEETING
DATE: 9-03-93

Attendees: Marcia Bernbaum, Director of the Office of Caribbean Affairs; Jim Hester, Environmental Policy, Office of Policy; David Gibson, Regional Advisor, Forestry and Natural Resources, Office of Latin America and the Caribbean/Technical (LACTECH); Karen Menczer, Environmental Adviser, Office of Latin America and the Caribbean Development and Research (LAC/DR); Joan Johnson, Director, Haiti Desk.

The meeting went fairly well, with Marcia Bernbaum introducing the meeting and Jim Hester leading the rest of it. He went through their 2 page memo from the brain storming session they had with David Cohen, the Haiti Mission Director. Karen Menczer will be going to Haiti for the week of the 13th to meet with the mission and get out in the field. She'll talk to the agriculture and environment staff, to try to get more ideas for potential projects and an overall sustainable development strategy.

The memo AID presented included a "three pronged strategy:"

1) Develop Environmental Action Plan:

- in coordination with other bilateral and multilateral donors, including UNDP, GOH and PVOs, AID will contribute to the development and approval of an Environmental Action Plan (EAP) for Haiti. AID feels that by including all players, the process will ensure ownership and commitment by everyone and serve as the basis for internalizing environmental considerations in public policy and long-term economic development.
- the World Bank "has effectively coordinated" the preparation and funding for over ten EAPs and is in the process of coordinating the preparation of EAPs for the Caribbean including Haiti; AID feels it is opportune for the Agency to discuss with the Bank AID's involvement in the multidisciplinary effort.
- once the EAP is approved, AID will shop it around for funding support from bilateral and multilateral donors.

2) Review Current USAID/Haiti Portfolio To Identify Opportunities For Further Integrating Environmental Concerns:

- AID still considers that it is currently active in promoting environmental conservation and sustainability under its on-going Productive Land Use Systems Project (PLUS), the Coffee Revitalization Project and the Targeted Watershed Management Project.
- they will send Karen Menczer down to review its portfolio of current and planned projects to ascertain:

- the extent to which projects address environmental concerns; and
- identify additional activities for improved management of the natural resources base.

- some ideas of what AID feels might come out of this exercise:

- soil and water conservation activities and environmentally sound disposal of solid wastes under the recently launched Productive Employment Generation Program jobs creation program;

- assist to improve (de-corrupt, strengthen) the "national cadastre and titling authority" which AID feels is essential to increasing investment in land management;

- conduct a comprehensive inventory of policies discouraging more sustainable natural resources management in order to more fully appreciate inter-sectoral constraints;

- undertake policy dialogue with the GOH focussing on environmental conservation and sustainability;

- enactment of legislation relating to secure land and resource tenure, and natural resources accounting; and

- greater integration of environmental education under the on-going CLAScholarshipProgram II Project, i.e., train people to be biologists, etc.

3) Maximize Opportunities to Benefit From LAC Regional and Other Central Programs (look for ways for Haiti to specifically tap into funds/programs of a regional and global nature):

- OYB (operational year budget) transfer made 7/93 to the Biodiversity Support Program (BSP) to provide assistance through 9/95 for Pic Macaya (watershed and rainforest) biodiversity protection and conservation activities;

- explore Haitian possibilities for GEF projects on biodiversity protection and productive natural resources management;

- explore possibilities under the Decentralization and Financial Management Project for establishing creative financial partnerships for sustainable resource utilization including production of non-traditional commodities-extractive reserves, etc.);

- harness the Development Strategies for Fragile Lands (DESFIL) project to conduct critical constraints analyses or develop local NGO capabilities to conduct Rapid Rural Appraisals to expand USAID/Haiti's PLUS project;

- look at markets for agricultural products through several LAC regional projects in order to generate income and employment; and

- ask the GENESYS (worldwide AID project) project to take a prescriptive look at land-labor-women relationships in Haiti.

Comments:

- Apparently the UNDP office in Haiti has been very supportive of this initiative, but AID suggested that Katie call Gus to get UNDP help from the top down (more money and faster response);

- AID felt that we might be able to spin the education/scholarship program to have up to half of the trainees educated for environmental jobs;

- AID feels that the policy dialogue is very important--and free--to change the incentive structure of the country;
- watch out for overly export-oriented solutions, i.e., agricultural export crop production, etc.--it just keeps the money in the same old hands;
- the consultative group meeting will take place in October, and we can push the results of the EAP then, and shop for donors;
- the UNDP, World Bank, AID, and IDB did an assessment on Haiti's needs and came up with a report and an "Emergency Economic Recovery Program" to the tune of \$167 million. It includes basic infrastructure improvements among other short term projects; the program is to be paid for by commitments from bilateral and multilateral donors at the October meeting. I am waiting for a copy of the report, but feel (as does AID) that this will be a major competitor--in the short term--for our funding of the sustainable development plan.

Things to do in interim:

- get copy of UNDP, etc. report on the resource gap/\$167 mill.;
- call Joan Johnson and get more detailed information on current AID projects in Haiti;
- have Katie call Gus to get top-down support for UNDP/AID cooperation on this initiative;
- write brief memo to Karen Menczer on possible NGOs (those suggested by Bob McGuire, IAF) to contact as resources in Haiti;
- keep in close contact with Marcia Bernbaum to find out how the EAP is going and who they are working with;
- call Karen Menczer upon return from Haiti to find out how it went, if she felt it was productive, etc.

MEMO TO DAN, KATIE AND EILEEN
RE: BOLIVIA ENVIRONMENT CONFERENCE INITIATIVE
DATE: 8-25-93

The White House Situation Room received a cable from the U.S. Embassy in Bolivia regarding the President of Bolivia, Gonzalo Sanchez de Lozada's, proposal to host "a major ministerial level conference on sustainable development in Latin America." U.S. Government support could have high pay-offs in expanding inter-American dialogue on regional environmental and sustainable development issues.

President Lozada first presented his concept of an October 1994 conference (tentatively titled "Americas 501") to the Hayes/O'Leary/Zazueta V.P. team. The team argued that such a conference could be "the best single way to enhance U.S. participation in the GOB's sustainable development initiative..., explore other avenues for north-south cooperation, apply President Clinton's and Vice-President Gore's leadership on Global environmental issues to concrete, country specific contexts, and promote the international networking required for coordinated efforts to address global environmental issues."

The new government is now considering a 1994 preparatory conference of ministers, to be followed by a 1995 conference of Heads of State. In addition to those points mentioned above, this would provide the GOB with an opportunity to demonstrate its growing commitment to sustainable development and the environment and to assume an increasing leadership role in the region on these issues. It would also attract attention to the USG/GOB's growing collaborative environmental program.

The RISKS:

- the new GOB will have to work hard to develop an effective ministry for sustainable development and the environment to showcase to visiting governments, and failure to do so would be an embarrassment;
- in addition, the planning for these conferences would be difficult and could impose a heavy burden on the new ministry and its small staff.

Next Steps:

- while not without risk, USG support of the initiative is endorsed by the VP team and the American Embassy in La Paz. "The broad and long-term opportunities these conferences would offer--including to the USG--outweigh the short-term risks;
- USG support for this proposed initiative could be critical; specifically, immediate technical and financial assistance for conference planning, logistics, and implementation would play a very positive, even decisive, role;
- it is expected that the GOB will want clear signals as soon as possible about USG interest in collaborating with this initiative;
- President Sanchez de Lozada will address the UN General Assembly in October, and considering contacting USG officials on his and other issues before hand.

MEMO TO EILEEN FROM AIMÉE
RE: YANOMAMI FOLLOW-UP/GREENWIRE ARTICLE
DATE: AUGUST 23, 1993

According to the Greenwire article, 73 Yanomami were massacred, not the original 19 we had heard. Half were children, and two pregnant women. According to the article, President Franco called for a meeting "of the National Defense Council to 'enlist' military aid 'in hunting down' the gold miners involved in the 8/15 massacre." Reports have surfaced that as many as 2,000 miners have reinvaded the Yanomami territory after having been expelled in 1990. Legislation is pending in the Brazilian Congress that would "substantially" reduce the Yanomami's reserve.

Barbara Bramble wrote the enclosed piece on the massacre which is to have appeared in the newspaper, "Folha de Sao Paulo." We're still waiting to hear if it got in. She feels that the Vice-President needs to voice U.S. support for the Yanomami cause--without causing an international incident. She suggested something in the tone of her article. The article looks like an effective way to address all issues of the incident in Roraima, and perhaps the administration has the responsibility to denounce this behavior.

Have you spoken to Alec Watson?

MEMO TO EILEEN FROM AIMÉE
RE: YANOMAMI MASSACRE
DATE: 8-20-93

According to Jim Pritchett of the Brazil desk at State, 19 Yanomami were massacred, 9 adults and 10 children were decapitated with machetes by gold miners in the area. A telex from the FUNAI in Roraima to the FUNAI in Brasilia, also stated that they were killed by gold miners, but the miners are saying two indigenous groups were fighting each other (no one believes this story). The Brazilian government has reacted quickly by already sending up policemen and FUNAI representatives, however, they have not been able to get to the village because they can only get there by helicopter, and the weather has been too bad. This afternoon they were getting as close as they could and then planning to hike the rest of the way. The Brazilian Justice Minister, Corrêa, is going up there tomorrow. The Brazilians are taking this seriously partly because of the international human rights concerns regarding the killing of street children.

Apparently the U.S. military has been performing somewhat iffy exercises in the Forests of Guyana, and is soon to do "water safety training in Surinam." The Brazilian press and the Brazilian military have been claiming that the military exercises are the beginning of the U.S. internationalization of the Amazon. They claim that we are building bases in the surrounding countries and will use this massacre as an excuse to lay claim to the Amazon region. In addition, the Brazilian press is claiming that by supporting the UN Declaration on Indigenous Rights we are sanctioning the creation of puppet states within Brazil's (and other countries') borders (see enclosed U.S. statement).

According to the official U.S. word, the military has been running jungle training exercises and "construction was limited to building toilet facilities, a small footbridge, and repairing roofs on some existing buildings at Makouria training camp." The official story on Surinam is that the U.S. will deploy between 15 and 40 personnel to conduct air-sea rescue training, tentatively scheduled for September 12-18 (see attached memo regarding both). Madonna McGuire of NWF spoke with Bill Orneby of the U.S. Military South Command center in Panama. He is a civilian and therefore has no military rank. He told her that there were two different troop deployments. 200 U.S. Special Forces went to Makouria, Guyana for jungle training from April 27 to May 15. Then from July 19 to August 2, 130 men returned to Guyana and he said that Makouria is not anywhere near the border of Brazil. In Colombia

the Navy Sea Bees helped the Colombian Marines build a base and left when it was completed.

It is highly possible that the Brazilian military is manipulating legitimate U.S. military activity to try to justify increasing its budget as well as control over the Amazon. However, the U.S. excuse that it is doing jungle training exercises is an old one to hide drug war activity and other covert acts (see Guatemala), so we may want to try to find out what's really going on. Barbara Bramble is going to Brazil in September and would like to be able to tell everyone she meets with (including presidential candidates, NGOs) that their concerns over U.S. activities are totally unfounded. Steve Schwartzmann of EDF is apparently on his way there now.

The U.S. embassy has been communicating with the Brazilians to reassure them that we are not planning any aggression against them, and not using the massacre as an excuse to push for the internationalization of the Amazon. Assistant Secretary Watson just returned from Paraguay and had been given talking points on the military activities so that when he met with Franco he could dispel any concerns. However, the meeting never took place.

We do need to discuss what exactly the military is doing in the forests. Apparently some in the Pentagon have been using the "protection of the Amazon" as a reason/way to secure more defense funding, and so the Brazilians may not be unjustly paranoid after all.

Jim Pritchett, Brazil Desk: 647-9407
Asst. Sec. Watson: 647-5780

see enclosures: NYTimes article and cover note from NWF, U.S. government (State and Embassy) documents/press releases on Indigenous Rights Declaration and military activities.

MEMO TO EILEEN, DAN, CHRIS FROM AIMÉE
RE: LATIN AMERICA INITIATIVES
DATE: 9-10-93

Haiti:

- AID is preparing an Environmental Action Plan; Karen Menczer is in Haiti the week of the 13th, meeting with mission environmental people; I will be keeping in touch with AID and receive a memo from Karen upon her return;
- the NGOs have been designing a foundation for funding grassroots sustainable development activities; board members would be Haitian NGO, business, and political representatives and international foundation/bilateral donor representatives (including AID, Inter-American Foundation reps); funding would be in the area of \$5 million, with most of that coming from USAID; Lisa McGowan of the Development Gap will be getting a copy of the foundation proposal to me at the end of next week.

Bolivia: *Katie*

- The VP delegation was in Bolivia the first week in August, and nothing has been followed up on since; I would like to get briefing notes from the Hayes/O'Leary/Zazueta fact finding trip;
- The President of Bolivia, Gonzalo Sanchez de Lozada, has proposed hosting "a major ministerial level conference on sustainable development in Latin America;" It would be held in October 1994 as a preparatory conference to be followed by a 1995 conference of Heads of State.

State OES or Watson?

Brazil:

- 73 Yanomami Indians, over half women and children, were massacred by miners in mid-August in the constant battle over access to land; NGOs hope that the Vice-President will come out with a carefully-worded (ala-Barbara Bramble's article in the Folha de Sao Paulo) statement on the incident;

- the Brazilian press has been attacking the U.S. for our "attempts to internationalize the Amazon" and is suspicious of our military training activities in Surinam and Guyana; they fear that we will use the massacre as an excuse to take military control of the forest.

- Richard Feinberg's office

Ecuador:

- The President of Ecuador and his staff are working on an environmental action plan; Professor Tom Oates of Georgetown is working with Alicia Matteus of the Ecuadorian President's office on this and he called our office asking if we wanted to be in the loop; we should call him back and let him know, and then he will write us a note on what he is working on.

*don't get in loop
- we can't track it all*

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TO: Amy ChristensenFROM: ☐ Chad Dobson☒ Kay Treackle☐ Martha HallDATE: 10/20/93PAGES SENT: 2

RE:

10/19/93

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Fax: 593 2 434449

Fundacion Natura is Ecuador's largest and most established environmental organization. The Fundacion has been working for over 15 years on conservation and sustainable development, with projects spanning all facets of environmental problems in Ecuador and the Andean and Amazonian regions. Juan Carlos Paez, an engineer, has worked with Fundacion Natura for three years, as Director of the Environmental Advisory Program for the Andean Region. He is the author of a recently published study, Evaluacion del Impacto Ambiental: Casos de Estudio de Ecuador, Peru and Bolivia (1993), and the book, Introduction to the Methods of Environmental Impact Assessment (1991). Juan Carlos has conducted five environmental impact assessments in Ecuador, and is currently studying environmental planning at the Institute for Infrastructure Planning at the University of Stuttgart, Germany.

5. **Ricardo Carrere**
Third World Institute
Miguel del Corro 1461
Montivideo
Uruguay
Phone: 598 2 496 192
Fax: 598 2 419 222

Ricardo Carrere is a forester who specializes in information systems and analysis. He was the Documentation Officer at Amnesty International's Documentation Center in London; and the Head of the Documentation Center at the Interdisciplinary Centre for Development Studies, Uruguay. He was the President of the Association of Forestry Technicians for 4 years. The Third World Institute is a research and documentation center that services NGOs throughout the Americas with information, analysis and publications about environment, economics and development.



DEPARTMENT OF THE TREASURY
WASHINGTON

RF
cc:LR

Facsimile Transmittal
From

Office of Multilateral Development Banks (OASIA/IDB)
1500 Pennsylvania Avenue, N.W.
Room 5400
Washington, D.C. 20220
(Fax # 202-622-1228)

Date: 10/15/93

Page 1 of 4 Page(s)

To:

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Tel. #
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From:

Priscilla Coburn

Comments:



DEPARTMENT OF THE TREASURY
WASHINGTON

October 15, 1993

MEMORANDUM FOR THE DISTRIBUTION

FROM: Priscilla Coburn
Office of Multilateral Development Banks

SUBJECT: Meeting of the Interagency Group and Latin NGOs

You are invited to attend a meeting, to be hosted by DAS Susan Levine, with several representatives of Latin American NGOs who have an interest in environmental and social issues in the context of the IDB-8 replenishment negotiations. The meeting will be held on Tuesday, October 19 at 3:15 p.m. in the first floor Conference Room in the Treasury Annex (corner of Pennsylvania Avenue and Madison Place).

Attached is a list of the NGO representatives who will be at the meeting. The topics they wish to discuss are information access policy, citizen and NGO participation, environmental policy, and social reform.

If you will be attending this meeting, please call Lee Kolman at 622-1263 by COB Monday and leave your name and date of birth (for clearance into the building) with her or on her voice mail. Thank you.

DFH

Distribution: AID

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Treasury Susan Levine
Matt Hennessey
Mark Rentschler
Ann MacNamara
Sherman Boone
Rachel Bayly
Barbara Geiser

There are five NGO representatives from Latin America and the Caribbean who will be here. They are:

1. Ariel Araujo

Centro Mocovi "Ialek Lav'A" - Argentina

Centro Mocovi is an indigenous organization which represents the Mocovi Peoples, who live in the province of Santa Fe, Argentina. Since its formation in 1984, the Center has worked to gain legislative and human rights, the return of territory, and to ensure indigenous development and the protection of the environment for their people. This has led to the signing of a Treaty of Cooperation and Friendship with the Pueblo Guaraní (Guaraní Peoples) in Misiones Province. Ariel Araujo is one of two co-coordinators of Centro Mocovi "Ialek Lav'a"

2. Horace Levy

Social Action Center - Jamaica

The Social Action Center of Jamaica is an organization that studies the impact of structural adjustment on the social sector. (More on the organization and Mr. Levy to follow later this week).

3. Jose Luis Gutierrez

Equipo Pueblo/ Union de Colonos de San Miguel Teotongo - Mexico City

Jose Luis Gutierrez represents a grassroots organization, the Union de Colonos de San Miguel Teotongo, that is concerned about the impacts of the IDB's Forestry project in Mexico City on residents in the area of the project. Equipo Pueblo is a national NGO that works with grassroots citizens groups on environment, trade and other social issues.

4. Juan Carlos Paaz

Fundacion Natura - Ecuador

Fundacion Natura is Ecuador's largest and most established environmental organization. The Fundacion's work focuses on conservation and sustainable development, with projects spanning all facets of environmental problems in Ecuador and the Andean and Amazonian regions. Juan Carlos Paaz, an engineer, is the author of a recently published study, Evaluacion del Impacto Ambiental: Casos de Estudio de Ecuador, Peru and Bolivia.

5. Ricardo Carrere

Third World Institute - Uruguay

Ricardo Carrere is a forester who specializes in information systems and analysis. The Third World Institute is a documentation and research center that services NGOs throughout the Americas with information, publications and analysis about environment, economics and development.

3rd world Network

MEMO TO RICHARD FEINBERG FROM AIMÉE
RE: TREASURY MEETING WITH LATIN AMERICAN NGOS
DATE: 10-20-93

Deputy Assistant Secretary Susan Levine of the Office of Multilateral Development Banks hosted a meeting of several agencies with representatives of five Latin American NGOs. The NGO representatives were accompanied by two representatives of the Bank Information Center (a U.S. NGO), Deborah McLaren and Kay Treacle. The meeting was a discussion of the effects of multilateral development bank projects in Latin America in the context of the IDB-8 replenishment negotiations. The main items which were stressed were transparency, access to information, and early and dynamic participation of affected local people.

Non-NGO Attendees:

- Victor Bullen, AID Donor Coordination
- Rachel Bayly, Treasury-Latin America
- Shirley Pinkham, State-EB/ODF
- Evelyn Wheeler, State-OES/ETC
- Priscilla Coburn, Treasury
- Susan Levine, Treasury-Multilateral Development Banks
- Ralph Ives, USTR
- Bob Conley, IDB-U.S. Executive Director's Office

NGO Statements:

The first to speak was Juan Carlos Paez of Fundacion Natura of Ecuador who was describing his experiences with a project effecting Ecuador, Peru and Bolivia. He said that the process to obtain access to bank information was chaotic and they have to use American NGOs in order to get information on the project. In addition, the effected people were allowed no participation in the project development, and he felt that ten year-old Bank policies need to be updated. He said that often the banks employ two- or more-step loans which make it difficult to target the lenders as the money is not directed to the project. Finally, the follow-up evaluations of environmental impacts are never done. He said that the new "regional advisors" are a good idea, but each regional advisor is in charge of 4 countries and is overwhelmed.

Second was Jose Luis Gutierrez, representing the Union de Colonos de San Miguel Teotongo, a grassroots organization in Mexico, made up of representatives of local NGOs and the local university. He discussed the IDB's forestry project in Mexico city, which attempts to create a "greenbelt" around the city in the Sierra Santa Catalina. Although the region faces great population pressures, the project is not including the social participation of the

people. Jose Luis feels that if there is no social participation, then the sierra will not be able to be saved.

Third was Ricardo Carrere of the Third World Institute of Uruguay, which is a documentation and research center that services NGOs throughout the Americas with information, publications and analysis about environment, economics and development. He asked that we work toward greater transparency for projects, re-discuss macroeconomic policies, and look at the possible problems surrounding afforestation projects.

Fourth was Horace Levy of the Social Action Center in Jamaica which looks at the effects of structural adjustment on the social sector. The issue here is the role of the IDB, and its power over the borrowing government. The IDB attempted to undercut the Jamaican housing credit system, but the Jamaican government fought successfully to keep them out. However, the IDB was successful in controlling agricultural loans which were given in Jamaican money which devalued so quickly that the interest rates made it impossible for the farmers to pay back the loans.

Mr. Levy's second issue was privatization, and the extent to which it should go, as well as its timing. When the drug companies were privatized, pharmaceutical costs flew up, and the same thing happened to telecommunications. Petroleum and bauxite companies have not been privatized yet, but are apparently on the auction block. Mr Levy stressed that IDB loans should be channelled to reduce lending and debt; debt is strangling Jamaica, and due to the budget realities there is no money for the environment and natural resources ministry. He argued positively for the Enterprise for the Americas program which through debt relief has set up an environmental foundation with NGOs represented by 6 of the 9 board members.

Fifth was Ariel Araujo of Centro Mocovi, who is one of two co-coordinators of the Centro, an indigenous organization from northern Argentina. Ariel asked that we make indigenous rights and considerations a U.S. priority in the eighth replenishment negotiations. He also asked that in this decade of indigenous people, we support House Resolution 510, the International Act for the Protection of Indigenous People. He stressed that IDB needs to discuss the impacts of structural adjustment on indigenous people, so that its effects are dealt with, not just those effects from specific projects. If these issues are addressed in the negotiations, then the indigenous people would have access to this help in each country.

* FYI: I have additional material on the NGOs and their requests to the IDB governors. They have asked to meet with Katie with a slightly different emphasis, and I am trying to fit them in.

Katie-
 FYI. We may
 have even less
 time than we
 thought to work
 with Minister
 Ricupen.
 - Annee.

Brazil's Chief Offers to Quit, but Is Turned Down

THE NEW YORK TIMES INTERNATIONAL THURSDAY, OCTOBER 21, 1993

By JAMES BROOKE
 Special to The New York Times

RIO DE JANEIRO, Oct. 20 — Reinforcing his image as a reluctant President, Itamar Franco has offered to resign if Brazil's Congress will schedule early elections.

Congressional leaders turned down the President's offer on Tuesday, insisting that Latin America's largest nation will grope through an ever widening political vacuum until general elections are held one year from now.

In contrast to his predecessor, Fernando Collor de Mello, who clung to power with every legal strategy imaginable, Mr. Franco has shown during his first year in office that he does not like being President.

Since assuming presidential powers on Oct. 2, 1993, Mr. Franco has held one scheduled news conference and an average of one Cabinet meeting every three months. Last month, while inflation raged at 37 percent a month, Mr. Franco's leisurely agenda included meetings with an amateur soccer team and a delegation of daughters of army officers.

"A President with a Vice President's agenda," read a recent headline in the Rio newspaper Globo, which prompted Mr. Franco to stop making his daily agenda public.

A former Mayor of Juiz de Fora, a city in the landlocked state of Minas Gerais, Brazil's graying, 62-year-old leader speaks only Portuguese and evidently feels uncomfortable around foreigners.

Last week, at a meeting of Latin American heads of state in Chile, Brazil's President largely stayed in his hotel suite, shunning official dinners, news conferences and meetings with the Spanish-speaking leaders.

Although the United States is Brazil's largest foreign investor, trading partner, creditor and tourist destination, Mr. Franco waited six months

after he received the United States Ambassador to Brazil. During his first year in office, he has not granted any interviews to American journalists.

Unlike Mr. Collor he has a reputation for honesty. But Brazil's low-key leader has seen his approval rating in opinion polls slowly sink to 15 percent.

Mr. Collor in the weeks before his impeachment on corruption charges.

With annual inflation running at 2,000 percent, Brazilians increasingly complain that they are not getting their money's worth with a President who shows little interest in the job. In day-to-day affairs, the President is largely overshadowed by his Treasury Minister, Fernando Henrique Cardoso, who acts like a de facto Prime Minister.

"Itamar Franco would be a good city

councilman in Juiz de Fora, with his office in the corner barbershop," Joel mir Beting, Brazil's most widely read economic columnist, told Exame, a business magazine, last week.

A private man who is offended by such criticism, Mr. Franco recently told a newspaper interviewer that last year he considered shortening his mandate and asking Congress to call elections in 1993.

"Today, I confess that I wonder if I should not have sent that message," he told Jornal do Brasil, a Rio newspaper.

On Monday, Mr. Franco may have spotted an escape hatch after a Rio congressman, Miro Teixeira, proposed that Congress advance the date for general elections to next February.

"We have an executive power unable to reduce inflation, and a legislative power riddled with corruption allegations," Mr. Teixeira said of his reasons for calling for early elections.

But, hostage to the interests of most Brazilian politicians, Mr. Franco will probably remain President until his term ends on Jan. 1, 1995.

The right fears that a snap presidential election would be won by Luis Inácio Lula da Silva, a socialist who enjoys a 2-to-1 lead over all challengers in public opinion polls. Business people fear that an election campaign would postpone a congressional review of Brazil's Constitution, a process that is to start this month. And the left wants to reap every possible benefit from a corruption scandal that is still unfolding and that threatens to rock Brazil's legislative branch as severely as the influence-peddling scandal that forced President Collor to resign last December.

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wetlands can store or filter out contaminants. DNR officials also say that shortages of staff and funds hinder their efforts to monitor water quality. The report to Congress contains data on only 46% of the state's river and stream miles and only 22% of its lake acreage (Gretchen Schuldt, MILWAUKEE SENTINEL, 11/15).

===== WORLDVIEW =====

***15 POPULATION: MEETING REAFFIRMS DEVELOPMENT LINK**

The two-day Non-Aligned Movement ministerial meeting on population ended in Bali on 11/13 "with a call for concrete improvements in international cooperation for promoting economic growth and sustainable development of developing countries." Although only about half of the 108 NAM nations were present, all attending nations agreed to a so-called Denpasar Declaration, reaffirming that population issues are "closely" linked to development and that the two must be addressed together.

The declaration calls for advancement in employment, education, the role of women in society, health, promotion of family well-being and increased access to family planning services. Indonesian population minister Haryono Suyono said the Denpasar Declaration will be discussed at the International Conference on Population and Development to be held Cairo, Egypt in 9/94 (Jakarta-based Earthwire/Antara news service, 11/13).

***16 CHERNOBYL: SCIENTISTS WORK TO MINIMIZE DISASTER'S EFFECTS**

Chernobyl's number four nuclear reactor, which caused the 1986 explosion, is "tamed for the moment." It has cooled from some 3,000 degrees celsius on the fated eve of 4/26/86 to about 100 degrees. However, the concrete sarcophagus over the "ruined" reactor is cracking, and this summer Ukraine called for outside aid. But fixing the sarcophagus may be Chernobyl's "least troublesome consequence" (Bronwen Maddox, FIN. TIMES, 11/16).

Scientists from the EC and the European Parliament are working with the governments of Belarus, Ukraine and Russia, the three most affected republics by the disaster, to minimize health and environment consequences. The team warned last week that water supplies could become contaminated within ten years and that unless monitoring begins soon, "it may be impossible ever to judge how many people have suffered." The land for 30 kilometers around the plant is "so contaminated that all normal human life has been driven out" (Bronwen Maddox, FIN. TIMES, 11/16).

The scientists hold only 42 deaths accountable from the explosion, in contrast to the Ukrainian figure of 8,000. But all agree that exposure to radioactive iodine has caused a "sharp increase" in the normally "rare" childhood thyroid cancer in the affected regions (Maddox, TIMES, 11/16).

***17 BRAZIL: GOV'T PLANS "MASSIVE" MONITORING PROJECT**

The Brazilian government, whose policies have accelerated degradation in the Amazon, is planing a "massive surveillance system to monitor the vast region and limit further damage." Companies worldwide currently are competing for the estimated \$500 million contract. Satellites, radar and infrared sensors will help the Sistemas de Vigilancia da Amazonia project tract erosion and other enviro problems associated with rain forest development. The system is expected to be operational by 2000. No one expects Brazil to ban development, however, because of the minerals and other resources "needed to revive the country" (Rich Heidorn, PHILA. INQUIRER, 11/16).

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MEMO TO KATIE FROM AIMÉE
RE: LATIN AMERICAN NGO MEETING
DATE: 10-22-93

The Bank Information Center requested a meeting for several Latin American NGOS with our office regarding Latin American Development policies. Earlier this week I attended a meeting at the Treasury Department with all five of the NGO representatives, where they focused on the need for the multilateral development banks to address the environmental effects of structural adjustment, as well as specific bank projects. They are specifically interested in these issues being addressed at the IDB-8 negotiations this week.

Today I met with two of the NGOs to specifically discuss Latin American indigenous issues and Ecuadorian oil development. Ariel Araujo of Centro Mocovi, an Argentinian indigenous group, has met with Vice-President Gore twice before, and he said that you attended one of the meetings at Gore's Senate office. Ariel spoke about two issues: (1) the effect of structural adjustment on traditional indigenous markets and economic behavior; and (2) the bureaucratic structures and priorities of most Latin American governments--specifically their effects on the Latin American environment and indigenous peoples. If you would like more information on these issues, I can write up a memo for you.

The second representative, Juan Carlos Paez, of Fundacion Natura, briefed me on the Ecuadorian oil situation. Mr. Paez sounded like he agreed with our initial reactions to the situation. He said that as an underdeveloped country, Ecuador needs the oil to survive, so oil extraction is inevitable. However, the companies must operate more environmentally sustainably to prevent complete destruction of the Oriente and the native people.

The realities of the situation in Ecuador is that there is no over-arching environmental law; protection of the environment and regulations of resource use and extraction are dispersed among 14 different laws. There exists no structural enforcement mechanism, nor is there the political will to enforce the laws. Two years ago Fundacion Natura produced a draft environmental law and proposed it to congress, however, it still has not been voted on. There is too much political instability and too much money at stake. He also said that unfortunately there are some indigenous groups and NGOs who hope to make a profit from the situation.

Juan Carlos wanted to make it very clear that there are two very different modes of operation in the Oriente: the public, and the private, oil extraction. None of the NGOs trust PetroEcuador because of its previous lack of concern for the welfare of the region or the people who live there. He said

that much of PetroEcuador's behavior has to do with the government pressures to extract as much oil as possible, as quickly as possible, with no additional cost to the government.

The NGOs (many of which are from the United States) have watched the private corporations much more carefully (mainly because they are also based in the U.S.), so they are forced to behave more environmentally responsibly. Juan Carlos said that Maxus is trying to behave well, however a new reality may preclude that from happening; Block 16 is made up of very heavy oil which cannot be extracted as such, and they are hoping to **build a pipeline to pump light oil to the site** to mix it in for easier extraction.

In addition to this new development, the World Bank is planning a loan to Ecuador to design a hydrocarbon law which in the future will facilitate the privatization of PetroEcuador. The Bank claims that no Environmental Assessment is needed for the loan because of its non-project nature; Fundacion Natura claims that an EA is needed because of the law's effects on the status of PetroEcuador.

At the start of his term, the Ecuadorian President produced a list of priorities with the environment at #30. The NGOs, including Fundacion Natura, have worked to pressure him to place the environment at #5; however, with poverty and development at #1 and 2 respectively, the environment remains largely ignored. Juan Carlos feels that the President is largely controlled by his daughter who is **not** an environmentalist by any means; it was she who chose to place the environment at #30.

In addition to the environment being a low priority, the environmental ministry, DINAMA, is structurally subordinated to the ministry of energy and mines. The lack of environmental regulatory enforcement is notorious: the head of DINAMA at the time of the Texaco oil spill tried to apply the law and fined Texaco the maximum of \$10,000 (nothing compared to the actual costs)-the next week he was fired, and Texaco paid nothing.

* FYI: you asked about the book "Business in the Rain Forests" and whether it addresses Ecuadorian oil development. I have a copy and it does discuss it, so I will get you at least a memo, and/or I can photocopy the relevant pages for you.

El Centro Mocovi "Ialek Lav'a"

The Centro Mocovi "Ialek Lav'a" is an indigenous organisation which represents the Mocovi Peoples, who live in the province of Santa Fe, in Argentina.

Needing a way in which to reassert their own traditional philosophies, the organisation was formed in 1984 to promote the cultural rights and values, morals and ethics of the Mocovi people.

The Center has two full time co-ordinators for each community, who in turn elect three co-ordinators to represent the Mocovi People at a local, national and international level. They are Alfredo Salleño, Jose Maria Inet, Raul Tioti, Ariel Navanquiri and Ariel Araujo.

The Mocovi People, together with other indigenous groups, form the Confederacion Guaicuru (a union of four Mocovi speaking Peoples), a political alliance of indigenous Chaqueña cultures, in tune since time immemorial with this north central region of Argentina, covered with dry subtropical forests. Until 1905 the traditional territories of the Mocovi were invaded by first the Spanish and later the Argentinians. A war of invasion which lasted some 400 years and against which the Mocovi Peoples have fought to defend their territory, natural resources, and in particular their forests.

Since its formation, the Centro Mocovi has worked to gain legislative and human rights, the return of territory, and to ensure indigenous development and the protection of the environment for their people; aims shared by other Indigenous Peoples. This has led to the signing of a Treaty of Co-operation and Friendship with the Pueblo Guaraní (Guaraní Peoples), in the province of Misiones; a co-founder of the Comité de Gestión de Proyectos (the Committee for Project Management), which co-ordinates the Indigenous Peoples of the north eastern region of Argentina, formed by the Comisión de Derecho a la Tierra (the Commission for Land Rights), and the Asociación Comunitaria Meguesoxochi (Association of the Meguesoxochi's Communities), both entities of the Tobá Peoples of the Chaco; the Asociación de Comunidades del Pueblo Guaraní (Association of the Guaraní Peoples' Communities) in the province of Misiones.

The Centro Mocovi also forms an integral part of the "WORLD ALLIANCE OF THE INDIGENOUS TRIBAL PEOPLES OF THE TROPICAL FORESTS" which was created in February 1992 in Malaysia. This Alliance comprises Indigenous Peoples of South America, Central America and the Caribbean, Africa, Continental and Maritime Asia, and the Pacific Region. Within this World Alliance, the Centro Mocovi, is responsible for co-ordinating and liaising with the United Nations and UNCED.

The Centro Mocovi has been intensely active within the UNCED process. In addition to participating in the Preparatory Conferences leading up to the Earth Summit, the Centro has been co-ordinating actions with other indigenous organisations and groups. This has led to the Centro's role as Committee Co-ordinators of the International Task Force for the NGO/SOCIAL MOVEMENT process in Rio de Janeiro, 92, an event which includes NGO delegates from around the world and two indigenous representatives, one of which is the co-ordinator from the Centro Mocovi. This Task Force is charged with organising the Conference of NGO's and Social Movements "Voices of the People" in June 1992 in Rio de Janeiro, which is considered the most important parallel event of the Earth Summit.

Another activity relevant to UNCED, is their collaboration with the InterTribal Committee - 500 years of Resistance of Brazil, who are organising the International Indigenous Peoples Conference on Territory, Environment and Development which will take place in Rio de Janeiro in May 1992.

For further information contact:

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Charter of the Indigenous- Tribal Peoples of the Tropical Forests

*Statement of the International Alliance
of the Indigenous-Tribal Peoples of the
Tropical Forests*



**Penang, Malaysia
15 February 1992**

Charter of the Indigenous-Tribal Peoples of the Tropical Forests

Article 1.

We, the indigenous-tribal peoples of the tropical forests, present this charter as a response to hundreds of years of continual encroachment and colonisation of our territories and the undermining of our lives, livelihoods and cultures caused by the destruction of the forests that our survival depends on.

Article 2.

We declare that we are the original peoples, the rightful owners and the cultures that defend the tropical forests of the world.

Article 3.

Our territories and forests are to us more than an economic resource. For us, they are life itself and have an integral and spiritual value for our communities. They are fundamental to our social, cultural, spiritual, economic and political survival as distinct peoples.

Article 4.

The unity of people and territory is vital and must be recognised.

Article 5.

All policies towards the forests must be based on a respect for cultural diversity, for a promotion of indigenous models of living, and an understanding that our peoples have developed ways of life closely attuned to our environment.

**THEREFORE WE DECLARE THE FOLLOWING
PRINCIPLES, GOALS AND DEMANDS:**

RESPECT FOR OUR RIGHTS

Article 6.

Respect for our human, political, social, economic and cultural rights, respect for our right to self-determination, and to pursue our own ways of life.

Article 7.

Respect for our autonomus forms of self-government, as differentiated political systems at the community, regional and other levels. This includes our right to control all economic activities in our territories.

Article 8.

Respect for our customary laws and that they be incorporated in national and international law.

Article 9.

Where the peoples so demand, nation states must comply with the different treaties, agreements, covenants, awards and other forms of legal recognition that have been signed with us indigenous peoples in the past, both in the colonial period and since independence, regarding our rights.

Article 10.

An end to violence, slavery, debt-peonage and land grabbing; the disbanding of all private armies and militias and their replacement by the rule of law and social justice; the means to use the law in our own defense, including the training of our people in the law.

Article 11.

The approval and application of the Universal Declaration of

Indigenous Peoples, which must affirm and guarantee our right to self-determination, being developed by the United Nations, and the setting up of an effective international mechanism and tribunal to protect us against the violation of our rights and guarantee the application of the principles set out in this charter.

Article 12.

There can be no rational or sustainable development of the forests and of our peoples until our fundamental rights as peoples are respected.

TERRITORY

Article 13.

Secure control of our territories, by which we mean a whole living system of continuous and vital connection between man and nature; expressed as our right to the unity and continuity of our ancestral domains; including the parts that have been usurped, those being reclaimed and those that we use; the soil, subsoil, air and water required for our self-reliance, cultural development and future generations.

Article 14.

The recognition, definition and demarcation of our territories in accordance with our local and customary systems of ownership and use.

Article 15.

The form of land tenure will be decided by the people themselves, and the territory should be held communally, unless the people decide otherwise.

Article 16.

The right to the exclusive use and ownership of the territories which we occupy. Such territories should be inalienable, not subject to distraint and unnegotiable.

Article 17.

The right to demarcate our territories ourselves and that these areas be officially recognised and documented.

Article 18.

Legalise the ownership of lands used by non-indigenous peoples who live within and on the forests' margins in the areas that are available once title has been guaranteed to the indigenous peoples.

Article 19.

Land reforms and changes in land tenure to secure the livelihoods of those who live outside the forests and indigenous territories, because we recognise that landlessness outside the forests puts heavy pressure on our territories and forests.

DECISION-MAKING

Article 20.

Control of our territories and the resources that we depend on: all development in our areas should only go ahead with the free and informed consent of the indigenous people involved or affected.

Article 21.

Recognition of the legal personality of our representative institutions and organisations, that defend our rights, and through them the right to collectively negotiate our future.

Article 22.

The right to our own forms of social organisation; the right to elect and revoke the authorities and government functionaries who oversee the territorial areas within our jurisdiction.

DEVELOPMENT POLICY

Article 23.

The right to be informed, consulted and, above all, to participate in the making of decisions on legislation or policies; and in the formulation, implementation or evaluation of any development project, be it at local, national or international levels, whether private or of the state, that may affect our futures directly or indirectly.

Article 24.

All major development initiatives should be preceded by social, cultural and environmental impact assessments, after consultation with local communities and indigenous peoples. All such studies and projects should be open to public scrutiny and debate especially the indigenous peoples affected.

Article 25.

National or international agencies considering funding development projects which may affect us, must set up tripartite commissions — including the funding agency, government representatives and our own communities as represented through our representative organisations — to carry through the planning implementation, monitoring and evaluation of the projects.

Article 26.

The cancellation of all mining concessions in our territories imposed without the consent of our representative organisations. Mining policies must prioritise, and be carried out under, our control, to guarantee rational management and a balance with the environment. In the case of the extraction of strategic minerals (oil and radioactive minerals) in our territories, we must participate in making decisions during planning and implementation.

Article 27.

An end to imposed development schemes and fiscal incentives or subsidies that threaten the integrity of our forests.

Article 28.

A halt to all imposed programmes aimed at resettling our peoples away from their homelands.

Article 29.

A redirection of the development process away from large-scale projects towards the promotion of small-scale, initiatives controlled by our peoples. The priority for such initiatives is to secure our control over our territories and resources on which our survival depends. Such projects should be the cornerstone of all future development in the forests.

Article 30.

The problems caused in our territories by international criminal syndicates trafficking in products from plants like poppy and coca must be confronted by effective policies which involve our peoples in decision-making.

Article 31.

Promotion of the health systems of the indigenous peoples, including the revalidation of traditional medicine, and the promotion of programmes of modern medicine and primary health care. Such programmes should allow us to have control over them, providing suitable training to allow us to manage them ourselves.

Article 32.

Establishment of systems of bilingual and intercultural education. These must revalidate our beliefs, religious traditions, customs, and knowledge; allowing our control over these programmes, by the provision of suitable training, in

accordance with our cultures; in order to achieve technical and scientific advances for our peoples, in tune with our own cosmo-visions, and as a contribution to the world community.

Article 33.

Promotion of alternative financial policies that permit us to develop our community economies and develop mechanisms to establish fair prices for the products of our forests.

Article 34.

Our policy of development is based, first, on guaranteeing our self-sufficiency and material welfare, as well as that of our neighbours; a full social and cultural development based on the values of equity, justice, solidarity and reciprocity, and a balance with nature. Thereafter, the generation of a surplus for the market must come from a rational and creative use of natural resources developing our own traditional technologies and selecting appropriate new ones.

FOREST POLICY**Article 35.**

Halt all new logging concessions and suspend existing ones, that affect our territories. The destruction of forests must be considered a crime against humanity and a halt must be made to the various anti-social consequences, such as, roads across indigenous cultivations, cemeteries and hunting zones; the destruction of areas used for medicinal plants and crafts; the erosion and compression of soil; the pollution of our environment; the corruption and enclave economy generated by the industry; the increase of invasions and settlement in our territories.

Article 36.

Logging concessions on lands adjacent to our territories, or which have an impact on our environment, must comply

with operating conditions — ecological, social, of labour, transport, health and others — laid down by the indigenous peoples, who should participate in ensuring that these are complied with. Commercial timber extraction should be prohibited in strategic and seriously degraded forests.

Article 37.

The protection of existing natural forests should take priority over reforestation.

Article 38.

Reforestation programmes should be prioritised on degraded lands, giving priority to the regeneration of native forests, including the recovery of all the functions of tropical forests, and not being restricted only to timber values..

Article 39.

Reforestation programmes on our territories should be developed under the control of our communities. Species should be selected by us in accordance with our needs.

BIODIVERSITY AND CONSERVATION

Article 40.

Programmes related to biodiversity must respect the collective rights of our peoples to cultural and intellectual property, genetic resources, gene banks, biotechnology and knowledge of biological diversity; this should include our participation in the management of any such project in our territories, as well as control of any benefits that derive from them.

Article 41.

Conservation programmes must respect our rights to the use and ownership of the territories we depend on. No programmes to conserve biodiversity should be promoted on our territories without our free and informed consent as

expressed through our representative organisations.

Article 42.

The best guarantee of the conservation of biodiversity is that those who promote it should uphold our rights to the use, administration, management and control of our territories. We assert that guardianship of the different ecosystems should be entrusted to us, indigenous peoples, given that, we have inhabited them for thousands of years and our very survival depends on them.

Article 43.

Environmental policies and legislation should recognise indigenous territories as effective 'protected areas', and give priority to their legal establishment as indigenous territories.

INTELLECTUAL PROPERTY

Article 44.

Since we highly value our traditional technologies and believe that our biotechnologies can make important contributions to humanity, including 'developed' countries, we demand guaranteed rights to our intellectual property, and control over the development and manipulation of this knowledge.

RESEARCH

Article 45.

All investigations in our territories should be carried out with our consent and under joint control and guidance according to mutual agreement; including the provision for training, publication and support for indigenous institutions necessary to achieve such control.

INSTITUTIONS

Article 46.

The international community, particularly the United Nations, must recognise us indigenous peoples as peoples, as distinct from other organised social movements, non-governmental organisations and independent sectors, and respect for our right to participate directly and on the basis of equality, as indigenous peoples, in all fora, mechanisms, processes and funding bodies so as to promote and safeguard the future of the tropical forests.

EDUCATION

Article 47.

The development of programmes to educate the general public about our rights as indigenous peoples and about the principles, goals and demands in this charter. For this we call on the international community for the necessary recognition and support.

Article 48.

We indigenous peoples will use this charter as a basis for promoting our own local strategies for action.

Penang, Malaysia

15 February 1992

Resolution of the Conference of Indigenous-Tribal Peoples of the Tropical Forests.

Considering:

1. That in this conference we have proved that the problems of the indigenous and tribal peoples are similar in Africa, Asia and the Americas; that the same ecocide and ethnocide carries on regardless; and that those responsible are united and coordinated at the international policy-making level regarding both natural resources and the denial of the right to self-determination of our peoples.
2. That it is necessary for the representative organisations brought together here to respond to this by joining in a common struggle through unity and solidarity.
3. That two important steps towards this unity are the Charter of shared Principles, Goals and Demands; and a Joint Plan of Action that we have now approved. Nonetheless both steps may be insufficient to achieve concrete results for our peoples. Therefore, in order to give life to this programme and common plan, the next step must be to establish here and now a minimum of coordination amongst us.

WE THEREFORE RESOLVE:

1. To constitute the 'The International Alliance of Indigenous-Tribal Peoples of the Tropical Forests', composed of the representatives of the people present here, but open to other sister organisations of the tropical forests of the world.
2. To call our Charter 'Charter of the Indigenous-Tribal Peoples of the Tropical Peoples' and to name this meeting the

'First Conference of the International Alliance of the Indigenous and Tribal Peoples of the Tropical Forests'.

3. To structure this alliance, so as to deepen our mutual understanding and solidarity, by means of joint action; and to organise ourselves in the following way:

a) The fact of establishing the Alliance reinforces the solidarity in the common objectives but does not reduce or affect the autonomy of action of each organisation;

b) Responsibility for each working committee (established in 4, below) will be taken on by a representative indigenous organisation, which will appoint the person responsible, who will then organise a working committee based in her/his region;

c) The working committees will correspond to the activities approved in the action plan. Each one will be the responsibility of an indigenous organisation. The meeting of those responsible for these working committees will compose the 'Coordinating Committee of the Alliance';

d) The first conference of the Alliance, will elect the organisations that will make up this Coordinating Committee which will stand until the Second Conference of the Alliance; when the organisational structure will be reviewed and adjusted.

e) That the **second Conference of the Alliance** will take place in an Amazonian city and within no less than 12 months. Its organisation will be the duty of the Coordinating Committee with the help of the WRM and other solidary institutions.

4. To compose the Coordinating Committee of 5 Working Committees which will assume, in addition to those contained in the Plan of Action, the following main tasks:

a) *Committee of Organisation and Campaigns:*

- Campaigns of solidarity and joint struggle in defense

of the indigenous peoples, their territories and the tropical forests of the planet.

- A special campaign in defense of our brothers from Sarawak (Asia), Batwa (Africa) and Amazonia (America).

- To support the organisation of and participation at the 'Conference of Indigenous Peoples on Territory, Environment and Development' (Rio de Janeiro, Brazil 21-31 May 1992).

- Coordinate the organization of the 2nd Conference of the Alliance.

b) *Committee for Disseminating and Securing Support for the Charter:*

- International distribution and publicity

- dialogue with indigenous organisations to ensure it is understood and subscribed to. relations with the international press.

c) *Committee on Relations with UNCED and the UN System:*

- Promotion of the Charter and indigenous participation in the UNCED and the institutions which it gives rise to.

- Promotion of the Charter and indigenous participation in the UN Plan for 1993; the FAO, the Human Rights Commission, GATT, WIPO etc.

d) *Committee on Relations with the Multilateral Agencies:*

- Promotion of the Declaration and of indigenous participation in agencies like the World Bank, ADB, IDB, ITTO, TFAP, IFAD etc.

e) *Committee on Relations with International Solidarity Movements.*

- Relations with environmentalists, consumer groups, indigenous rights groups, third world

organisations, human rights groups etc.; in order to achieve support for the Charter and the Plan of Action.

5. The election of the Coordinating Committee shall proceed as follows:

a) The indigenous peoples' organisations from the following regions shall each appoint one member to the Coordinating Committee: Amazonia, Southern Cone, Central America and Caribbean, Africa, Continental Asia, Bahasa, Maritime Asia and Pacific

b) The seven organisations so elected will form the Coordinating Committee and will meet immediately to share out the responsibilities entrusted to 5 Working Committees mentioned in Paragraph 4 and will announce the names of those persons who will provisionally take on these tasks, until ratification by the base organisations.

6. The above was approved and the seven organisations then met and took on the following responsibilities.

<u>Region</u>	<u>Organisation</u>	<u>Responsibility for Working Committee</u>
Amazonia	Coordinating Body for the Indigenous Organisations of the Amazon Basin	D
Southern Cone	Mocovi Centre 'Ialek Lav'a'	C
Central America and Caribbean	Sejekto Cultural Association	D
Africa	Association for Promotion of Batwa	A
Continental Asia	Naga Peoples' Movement for Human Rights	B
Bahasa	Sahabat Alam Malaysia (Sarawak)	E
Maritime Asia	KAMP - National Confederation of Indigenous Peoples of the Philippines	A

Charter and Resolution signed and approved by:

Vicente Pessoa, Confederacion Indigena del Oriente de Bolivia

Freddy Mathew Sitau, Sahabat Alam Malaysia (Sarawak)

Bah Tony Williams-Hunt, Centre for Orang Asli Concerns, Malaysia

Jok Jau Evong, Uma Bawang Resident's Association, Sarawak, Malaysia

Bonarge Pacheco, Congreso Embera, Panama

Jose Dualok Rojas, Asociacion Cultural Sejekto, Costa Rica

Wan Kang, Sarawak Penan Association, Malaysia

Montree Chantawong, Project for Ecological Recovery, Thailand

Raajen Singh, Asia Indigenous Peoples Pact

Luingam Luithui, Naga Peoples Movement for Human Rights, India

Marilyn Quierrez, KAMP - National Federation of the Indigenous Peoples of the Philippines

Valerio Grefa, COICA - Coordinating Body for the Indigenous Organisations of the Amazon Basin

Emerita T. Marrero, Cordillera Peoples Alliance, Philippines

Viktor Kaisiepo, West Papua Peoples Front

Ariel Araujo, Centro Mocovi 'Ialek Lava'a', Argentina

Javier Armato, Asociacion Civil Indigena de Pueblos Yukpa, Venezuela

Thomas Jalong, Sahabat Alam Malaysia (Sarawak)

Francois Munyeshuli, Association for Promotion of Batwa, Rwanda

Antonius Napitupulu, Association of Siberut People, Indonesia

Felix Tiouka, Association des Amerindiens de Guyane Francaise, France

Raymond Abin, Sahabat Alam Malaysia (Sarawak)

Roberto Espinosa, COICA - Coordinating Body for the Indigenous Organisations of the Amazon Basin (Asesor)

Daniel Cabixi, Comite Intertribal: 500 Anos de Resistencia, Brazil

Jeffrey Tating, Sahabat Alam Malaysia (Sabah)

Edward Nyipa, Sahabat Alam Malaysia (Sarawak)

Maximiliano Ferrer, Congreso Kuna, Panama

Bardie Sawai, SPATF/NANGO, Papua New Guinea

Penny Atkinson, Amerindian Peoples Association, Guyana

*Penang, Malaysia
15 February 1992*

**The Charter has subsequently been supported
by the following organisations:**

Marcus Colchester, World Rainforest Movement
Chee Yoke Ling, Sahabat Alam Malaysia
Martin Khor, Third World Network, Malaysia
Bram van Ojik, Novib, Netherlands
Chad Dobson, Bank Information Centre, USA
Roberto Bissio, Instituto Tercer Mundo, Uruguay
Saskia Ozinga, Friends of the Earth (Netherlands)
Carol Sherman, Rainforest Information Centre, Australia
David McCoy, SOS Siberut, UK
Tony Juniper, Friends of the Earth (England and Wales)
Tony Juniper, Friends of the Earth (International)
Ulf von Sydow, Swedish Society for Nature Conservation
Heffa Schucking, World Economy Ecology and Development (WEED),
Germany
Chip Fay, Friends of the Earth (USA)
Isagani Serrano, Green Forum — Philippines
Carolyn Marr, Down to Earth: the International Campaign for
Ecological Justice in Indonesia
Witoon Permpongsacharn, Project for Ecological Recovery, Thailand
Yoichi Kuroda, Japan Tropical Forest Action Network
Kazuko Matsue, Sarawak Campaign Committee, Japan
Angela Gennino, Rainforest Action Network, USA
Gus Gatmaytan, Legal Rights and Natural Resources Centre —
Friends of the Earth (Philippines)
Thomas Wallgren, Coalition for Environment and Development
Concerns, Finland
Grainne Ryder, TERRA — Towards Ecological Recovery and Regional
Alliances, Thailand
Mikael Stenberg, Friends of the Earth, Sweden
Fiona Watson, Survival International, UK
The Ecologist, UK

**International Alliance of the Indigenous-Tribal
Peoples of the Tropical Forests**

***Alianza Mundial de los Pueblos Indigenas-
Tribales de los Bosques Tropical***

Coordinating Committee

AMAZONIA:

COICA
Coordinadora de las
Organizaciones Indigenas de la
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Jesus Maria
Lima 11
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CARIBBEAN:

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Fax: (506) 402 275

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of Batwa**
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CONTINENTAL ASIA

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India

BAHASA REHION

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(Sarawak)**
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MARITIME ASIA AND PACIFIC

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Indigenous Peoples of the
Philippines)
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Cor BMA St.
Quezon City
Philippines

KARI-OCA DECLARATION

AND

INDIGENOUS PEOPLES

EARTH CHARTER

WORLD CONFERENCE OF
INDIGENOUS PEOPLES
ON TERRITORY, ENVIRONMENT
AND DEVELOPMENT

KARI-OCA

25 - 30 MAY 1992

CENTRO MOCOVI "IALEK LAV'A"
Castilla de Correo 36
2728 MELINCUE (Province of Santa Fe)
ARGENTINA

Tel. +54 465 99205
Telefax +54 465 99204
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PREAMBLE:

THE WORLD CONFERENCE OF INDIGENOUS PEOPLES ON TERRITORY,
ENVIRONMENT AND DEVELOPMENT. (25-30 MAY, 1992.)

THE INDIGENOUS PEOPLES OF THE AMERICAS, ASIA, AFRICA,
AUSTRALIA, EUROPE AND THE PACIFIC, UNITED IN ONE VOICE AT
KARI-OCA VILLAGE EXPRESS OUR COLLECTIVE GRATITUDE TO THE
INDIGENOUS PEOPLES OF BRAZIL.

INSPIRED BY THIS HISTORICAL MEETING, WE CELEBRATE THE
SPIRITUAL UNITY OF THE INDIGENOUS PEOPLES WITH THE LAND
AND OURSELVES.

WE CONTINUE BUILDING AND FORMULATING OUR UNITED
COMMITMENT TO SAVE OUR MOTHER THE EARTH.

WE, THE INDIGENOUS PEOPLES, ENDORSE THE FOLLOWING
DECLARATION AS OUR COLLECTIVE RESPONSIBILITY TO CARRY OUR
INDIGENOUS MINDS AND VOICES INTO THE FUTURE.

R. Nanquero
Firmado
arawca
Marche
de J
do Piblos Nahu
del ALA Balsas, Goerr.
MEXICO
D. J. COTAC
Guayana Franc.
APACHE
MAPOCHTE
Gregorio Curcio
Nicaragua
Guinea
AFRICA NEW GUINEA
Esperanto

DECLARATION

WE, THE INDIGENOUS PEOPLES, WALK TO THE FUTURE IN THE FOOTPRINTS OF OUR ANCESTORS.

FROM THE SMALLEST TO THE LARGEST LIVING BEING, FROM THE FOUR DIRECTIONS, FROM THE AIR, THE LAND AND THE MOUNTAINS, THE CREATOR HAS PLACED US, THE INDIGENOUS PEOPLES UPON OUR MOTHER THE EARTH.

THE FOOTPRINTS OF OUR ANCESTORS ARE PERMANENTLY ETCHED UPON THE LANDS OF OUR PEOPLES.

WE, THE INDIGENOUS PEOPLES, MAINTAIN OUR INHERENT RIGHTS TO SELF-DETERMINATION. WE HAVE ALWAYS HAD THE RIGHT TO DECIDE OUR OWN FORMS OF GOVERNMENT. TO USE OUR OWN LAWS, TO RAISE AND EDUCATE OUR CHILDREN. TO OUR OWN CULTURAL IDENTITY WITHOUT INTERFERENCE.

WE CONTINUE TO MAINTAIN OUR RIGHTS AS PEOPLES DESPITE CENTURIES OF DEPRIVATION. ASSIMILATION AND GENOCIDE.

WE MAINTAIN OUR INALIENABLE RIGHTS TO OUR LANDS AND TERRITORIES. TO ALL OUR RESOURCES - ABOVE AND BELOW - AND TO OUR WATERS. WE ASSERT OUR ONGOING RESPONSIBILITY TO PASS THESE ONTO THE FUTURE GENERATIONS.

WE CANNOT BE REMOVED FROM OUR LANDS. WE, THE INDIGENOUS PEOPLES, ARE CONNECTED BY THE CIRCLE OF LIFE TO OUR LANDS AND ENVIRONMENTS.

WE, THE INDIGENOUS PEOPLES, WALK TO THE FUTURE IN THE FOOTPRINTS OF OUR ANCESTORS.

SIGNED AT KARI-OCA, BRAZIL ON THE 30TH DAY OF MAY, 1992.

Self
Samir
Samir Council
OTANG URUD
RAKAF, BORNEO
UBODH BIKASH
CHITTA
ULTRAITS
BANGLADESH
MEXICO
WEST PAPUA
Franc
Parguana
Guayana Franc.
Esperanto
MAPOCHTE
Gregorio Curcio
Nicaragua
Guinea
AFRICA NEW GUINEA
Esperanto

III. INDIGENOUS PEOPLES EARTH CHARTER'

KARI OCA CONFERENCE. MAY 25-30, 1992

HUMAN RIGHTS AND INTERNATIONAL LAW.

1. WE DEMAND THE RIGHT TO LIFE.
2. INTERNATIONAL LAW MUST DEAL WITH THE COLLECTIVE HUMAN RIGHTS OF INDIGENOUS PEOPLES*.
3. THERE ARE MANY INTERNATIONAL INSTRUMENTS WHICH DEAL WITH THE RIGHTS OF INDIVIDUALS BUT THERE ARE NO DECLARATIONS TO RECOGNIZE COLLECTIVE HUMAN RIGHTS. THEREFORE, WE URGE GOVERNMENTS TO SUPPORT THE UNITED NATIONS WORK GROUP ON INDIGENOUS PEOPLES' (UNWGIP) UNIVERSAL DECLARATION OF INDIGENOUS RIGHTS, WHICH IS PRESENTLY IN DRAFT FORM.
4. THERE EXIST MANY EXAMPLES OF GENOCIDE AGAINST INDIGENOUS PEOPLES. THEREFORE, THE CONVENTION AGAINST GENOCIDE MUST BE CHANGED TO INCLUDE THE GENOCIDE OF INDIGENOUS PEOPLES.
5. THE UNITED NATIONS SHOULD BE ABLE TO SEND INDIGENOUS PEOPLES' REPRESENTATIVES, IN A PEACE KEEPING CAPACITY, INTO INDIGENOUS TERRITORIES WHERE CONFLICTS ARISE. THIS WOULD BE DONE AT THE REQUEST AND CONSENT OF THE INDIGENOUS PEOPLES CONCERNED.
6. THE CONCEPT OF TERRA NULLUS MUST BE ELIMINATED FROM INTERNATIONAL LAW USAGE. MANY STATE GOVERNMENTS HAVE USED INTERNAL DOMESTIC LAWS TO DENY US OWNERSHIP OF OUR OWN LANDS. THESE ILLEGAL ACTS SHOULD BE CONDEMNED BY THE WORLD.

7. WHERE SMALL NUMBERS OF INDIGENOUS PEOPLES ARE RESIDING WITHIN STATE BOUNDARIES, SO-CALLED DEMOCRATIC COUNTRIES HAVE DENIED INDIGENOUS PEOPLES THE RIGHT OF CONSENT ABOUT THEIR FUTURE, USING THE NOTION OF MAJORITY RULES TO DECIDE THE FUTURE OF INDIGENOUS PEOPLES. INDIGENOUS PEOPLES' RIGHT OF CONSENT TO PROJECTS IN THEIR AREAS MUST BE RECOGNIZED.

8. WE MUST PROMOTE THE TERM "INDIGENOUS PEOPLES" AT ALL FORA. THE USE OF THE TERM "INDIGENOUS PEOPLES" MUST BE WITHOUT QUALIFICATIONS.

9. WE URGE GOVERNMENTS TO RATIFY INTERNATIONAL LABOUR ORGANISATION (ILO) CONVENTION 169 TO GUARANTEE AN INTERNATIONAL LEGAL INSTRUMENT FOR INDIGENOUS PEOPLES. (NOTE: GROUP 2 ONLY)

10. INDIGENOUS PEOPLES' DISTINCT AND SEPARATE RIGHTS WITHIN THEIR OWN TERRITORIES MUST BE RECOGNIZED.

11. WE ASSERT OUR RIGHT TO FREE PASSAGE THROUGH STATE IMPOSED POLITICAL BOUNDARIES DIVIDING OUR TRADITIONAL TERRITORIES. ADEQUATE MECHANISMS MUST BE ESTABLISHED TO SECURE THIS RIGHT.

12. THE COLONIAL SYSTEMS HAVE TRIED TO DOMINATE AND ASSIMILATE OUR PEOPLES. HOWEVER, OUR PEOPLES REMAIN DISTINCT DESPITE THIS PRESSURE.

13. OUR INDIGENOUS GOVERNMENTS AND LEGAL SYSTEMS MUST BE RECOGNIZED BY THE UNITED NATIONS, STATE GOVERNMENTS AND INTERNATIONAL LEGAL INSTRUMENTS.

14. OUR RIGHT TO SELF-DETERMINATION MUST BE RECOGNIZED.

15. WE MUST BE FREE FROM POPULATION TRANSFER.

16. WE MAINTAIN OUR RIGHT TO OUR TRADITIONAL WAY OF LIFE.

17. WE MAINTAIN OUR RIGHT TO OUR SPIRITUAL WAY OF LIFE.

18. WE MAINTAIN THE RIGHT TO BE FREE FROM PRESSURES FROM MULTINATIONAL (TRANSNATIONALS) CORPORATIONS UPON OUR LIVES AND LANDS. ALL MULTINATIONAL (TRANSNATIONALS) CORPORATIONS WHICH ARE ENCROACHING UPON INDIGENOUS LANDS SHOULD BE REPORTED TO THE UNITED NATIONS TRANSNATIONAL OFFICE.

19. WE MUST BE FREE FROM RACISM.

20. WE MAINTAIN THE RIGHT TO DECIDE THE DIRECTION OF OUR COMMUNITIES.
21. THE UNITED NATIONS SHOULD HAVE A SPECIAL PROCEDURE TO DEAL WITH ISSUES ARISING FROM VIOLATIONS OF INDIGENOUS TREATIES.
22. TREATIES SIGNED BETWEEN INDIGENOUS PEOPLES AND NON-INDIGENOUS PEOPLES MUST BE ACCEPTED AS TREATIES UNDER INTERNATIONAL LAW.
23. THE UNITED NATIONS MUST EXERCISE THE RIGHT TO IMPOSE SANCTIONS AGAINST GOVERNMENTS THAT VIOLATE THE RIGHTS OF INDIGENOUS PEOPLES.
24. WE URGE THE UNITED NATIONS TO INCLUDE THE ISSUE OF INDIGENOUS PEOPLES IN THE AGENDA OF THE WORLD CONFERENCE OF HUMAN RIGHTS TO BE HELD IN 1993. THE WORK DONE SO FAR BY THE UNITED NATIONS INTER-AMERICAN COMMISSION OF HUMAN RIGHTS AND THE INTER-AMERICAN INSTITUTE OF HUMAN RIGHTS SHOULD BE TAKEN INTO CONSIDERATION.
25. INDIGENOUS PEOPLES SHOULD HAVE THE RIGHT TO THEIR OWN KNOWLEDGE, LANGUAGE, AND CULTURALLY APPROPRIATE EDUCATION, INCLUDING BICULTURAL AND BILINGUAL EDUCATION. THROUGH RECOGNIZING BOTH FORMAL AND INFORMAL WAYS, THE PARTICIPATION OF FAMILY AND COMMUNITY IS GUARANTEED.
26. OUR HEALTH RIGHTS MUST INCLUDE THE RECOGNITION AND RESPECT OF TRADITIONAL KNOWLEDGE HELD BY INDIGENOUS HEALERS. THIS KNOWLEDGE, INCLUDING OUR TRADITIONAL MEDICINES AND THEIR PREVENTIVE AND SPIRITUAL HEALING POWER MUST BE RECOGNIZED AND PROTECTED AGAINST EXPLOITATION.
27. THE WORLD COURT MUST EXTEND ITS POWERS TO INCLUDE COMPLAINTS BY INDIGENOUS PEOPLES.
28. THERE MUST BE A MONITORING SYSTEM FROM THIS CONFERENCE TO OVERSEE THE RETURN OF DELEGATES TO THEIR TERRITORIES. THE DELEGATES SHOULD BE FREE TO ATTEND AND PARTICIPATE IN INTERNATIONAL INDIGENOUS CONFERENCES.
29. INDIGENOUS WOMEN'S RIGHTS MUST BE RESPECTED. WOMEN MUST BE INCLUDED IN ALL LOCAL, NATIONAL, REGIONAL AND INTERNATIONAL ORGANIZATIONS.
30. THE ABOVE MENTIONED HISTORICAL RIGHTS OF INDIGENOUS PEOPLES MUST BE GUARANTEED IN NATIONAL LEGISLATIONS.

* PLEASE NOTE FOR THE PURPOSES OF THE DECLARATION AND THIS STATEMENT ANY USE OF THE TERM "INDIGENOUS PEOPLES" ALSO INCLUDES TRIBAL PEOPLES.

LANDS AND TERRITORIES

31. INDIGENOUS PEOPLES WERE PLACED UPON OUR MOTHER, THE EARTH BY THE CREATOR. WE BELONG TO THE LAND. WE CANNOT BE SEPARATED FROM OUR LANDS AND TERRITORIES.
32. OUR TERRITORIES ARE LIVING TOTALITIES IN PERMANENT VITAL RELATION BETWEEN HUMAN BEINGS AND NATURE. THEIR POSSESSION PRODUCE THE DEVELOPMENT OF OUR CULTURE. OUR TERRITORIAL PROPERTY SHOULD BE INALIENABLE, UNCEASABLE AND NOT DENIED TITLE. LEGAL ECONOMIC AND TECHNICAL BACK UP ARE NEEDED TO GUARANTEE THIS.
33. INDIGENOUS PEOPLES' INALIENABLE RIGHTS TO LAND AND RESOURCES CONFIRM THAT WE HAVE ALWAYS HAD OWNERSHIP AND STEWARDSHIP OVER OUR TRADITIONAL TERRITORIES. WE DEMAND THAT THIS BE RESPECTED.
34. WE ASSERT OUR RIGHTS TO DEMARCATÉ OUR TRADITIONAL TERRITORIES. THE DEFINITION OF TERRITORY INCLUDES SPACE(AIR), LAND, AND SEA. WE MUST PROMOTE A TRADITIONAL ANALYSIS OF TRADITIONAL LAND RIGHTS IN ALL OUR TERRITORIES.
35. WHERE INDIGENOUS TERRITORIES HAVE BEEN DEGRADED, RESOURCES MUST BE MADE AVAILABLE TO RESTORE THEM. THE RECUPERATION OF THOSE AFFECTED TERRITORIES IS THE DUTY OF THE RESPECTIVE JURISDICTION IN ALL NATION STATES WHICH CAN NOT BE DELAYED. WITHIN THIS PROCESS OF RECUPERATION THE COMPENSATION FOR THE HISTORICAL ECOLOGICAL DEBT MUST BE TAKEN INTO ACCOUNT. NATION STATES MUST REVISE IN DEPTH THE AGRARIAN, MINING AND FORESTRY POLICIES.
36. INDIGENOUS PEOPLES REJECT THE ASSERTION OF NON-INDIGENOUS LAWS ONTO OUR LANDS. STATES CANNOT UNILATERALLY EXTEND THEIR JURISDICTION OVER OUR LANDS AND TERRITORIES. THE CONCEPT OF TERRA NULLIUS SHOULD BE FOREVER ERASED FROM THE LAW BOOKS OF STATES.
37. WE, AS INDIGENOUS PEOPLES, MUST NEVER ALIENATE OUR LANDS. WE MUST ALWAYS MAINTAIN CONTROL OVER THE LAND FOR FUTURE GENERATIONS.

38. IF A NON-INDIGENOUS GOVERNMENT, INDIVIDUAL OR CORPORATION WANTS TO USE OUR LANDS, THEN THERE MUST BE A FORMAL AGREEMENT WHICH SETS OUT THE TERMS AND CONDITIONS. INDIGENOUS PEOPLES MAINTAIN THE RIGHT TO BE COMPENSATED FOR THE USE OF THEIR LANDS AND RESOURCES.

39. TRADITIONAL INDIGENOUS TERRITORIAL BOUNDARIES, INCLUDING THE WATERS, MUST BE RESPECTED.

40. THERE MUST BE SOME CONTROL PLACED UPON ENVIRONMENTAL GROUPS WHO ARE LOBBYING TO PROTECT OUR TERRITORIES AND THE SPECIES WITHIN THOSE TERRITORIES. IN MANY INSTANCES, ENVIRONMENTAL GROUPS ARE MORE CONCERNED ABOUT ANIMALS THAN HUMAN BEINGS. WE CALL FOR INDIGENOUS PEOPLES TO DETERMINE GUIDELINES PRIOR TO ALLOWING ENVIRONMENTAL GROUPS INTO THEIR TERRITORIES.

41. PARKS MUST NOT BE CREATED AT THE EXPENSE OF INDIGENOUS PEOPLES. THERE IS NO WAY TO SEPARATE INDIGENOUS PEOPLES FROM THEIR LANDS.

42. INDIGENOUS PEOPLES MUST NOT BE REMOVED FROM THEIR LANDS IN ORDER TO MAKE IT AVAILABLE TO SETTLERS OR OTHER FORMS OF ECONOMIC ACTIVITY ON THEIR LANDS.

43. IN MANY INSTANCES, THE NUMBERS OF INDIGENOUS PEOPLES HAVE BEEN DECREASING DUE TO ENCROACHMENT BY NON-INDIGENOUS PEOPLES.

44. INDIGENOUS PEOPLES SHOULD ENCOURAGE THEIR PEOPLES TO CULTIVATE THEIR OWN TRADITIONAL FORMS OF PRODUCTS RATHER THAN TO USE IMPORTED EXOTIC CROPS WHICH DO NOT BENEFIT LOCAL PEOPLES.

45. TOXIC WASTES MUST NOT BE DEPOSITED IN OUR AREAS. INDIGENOUS PEOPLES MUST REALIZE THAT CHEMICALS, PESTICIDES AND HAZARDOUS WASTES DO NOT BENEFIT THE PEOPLES.

46. TRADITIONAL AREAS MUST BE PROTECTED AGAINST PRESENT AND FUTURE FORMS OF ENVIRONMENTAL DEGRADATION.

47. THERE MUST BE A CESSATION OF ALL USES OF NUCLEAR MATERIAL.

48. MINING OF PRODUCTS FOR NUCLEAR PRODUCTION MUST CEASE.

49. INDIGENEOUS LANDS MUST NOT BE USED FOR THE TESTING OR DUMPING OF NUCLEAR PRODUCTS.

50. POPULATION TRANSFER POLICIES BY STATE GOVERNMENTS IN OUR TERRITORIES ARE CAUSING HARDSHIP. TRADITIONAL LANDS ARE LOST AND

TRADITIONAL LIVELIHOODS ARE BEING DESTROYED.

51. OUR LANDS ARE BEING USED BY STATE GOVERNMENTS TO OBTAIN FUNDS FROM THE WORLD BANK, THE INTERNATIONAL MONETARY FUND, THE ASIAN-PACIFIC DEVELOPMENT BANK AND OTHER INSTITUTIONS WHICH HAVE LED TO A LOSS OF OUR LANDS AND TERRITORIES.

52. IN MANY COUNTRIES OUR LANDS ARE BEING USED FOR MILITARY PURPOSES. THIS IS AN UNACCEPTABLE USE OF THE LANDS.

53. THE COLONIZER GOVERNMENTS HAVE CHANGED THE NAMES OF OUR TRADITIONAL AND SACRED AREAS. OUR CHILDREN LEARN THESE FOREIGN NAMES AND START TO LOSE THEIR IDENTITY. IN ADDITION, THE CHANGING OF THE NAME OF A PLACE DIMINISHES RESPECT FOR THE SPIRITS WHICH RESIDE IN THOSE AREAS.

54. OUR FORESTS ARE NOT BEING USED FOR THEIR INTENDED PURPOSES. THE FORESTS ARE BEING USED TO MAKE MONEY.

55. TRADITIONAL ACTIVITIES, SUCH AS MAKING POTTERY, ARE BEING DESTROYED BY THE IMPORTATION OF INDUSTRIAL GOODS. THIS IMPOVERISHES THE LOCAL PEOPLES.

BIODIVERSITY AND CONSERVATION

56. THE VITAL CIRCLES ARE IN A CONTINUOUS INTERRELATION IN SUCH WAY THAT THE CHANGE OF ONE OF ITS ELEMENTS AFFECTS THE WHOLE.

57. CLIMATIC CHANGES AFFECT INDIGENOUS PEOPLES AND ALL HUMANITY. IN ADDITION ECOLOGICAL SYSTEMS AND THEIR RYTHMS ARE AFFECTED WHICH CONTRIUTE TO THE DETERIORATION OF OUR QUALITY OF LIFE AND INCREASE OUR DEPENDENCY.

58. THE FORESTS ARE BEING DESTROYED IN THE NAME OF DEVELOPMENT AND ECONOMICAL GAINS WITHOUT CONSIDERING THE DESTRUCTION OF ECOLOGICAL BALANCE. THESE ACTIVITIES DO NOT BENEFIT HUMAN BEINGS, ANIMALS, BIRDS AND FISH. THE LOGGING CONCESSIONS AND INCENTIVES TO THE TIMBER, CATTLE AND MINING INDUSTRIES AFFECTING THE ECOSYSTEMS AND THE NATURAL RESOURCES SHOULD BE CANCELLED.

59. WE VALUE THE EFFORTS OF PROTECTION OF THE BIODIVERSITY BUT WE

REJECT TO BE INCLUDED AS PART OF AN INERT DIVERSITY WHICH PRETEND TO BE MAINTAINED FOR SCIENTIFIC AND FOLKLORIC PURPOSES.

60. THE INDIGENOUS PEOPLES STRATEGIES SHOULD BE KEPT IN A REFERENCE FRAMEWORK FOR THE FORMULATION AND APPLICATION OF NATIONAL POLICIES ON ENVIRONMENT AND BIODIVERSITY.

DEVELOPMENT STRATEGIES

61. INDIGENOUS PEOPLES MUST CONSENT FOR ALL PROJECTS IN OUR TERRITORIES. PRIOR TO CONSENT BEING OBTAINED THE PEOPLE MUST BE FULLY AND ENTIRELY INVOLVED IN ANY DECISIONS. THEY MUST BE GIVEN ALL THE INFORMATION ABOUT THE PROJECT AND ITS EFFECTS. FAILURE TO DO SO SHOULD BE CONSIDERED A CRIME AGAINST THE INDIGENOUS PEOPLES. THE PERSON OR PERSONS WHO VIOLATE THIS SHOULD BE TRIED IN A WORLD TRIBUNAL WITHIN THE CONTROL OF INDIGENOUS PEOPLES SET FOR SUCH A PURPOSE. THIS COULD BE SIMILAR TO THE TRIALS HELD AFTER WORLD WAR II.

62. WE HAVE THE RIGHT TO OUR OWN DEVELOPMENT STRATEGIES BASED ON OUR CULTURAL PRACTICES AND WITH A TRANSPARENT, EFFICIENT AND VIABLE MANAGEMENT AND WITH ECONOMICAL AND ECOLOGICAL VIABILITY.

63. OUR DEVELOPMENT AND LIFE STRATEGIES ARE OBSTRUCTED BY THE INTERESTS OF THE GOVERNMENTS AND BIG COMPANIES AND BY THE NEO-LIBERAL POLICIES. OUR STRATEGIES HAVE, AS FUNDAMENTAL CONDITION, THE EXISTENCE OF INTERNATIONAL RELATIONSHIP BASED ON JUSTICE, EQUITY AND SOLIDARITY BETWEEN THE HUMAN BEINGS AND THE NATIONS.

64. ANY DEVELOPMENT STRATEGY SHOULD PRIORITIZE THE ELIMINATION OF POVERTY, THE CLIMATIC GUARANTEE, THE SUSTAINABLE MANAGEABILITY OF NATURAL RESOURCES, THE CONTINUITY OF DEMOCRATIC SOCIETIES AND THE RESPECT OF CULTURAL DIFFERENCES.

65. THE GLOBAL ENVIRONMENTAL FACILITY SHOULD ASSIGN AT BEST 20% FOR INDIGENOUS PEOPLES' STRATEGIES AND PROGRAMS OF ENVIRONMENTAL EMERGENCY, IMPROVEMENT OF LIFE QUALITY, PROTECTION OF NATURAL RESOURCES AND REHABILITATION OF ECOSYSTEMS. THIS PROPOSAL IN THE CASE OF SOUTH AMERICA AND THE CARIBBEAN SHOULD BE CONCRETE IN THE INDIGENOUS DEVELOPMENT FUND AS A PILOT EXPERIENCE IN ORDER TO BE EXTENDED TO THE INDIGENOUS PEOPLES OF OTHER REGIONS AND CONTINENTS.

66. THE CONCEPT OF DEVELOPMENT HAS MEANT THE DESTRUCTION OF OUR LANDS. WE REJECT THE CURRENT DEFINITION OF DEVELOPMENT AS BEING USEFUL TO OUR PEOPLES. OUR CULTURES ARE NOT STATIC AND WE KEEP OUR IDENTITY THROUGH A PERMANENT RECREATION OF OUR LIFE CONDITIONS; BUT ALL OF THIS IS OBSTRUCTED IN THE NAME OF SO CALLED DEVELOPMENTS.

67. RECOGNIZING INDIGENOUS PEOPLES HARMONIOUS RELATIONSHIP WITH NATURE, INDIGENOUS SUSTAINABLE DEVELOPMENT MODELS, DEVELOPMENT STRATEGIES AND CULTURAL VALUES MUST BE RESPECTED AS DISTINCT AND VITAL SOURCES OF KNOWLEDGE.

68. INDIGENOUS PEOPLES HAVE BEEN HERE SINCE THE TIME BEFORE TIME BEGAN. WE HAVE COME DIRECTLY FROM THE CREATOR. WE HAVE LIVED AND KEPT THE EARTH AS IT WAS ON THE FIRST DAY. PEOPLES WHO DO NOT BELONG TO THE LAND MUST GO OUT FROM THE LANDS BECAUSE THOSE THINGS (SO CALLED "DEVELOPMENT" ON THE LAND) ARE AGAINST THE LAWS OF CREATOR.

69(a). IN ORDER FOR INDIGENOUS PEOPLES TO ASSUME CONTROL, MANAGEMENT AND ADMINISTRATION OF THEIR RESOURCES AND TERRITORIES, DEVELOPMENT PROJECTS MUST BE BASED ON THE PRINCIPLES OF SELF-DETERMINATION AND SELF-MANAGEMENT.

(b) INDIGENOUS PEOPLES MUST BE SELF-RELIANT.

70. IF WE ARE GOING TO GROW CROPS, THESE CROPS MUST FEED THE PEOPLE. IT IS NOT APPROPRIATE THAT THE LANDS BE USED TO GROW CROPS WHICH DO NOT BENEFIT THE LOCAL PEOPLES.

70 (a) REGARDING INDIGENOUS POLICIES, STATE GOVERNMENTS MUST CEASE ATTEMPTS OF ASSIMILATION AND INTEGRATION.

(b) INDIGENOUS PEOPLES MUST CONSENT TO ALL PROJECTS IN THEIR TERRITORIES. PRIOR TO CONSENT BEING OBTAINED, THE PEOPLES MUST BE FULLY AND ENTIRELY INVOLVED IN ANY DECISIONS. THEY MUST BE GIVEN ALL THE INFORMATION ABOUT THE PROJECT AND ITS EFFECTS. FAILURE TO DO SO SHOULD BE CONSIDERED A CRIME AGAINST INDIGENOUS PEOPLES. THE PERSON OR PERSONS RESPONSIBLE SHOULD BE TRIED BEFORE A WORLD TRIBUNAL, WITH A BALANCE OF INDIGENOUS PEOPLES, SET UP FOR SUCH A PURPOSE. THIS COULD BE SIMILAR TO THE TRIALS HELD AFTER THE SECOND WORLD WAR.

71. WE MUST NEVER USE THE TERM "LAND CLAIMS". IT IS THE NON-INDIGENOUS PEOPLE WHICH DO NOT HAVE ANY LAND. ALL THE LAND IS OUR LAND. IT IS NON-INDIGENOUS PEOPLES WHO ARE MAKING CLAIMS TO OUR LANDS. WE ARE NOT MAKING CLAIMS TO OUR LANDS.

72. THERE SHOULD BE A MONITORING BODY WITHIN THE UNITED NATIONS

TO MONITOR ALL THE LAND DISPUTES AROUND THE WORLD PRIOR TO DEVELOPMENT.

73. THERE SHOULD BE A UNITED NATIONS' CONFERENCE ON THE TOPIC OF "INDIGENOUS LANDS AND DEVELOPMENT".

74. NON-INDIGENOUS PEOPLES HAVE COME TO OUR LANDS FOR THE PURPOSE OF EXPLOITING THESE LANDS AND RESOURCES TO BENEFIT THEMSELVES, AND TO THE IMPOVERISHMENT OF OUR PEOPLES. INDIGENOUS PEOPLES ARE VICTIMS OF DEVELOPMENT. IN MANY CASES INDIGENOUS PEOPLES ARE EXTERMINATED IN THE NAME OF A DEVELOPMENT PROGRAM. THERE ARE NUMEROUS EXAMPLES OF SUCH OCCURENCES.

75. DEVELOPMENT THAT OCCURS ON INDIGENOUS LANDS, WITHOUT THE CONSENT OF INDIGNEOUS PEOPLES, MUST BE STOPPED.

76. DEVELOPMENT WHICH IS OCCURING ON INDIGENOUS LANDS IS USUALLY DECIDED WITHOUT LOCAL CONSULATATION BY THOSE WHO ARE UNFAMILIAR WITH LOCAL CONDITIONS AND NEEDS.

77. THE EUROCENTRIC NOTION OF OWNERSHIP IS DESTROYING OUR PEOPLES. WE MUST RETURN TO OUR OWN VIEW OF THE WORLD, OF THE LAND AND OF DEVELOPMENT. THE ISSUE CANNOT BE SEPARATED FROM INDIGENOUS PEOPLES' RIGHTS.

78. THERE ARE MANY DIFFERENT TYPES OF SO-CALLED DEVELOPMENT: ROAD CONSTRUCTION, COMMUNICATION FACILITIES SUCH AS ELECTRICITY, TELEPHONES. THESE ALLOW DEVELOPERS EASIER ACCESS TO THE AREAS, BUT THE EFFECTS OF SUCH INDUSTRIALIZATION DESTROY THE LANDS.

79. THERE IS A WORLD WIDE MOVE TO REMOVE INDIGENOUS PEOPLES FROM THEIR LANDS AND PLACE THEM IN VILLAGES. THE RELOCATION FROM THE TRADITIONAL TERRITORIES IS DONE TO FACILITATE DEVELOPMENT.

80. IT IS NOT APPROPRIATE FOR GOVERNMENTS OR AGENCIES TO MOVE INTO OUR TERRITORIES AND TO TELL OUR PEOPLE WHAT IS NEEDED.

81. IN MANY INSTANCES, THE STATE-GOVERNMENTS HAVE CREATED ARTIFICIAL ENTITIES SUCH AS "DISTRICT COUNCIL" IN THE NAME OF THE STATE-GOVERNMENT IN ORDER TO DECEIVE THE INTERNATIONAL COMMUNITY. THESE ARTIFICIAL ENTITIES THEN ARE CONSULTED ABOUT DEVELOPMENT IN THE AREA. THE STATE-GOVERNMENTS, THEN, CLAIM THAT INDIGENOUS PEOPLES WERE CONSULTED ABOUT THE PROJECT. THESE LIES MUST BE EXPLODED TO THE INTERNATIONAL COMMUNITY.

82. THERE MUST BE AN EFFECTIVE NETWORK TO DISSIMIATE MATERIAL AND

INFORMATION BETWEEN INDIGENOUS PEOPLES. THIS IS NECESSARY IN ORDER TO KEEP INFORMED ABOUT THE PROBLEMS OF OTHER INDIGENOUS PEOPLES.

83. INDIGENOUS PEOPLES SHOULD FORM AND DIRECT THEIR OWN ENVIRONMENTAL NETWORK.

CULTURE, SCIENCE AND INTELLECTUAL PROPERTY

84. WE FEEL THE EARTH AS IF WE ARE WITHIN OUR MOTHER WHEN THE EARTH IS SICK AND POLLUTED, HUMAN HEALTH IS IMPOSSIBLE TO HEAL OURSELVES, WE MUST HEAL THE PLANET AND TO HEAL THE PLANET WE MUST HEAL OURSELVES.

85. WE MUST BEGIN TO HEAL FROM THE GRASS ROOTS LEVEL AND WORK TOWARDS THE INTERNATIONAL LEVEL.

86. THE DESTRUCTION OF THE CULTURE HAS ALWAYS BEEN CONSIDERED AN INTERNAL, DOMESTIC PROBLEM WITHIN NATIONAL STATES. THE UNITED NATIONS MUST SET UP A TRIBUNAL TO REVIEW THE CULTURAL DESTRUCTION OF THE INDIGENOUS PEOPLES.

87. WE NEED TO HAVE FOREIGN OBSERVERS COME INTO OUR INDIGENOUS TERRITORIES TO OVERSEE NATIONAL STATE ELECTIONS TO PREVENT CORRUPTION.

88. THE HUMAN REMAINS AND ARTIFACTS OF INDIGENOUS PEOPLES MUST BE RETURNED TO THEIR ORIGINAL PEOPLES.

89. OUR SACRED AND CEREMONIAL SITES SHOULD BE PROTECTED AND CONSIDERED AS THE PATRIMONY OF INDIGENOUS PEOPLES AND HUMANITY. THE ESTABLISHMENT OF A SET OF LEGAL AND OPERATIONAL INSTRUMENTS AT BOTH NATIONAL AND INTERNATIONAL LEVELS WOULD GUARANTEE THIS.

90. THE USE OF EXISTING INDIGENOUS LANGUAGES IS OUR RIGHT. THESE LANGUAGES MUST BE PROTECTED.

91. STATES THAT HAVE OUTLAWED INDIGENOUS LANGUAGES AND THEIR ALPHABETS SHOULD BE CENSORED BY THE UNITED NATIONS.

92. WE MUST NOT ALLOW TOURISM TO BE USED TO DIMINISH OUR CULTURE.

TOURISTS COME INTO THE COMMUNITIES AND VIEW THE PEOPLE AS IF INDIGENOUS PEOPLES WERE PART OF A ZOO. INDIGENOUS PEOPLES HAVE THE RIGHT TO ALLOW OR TO DISALLOW TOURISM WITHIN THEIR AREAS.

93. INDIGENOUS PEOPLES MUST HAVE THE NECESSARY RESOURCES AND CONTROL OVER THEIR OWN EDUCATION SYSTEMS.

94. ELDERS MUST BE RECOGNIZED AND RESPECTED AS TEACHERS OF THE YOUNG PEOPLE.

95. INDIGENOUS WISDOM MUST BE RECOGNIZED AND ENCOURAGED.

96. THE TRADITIONAL KNOWLEDGE OF HERBS AND PLANTS MUST BE PROTECTED AND PASSED ONTO FUTURE GENERATIONS.

97. TRADITIONS CANNOT BE SEPARATED FROM LAND, TERRITORY OR SCIENCE.

98. TRADITIONAL KNOWLEDGE HAS ENABLED INDIGENOUS PEOPLES TO SURVIVE.

99. THE USURPING OF TRADITIONAL MEDICINES AND KNOWLEDGE FROM INDIGENOUS PEOPLES SHOULD BE CONSIDERED A CRIME AGAINST PEOPLES.

100. MATERIAL CULTURE IS BEING USED BY THE NON-INDIGENOUS TO GAIN ACCESS TO OUR LANDS AND RESOURCES, THUS DESTROYING OUR CULTURES.

101. MOST OF THE MEDIA AT THIS CONFERENCE WERE ONLY INTERESTED IN THE PICTURES WHICH WILL BE SOLD FOR PROFIT. THIS IS ANOTHER CASE OF EXPLOITATION OF INDIGENOUS PEOPLES. THIS DOES NOT ADVANCE THE CAUSE OF INDIGENOUS PEOPLES. +

102. AS CREATORS AND CARRIERS OF CIVILIZATIONS WHICH HAVE GIVEN AND CONTINUE TO SHARE KNOWLEDGE, EXPERIENCE AND VALUES WITH HUMANITY, WE REQUIRE THAT OUR RIGHT TO INTELLECTUAL AND CULTURAL PROPERTIES BE GUARANTEED AND THAT THE MECHANISM FOR EACH IMPLEMENTATION BE IN FAVOR OF OUR PEOPLES AND STUDIED IN DEPTH AND IMPLEMENTED. THIS RESPECT MUST INCLUDE THE RIGHT OVER GENETIC RESOURCES, GENE BANKS, BIOTECHNOLOGY AND KNOWLEDGE OF BIODIVERSITY PROGRAMS.

103. WE SHOULD LIST THE SUSPECT MUSEUMS AND INSTITUTIONS THAT HAVE MISUSED OUR CULTURAL AND INTELLECTUAL PROPERTIES.

104. THE PROTECTION, NORMS AND MECHANISMS OF ARTISTIC AND ARTISAN CREATION OF OUR PEOPLES MUST BE ESTABLISHED AND IMPLEMENTED IN ORDER TO AVOID PLUNDER, PLAGIARISM, UNDUE EXPOSURE AND USE.

105. WHEN INDIGENOUS PEOPLES LEAVE THEIR COMMUNITIES, THEY SHOULD MAKE EVERY EFFORT TO RETURN TO THE COMMUNITY.

106. IN MANY INSTANCES, OUR SONGS, DANCES AND CEREMONIES HAVE BEEN VIEWED AS THE ONLY ASPECTS OF OUR LIVES. IN SOME INSTANCES, WE HAVE BEEN ASKED TO CHANGE A CEREMONY OR A SONG TO SUIT THE OCCASION. THIS IS RACISM.

107. AT LOCAL, NATIONAL, INTERNATIONAL LEVELS, GOVERNMENTS MUST COMMIT FUNDS TO NEW AND EXISTING RESOURCES TO EDUCATION AND TRAINING FOR INDIGENOUS PEOPLES, TO ACHIEVE THEIR SUSTAINABLE DEVELOPMENT, TO CONTRIBUTE AND TO PARTICIPATE IN SUSTAINABLE AND EQUITABLE DEVELOPMENT AT ALL LEVELS. PARTICULAR ATTENTION SHOULD BE GIVEN TO INDIGENOUS WOMEN, CHILDREN AND YOUTH.

108. ALL KINDS OF FOLKLORIC DISCRIMINATION MUST BE STOPPED AND FORBIDDEN.

109. THE UNITED NATIONS SHOULD PROMOTE RESEARCH INTO INDIGENOUS KNOWLEDGE AND DEVELOP A NETWORK OF INDIGENOUS SCIENCES.

SUMMARY OF NGO RECOMMENDATIONS TO THE BOARD OF GOVERNORS OF THE INTER-AMERICAN DEVELOPMENT BANK

1. **Access to Information:** We support the Bank's proposal to establish public reading rooms in its main headquarters and in its offices in each borrowing country. In addition, the IDB should establish an information disclosure policy that ensures that citizens and NGOs will have access to information throughout the project or loan development cycle.
2. **Public Participation:** The IDB should establish effective procedures for the adequate implementation of IDB policies requiring the participation of Non-governmental organizations, affected citizens, indigenous peoples and civil society, in all stages of the loan cycle.
3. **Environmental Policy:** We are encouraged by the current efforts of the Bank staff to revise its environmental procedures and request that before these procedures are adopted there be adequate consultation with NGOs in the region and internationally. We recommend that the IDB also update existing or create new environmental policies -- eg. in energy, forestry, agriculture and water resources.
4. **Indigenous Peoples:** The IDB should incorporate the needs of indigenous peoples into its operations, and establish procedures for consultation with and the active participation of indigenous peoples in Bank activities which directly or indirectly affect them.
5. **Macroeconomic Policy:** The IDB should undertake to study how its macroeconomic policies -- specifically the imposition of market mechanisms vis a vis the role of the state, as these relate to interest rates, investment, and privatization -- affect the social sector.
6. **Social Investment Funds:** The IDB should consider using the model of the Environmental Foundation of Jamaica -- which is governed by a board consisting primarily of representatives of Non-governmental organizations -- for the disbursement of social sector funds (eg. Social Investment Funds).

OCTOBER 20, 1993

Ricardo Carrere, Third World Institute, Uruguay

Horace Levy, Social Action Center, Jamaica, and the Caribbean Policy Development Center

Juan Carlos Paez, Fundacion Natura, Ecuador

Ariel Araujo, Centro Mocovi "Ialek Lav'a", Argentina

Jose Luis Gutierrez, Equipo Pueblo/ Union de Colonos de San Miguel Teotongo, Mexico D.F.,

REPRESENTATIVES OF NON-GOVERNMENTAL ORGANIZATIONS FROM LATIN AMERICA AND THE CARIBBEAN

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Centro Mocovi is an indigenous organization which represents the Mocovi Peoples, who live in the province of Santa Fe, Argentina. Since its formation in 1984, the Center has worked to gain legislative and human rights, the return of territory, and to ensure indigenous development and the protection of the environment for their people. This has led to the signing of a Treaty of Cooperation and Friendship with the Pueblo Guarani (Guarani Peoples) in Misiones Province. Ariel Araujo is one of five co-coordinators of Centro Mocovi "Ialek Lav'a"

2. Horace Levy
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For seven years a lecturer in philosophy at the University of the West Indies, he joined the staff of Social Action Centre in 1973 to help organize cooperatives among the field workers of a former sugar estate. In the late 1970s, as a SAC staffer, he hosted a radio call-in program and wrote opinion columns for a daily paper. He has been Director of Social Action Centre for the past eight years. He also serves on the Public Affairs and the Membership committees of Association of Development Agencies (ADA), on behalf of ADA on the board of the Environmental Foundation of Jamaica, on the Advisory Committee of Canadian Save the Children Fund, as chairman of the board of the "S" Corner Clinic, as secretary of the Social Sector Organization of Jamaica.

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Jose Luis Gutierrez is Coordinator of the Joint Equipo Pueblo/ Union de Colonos de San Miguel Teotongo Project in the Sierra of Santa Catarina, Mexico City, and has helped to organize the Coalition in Defense of the Sierra de Santa Catarina. The Coalition of local communities, NGOs and advisers are working together to put forward a proposal regarding the IDB Environmental Project.

4. Juan Carlos Paez
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Fundacion Natura is Ecuador's largest and most established environmental organization. The Fundacion has been working for over 15 years on conservation and sustainable development, with projects spanning all facets of environmental problems in Ecuador and the Andean and Amazonian regions. Juan Carlos Paez, an engineer, has worked with Fundacion Natura for three years, as Director of the Environmental Advisory Program for the Andean Region. He is the author of a recently published study, Evaluacion del Impacto Ambiental: Casos de Estudio de Ecuador, Peru and Bolivia (1993), and the book, Introduction to the Methods of Environmental Impact Assessment (1991). Juan Carlos has conducted five environmental impact assessments in Ecuador, and is currently studying environmental planning at the Institute for Infrastructure Planning at the University of Stuttgart, Germany.

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Ricardo Carrere is a forester who specializes in information systems and analysis. He was the Documentation Officer at Amnesty International's Documentation Center in London; and the Head of the Documentation Center at the Interdisciplinary Centre for Development Studies, Uruguay. He was the President of the Association of Forestry Technicians for 4 years. The Third World Institute is a research and documentation center that services NGOs throughout the Americas with information, analysis and publications about environment, economics and development.

**LETTER FROM NGOS TO THE GOVERNORS
OF THE INTER-AMERICAN DEVELOPMENT BANK ON THE OCCASION OF
NEGOTIATIONS OF THE EIGHTH REPLENISHMENT
OCTOBER 21-22, 1993**

Dear IDB Governors,

The ongoing negotiations on IDB's Eighth Replenishment originated a discussion on the Bank's policies and practices. During the Governors meeting in Punta del Este, last June 24, several Non Governmental Organizations from Latin America and other countries sent a letter to you with various recommendations on environmental and information policies. Some of these suggestions have been included in the drafts circulated by the Bank after Punta del Este. The majority of them are still under discussion and we urge you to take them into account when you meet in Washington.

This next meeting in Washington (Oct. 21-22) provides us with an opportunity to share with you some of the concerns of citizen groups about the policies being discussed (in particular Chapter II of document CA-314-4) and to formulate some suggestions so that the Bank might positively contribute to an environmentally sustainable and socially equitable development in Latin American and the Caribbean.

There was consensus in Punta del Este on a substantial increase in the funds that IDB should commit to "social sectors", which might go up to 50% of the Bank's disbursement. The Bank recognizes the existence of a "social debt" as a consequence of the unequal distribution of the burden of structural adjustment during the last decade and formulates policies to "alleviate poverty". But economic policies, poverty alleviation and environment are dealt with as separate issues, the relations between them are not studied in depth and what is proposed in one section contradicts the recommendations of the other.

Paragraph 2.4 states that "the Bank cannot have a single, uniform approach applicable to all countries in the region". But following paragraphs define as "essential" that the countries of the region move towards the external opening of their economies, privatization and modernization in order to achieve "sustainable economic growth", which is clearly not the same objective as the "sustainable development" that the Bank also endorses, borrowing from the language -but not the spirit- of the Agenda 21 that the heads of State of the world signed last year in Rio.

Modernization and Integration

Paragraph 2.7 introduces this section stating that "economic integration in subregional and regional markets paves the way for achieving the ultimate objective of a multilateral opening vis-a-vis the rest of the world, on a nondiscriminatory basis". The governors are certainly aware that this language -which was not present in the preliminary versions of the document- implies a policy that is highly controversial in the region and globally. The success of such an opening strategy depends on internal support and extra-regional developments. Outside the region, the outcome of the current negotiations on the Uruguay Round and NAFTA is still uncertain. In Latin America, 17 countries will have presidential elections in the next 18 months. In most of them, the multilateral opening of the economies is one of the major electoral issues. It doesn't seem therefore wise for the Bank to endorse one of the options as if it was the only valid one and we suggest that this reference be deleted.

The "modernization" and "sustainable economic growth" are not well defined goals and, therefore, the whole chapter is a highly ideological one, subject to multiple interpretations. We worry, particularly, about following items in paragraph 2.12:

"(e) Programs to supply necessary infrastructure in energy, transportation and communications." The goal of providing "an assured supply of reasonable priced energy", "efficient and reliable transportation" and to "expand, modernize and maintain infrastructure" can result in an overflow of environmentally dangerous projects. The same paragraph proposes "to ensure that long-term financing is available for private investment in infrastructure". This may lead in practice to greater preferences to road transportation instead of promoting environmentally friendlier alternatives and to hidden subsidies to the private sector. This paragraph should explicitly mention the need to increase energy efficiency and to promote alternative technologies for power generation.

"(f) Strengthening and modernizing the agricultural sector". This paragraph, in its present wording, downgrades the role of food production for the internal market and promotes as "modern" the export oriented cash-crop agriculture (as if plantation economies were not several centuries old in the region). It doesn't take into account the economic, environment and social disasters created by similar "green revolution" strategies in Latin America and other regions. IDB should be more respectful towards traditional agriculture and support strategies aimed at recognizing the value of the region's genetic resources (kept by traditional farmers, particularly women) and at promoting sustainable agriculture. In particular, we recommend to add after the reference to "access to and security of land tenure" a phrase saying "especially for small farmers". Also, the Bank should support the demarkation and legalization of indigenous territories, assigned to or reclaimed by indigenous peoples.

Poverty reduction and social equity

Planning as instrument

We commend the governors for advising the Bank to "develop a more thorough understanding of the root causes of poverty". Since the IDB will start immediately implementing measures aimed at alleviating poverty, before completing such analyses, it would be reasonable to demand from the Bank more concrete outputs than just an activity report every two years. Social indicators in Latin America and the Caribbean are still partial, outdated and difficult to compare, which makes it impossible to evaluate the impact of the poverty alleviation policies. IDB should, together with other institutions, produce precise indicators on income distribution, health, education and alimentation, duly discriminated by gender, and promote its inclusion in the national accounting systems, so that they become efficient tools for the management, evaluation and rectification of the policies.

Poverty reduction

The "social investment funds", identified by the IDB and the World Bank as the appropriate mechanisms to alleviate poverty, are in most Latin American countries located in agencies under direct control of the presidencies, not dependent on the ministries traditionally dealing with social issues (education, health, housing, etc) and beyond control of the parliaments. This institutional arrangement may avoid bureaucratic delays and make management more efficient, but it may also favor corruption and political manipulation. Only a policy of information transparency and social participation in the management of these funds can help avoid these pitfalls.

An effective public participation in the development process is essential for the success of any program against poverty or to protect the environment, two of the major areas of interest for the IDB. This has been recognized in public declarations by Bank authorities, including president Enrique Iglesias. Public participation, including consultation with affected people and non governmental organizations, depends on access to information. But the present draft of IDB's Program for the Eighth Replenishment makes few references to it, and only in reference to environment. Also, the Bank should include in their

programs of social investment (education, health, environment, etc.) a component addressing how to benefit indigenous peoples in the context of national programs.

Recommendations:

We suggest following changes to paragraph C. 2.35 (j) (Bracketed text to be deleted. Text in CAPS to be added.)

"Achieving social goals requires the active involvement of the population, including the participation and active support of nongovernmental organizations, trade associations, cooperatives, community associations, indigenous peoples, etc. In this regard the Bank will work in close cooperation with borrowing countries to increase the transparency of its activities and to promote greater involvement of the community in [the environmental] ALL aspects of] projects and programs, FROM THE INITIAL STAGES OF EACH PROJECT TO IMPLEMENTATION AND EVALUATION. The IDB will continue to strengthen public accountability and public participation in the use of its resources by:

(i) providing interested parties with access to [environmental] information (Environmental Briefs, Summaries, [or] Reports, [and, absent formal objection by borrowers,] Environmental Analyses and Impact Assessments AND THE TERMS OF REFERENCE FOR SAME, SCIENTIFIC STUDIES, FEASIBILITY STUDIES, ECONOMIC ANALYSES, INCLUDING COST-BENEFIT ANALYSES, STAFF APPRAISAL REPORTS, LOAN AND CREDIT AGREEMENTS, PROJECT COMPLETION REPORTS AND PROJECT PERFORMANCE REPORTS) on [environmentally significant] IDB operations, at the Bank offices in donor and borrowing countries;

(ii) reinforcing written procedures requiring that borrowers employ consultation procedures reasonably designed to obtain the informed views of affected populations and other interested parties, as part of the [environmental] assessment of [environmentally significant] IDB operations.

Paragraph B. 7 (c) should read:

(c) A more participatory approach will be employed in all project and program stages from conceptualization through implementation, with intensified dialogue between the Bank, [and] the borrowing countries, THE REPRESENTATIVE ORGANIZATIONS OF THE SOCIAL SECTORS THAT THE BANK POLICIES ATTEMPT TO HELP AND OTHER NGOS.

Yours sincerely,

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VISION ABOUT THE INTER-AMERICAN DEVELOPMENT BANK ACTIVITIES AND RECOMMENDATIONS FOR ITS IMPROVEMENT

1. INTRODUCTION

Fundación Natura is an Ecuadorian non profit, non governmental organization which has been working in environmental issues for fifteen years. In this field, Fundación Natura is perhaps the most important NGO in Ecuador.

The Environmental Advisory Program for the Andean Region (EAPAR) is a multi-institutional project that has been managed since 1990 by Fundación Natura in coordination with the Peruvian Association for the Nature Conservancy, APECO, in Lima Peru, and the Environmental Defense League, LIDEMA, in La Paz Bolivia.

Its principal objectives, among others are: to monitor development activities in the three countries; to persuade decision-makers to include environmental considerations throughout the planning and execution of development projects; and to monitor the multilateral development banks' activities regarding environmental issues of the projects they finance.

The EAPAR's last three years of work have identified many of the issues that should be considered by the Inter-American Development Bank's Board of Governors regarding the Eighth Replenishment process, and that will improve the relationship between the Bank and the NGO's that work in this field.

2. RECOMMENDATIONS FOR THE BANK'S GOVERNORS

2.1 Public participation and access to information

At present, the access to the Bank information is chaotic and even though bank policies state that any group interested in any project should have access, this is not really accomplished, except in very sporadic cases.

The IDB does not have an information distribution policy, forcing many NGO's, Latin American principally, to obtain it by other means, in most cases outdated. This situation has not allowed the NGO's to work together with the Bank in the environmental monitoring of the projects.

The Bank has no mechanisms that will allow a NGO, or any other interested person, to participate from the beginning in the planning process of a project.

In the particular case of the Andean Subregion conformed by Ecuador, Peru and

Bolivia, only in Ecuador and Bolivia a reasonable access to information has been achieved. In Peru all the efforts to get in touch with the local Representative Office has been unsuccessful.

2.1.2. Recommendations

- Its is urgent for the Bank to design an information distribution policy that will allow a reasonable access.
- The Bank should also design procedures to identify the information only for internal use (and should tell why it was considered so) from the one that can be distributed with no restrictions. The information should also be available in each country through the Bank's Representative Offices.

2.2. Environmental Policy

The Bank's Environmental Policy should be updated according to the new international commitments such as the ones subscribed in Rio de Janeiro (United Nations Conference for Environment and Development).

The consultations for the change of environmental policies should be done with selected NGO's of a region or country. To accomplish this, the Bank should establish procedures that will allow any NGO to qualify and participate in this consultative process.

The IDB has not yet defined policies regarding issues such as water resources management, pollution, sensitive ecosystems protection, etc.

The loans for the industrial sector are being channelled through sectoral loans leaving all the environmental management of the projects in hands of the lending countries. It is very important to remember that the majority of the Latin American countries do not have consistent environmental legislation that can guarantee the correct use of the natural resources.

The Ecuadorian, Peruvian and Bolivian cases are an example of this. Ecuador does not have an Environmental Law. The few laws pertaining to environment are disseminated among others and do not fulfill basic requirements. In Peru, the Environmental law has not been approved yet by the Congress, and in Bolivia even though they it has an environmental law approved a few years ago, the regulations for that law have not been yet done.

2.2.1. Recommendations

- The Bank should establish specific policies for each loaning sector such as agricultural, industrial, etc.

- The consultations with NGO's should be done with representative organizations of each country or region that have demonstrated their work in the relevant field, and that have been previously qualified according to pre-established procedures.

2.3. Environmental Impact Assessments

It is completely incomprehensible that after more than ten years that the Bank established its environmental policies and procedures, it does not have its own specific guidelines and procedures to prepare environmental impact assessments and/or reference terms to contract them, and that has to adopt others that have been developed by other institutions and under different circumstances and that are not always applicable to the Latin American requirements.

This situation produces a wide variety of procedures that obscures the studies' revision and approval by the Bank. It makes difficult the correct interpretation of them by NGO's and other people that, at least in theory, should have access to this information.

The EAPAR has revised many of the EIA's made for some of the projects financed by the IDB. The diversity of methodologies and procedures used in them have delayed the Bank's approval and have been an obstacle for their revision.

The environmental classification that the Bank uses is not the most accurate because there are projects conceived to improve the environmental quality of a region (Cat. I, that do not require EIA) that, during the execution stage, can produce adverse situations that have to be considered in the final environmental analyses.

One example of this kind of project (not financed by the IDB, but monitored by the EAPAR) is the Strengthening of the Mining Sector in Ecuador, that might be financed by the World Bank. This project aims at the mitigation of environmental impacts caused by mining activities in Ecuador, and theoretically did not need an EIA since it is supposed to improve the environmental conditions of a region. Nevertheless it was necessary to make environmental studies to identify adverse situations that might occur during its execution.

Monitoring and ex-post environmental evaluations are terms that in practice are not handled by the Bank. Unfortunately, once the projects have been finished, little or no environmental monitoring is being done.

It is very important to remember that any environmental assessment will always carry some uncertainties and the quality standards and regulations are constantly modified to adapt them to new requirements. The recommendations of the environmental studies will not always be accurate, and there may be a need to revisions over time.

Monitoring activities performed by the EAPAR in Ecuador, Peru and Bolivia, show that in some projects that have been financed by the IDB (roadway Cuenca-Molleturo in Ecuador) the recommendations of the Environmental Studies were not put into practice and in other cases these recommendations were not the most accurate (eg. Drainage and Landfill of the West Suburb of Guayaquil).

2.3.1. Recommendations

- It is urgent and very necessary for the Bank to establish formal guidelines to prepare environmental studies and/or reference terms for contracting them.
- Projects currently in Category I should contain at least an environmental impact approach. This will allow the identification of those projects that although they were conceived to improve the environmental quality will produce some adverse effects during their execution.
- Monitoring and ex-post environmental evaluations should be a common practice and a requisite in all projects that will require environmental assessments.
- The Bank should never finance "key-in-hand" projects in which environmental assessments were made just to fulfill one of the lending conditions.

2.4. Regional Environmental Assessors (ARMAS)

Since 1992 many Regional Environmental Assessors (ARMAS) were added to some of the local Representative Offices of the Bank, to advise and assess environmental issues related to Bank projects. Some of them were (and still are) responsible for four or more countries, depending on the case.

This situation was well received by the Latin American NGO community.

Nevertheless, after one year, their main objective has not been accomplished. The reason is more than obvious: No one can expect that one single officer could handle the environmental problems of many countries when he is not able to fulfill all the requirements of one.

Of the three Andean countries (Ecuador, Peru and Bolivia), only Ecuador has received the assistance of the ARMA assigned to its Representative Office. In the two other countries the ARMA's assigned to them have not been able to make an official visit to the local offices. In both cases the reasons correspond to the lack of financial resources assigned to the officers, and to the impossibility of advising

four countries when the requirements of one have not been completely satisfied.

2.4.1. Recommendations

- It would be very advisable for the Bank to assign more ARMAS to each of its Representative Offices and possibly two or more in the larger countries (e.g. Brazil).

Quito, September, 1993

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The following presentation summarizes some issues concerning the Inter-American Development Bank's policies and procedures, at the time when the Bank's Governors are holding the Eighth Replenishment negotiating meeting.

The IDB aims at supporting social and economic development of our peoples within the framework of what's presently known as sustainable development. From our point of view, this can only be achieved with the active participation of the concerned social actors. This implies, firstly, the need for an open information policy from the Bank. However, the IDB'S existing mechanisms are clearly insufficient, resulting in the unavailability of the necessary information to allow interested or affected people and organizations to express their points of view of the Bank's projects. This may result -and frequently does- in negative environmental, social and economic impacts which could be avoided, for example:

- Projects with an important negative environmental impact, such as the development of Uruguay's wetlands for rice cultivation, has resulted in a significant loss of wetlands having high biodiversity value. IDB loans for infrastructure development (roads, electrification, irrigation dams) paved the way for such development.
- Projects aimed at assisting the less favored sectors of the population and which, due to lack of mechanisms to allow participation of the interested parties in project formulation and implementation, do not take into account their real needs. Such is the case of a housing project in Montevideo for people living in shanty towns.
- Sewage projects, such as the one implemented in Montevideo, have raised concerns. Even experts have expressed doubts about its effectiveness. The population did not have the necessary information to express its opinion on whether this was the only viable option, or if it would have been possible to process the effluents prior to their discharge into the sea.
- Projects such as the oil buoy for supertankers, established near the country's main seaside resort -Punta del Este- could result in major pollution problems if an oil spill or other accidents were to occur.
- Projects such as the bridge Colonia-Buenos Aires and the expressway linking the latter and Sao Paulo in Brazil through Uruguayan territory will have far-reaching impacts. The Uruguayan people should be able to decide in an informed manner, weighing the advantages and disadvantages of a project of such importance.

Linked to the above, transparency in project implementation is essential to avoid any suspicions on the possible political use of credits or on possible cases of open corruption. Suspicions and doubts of this type have already occurred concerning some projects (e.g. the Social Investment Program) and have been carried by the media. Such consequences are of no good to the Bank. This kind of situation could be avoided if the Bank had established procedures and safeguards

(e.g. an open system of selection for contracts and consultancies) to ensure greater transparency at the implementation stage.

We would also wish to add other issues of concern to the above comments on information and participation.

Firstly, the issue of macroeconomic policies. As the IDB itself states, "the Bank cannot have a single, uniform approach applicable to all countries in the region". From our point of view, this is contradictory with the Bank's macroeconomic approach, which is exactly the same for all the countries in the region. The currently predominant economic policies -particularly privatization- are taken as universally accepted and as if no other options were possible. Uruguay's experience on this issue is of particular relevance. A law passed by the government on the privatization of State enterprises was subjected to a popular plebiscite and the majority of Uruguayans decided to reject most of the law's provisions. Many international organizations may believe that the Uruguayan people have made a mistake by rejecting this law, but that was the opinion of a people that have the right to decide their future. We therefore believe that those policies should also be open to discussion.

Another matter which should deserve further consideration from the Bank and more participation at country level refers to the issue of social indicators. The IDB will increase its credits aimed at alleviating poverty. How will the impact of such credits be evaluated? We believe that current indicators are totally inadequate and they should be upgraded in order to assess efficiently the results of the policies of poverty alleviation. At the same time, taking into account that the Bank has defined specific support for women as one of its goals, all indicators should discriminate information by gender.

The issue of sectorial credits also requires consultation -and therefore information- to ensure positive impacts. This also entails the need for specific indicators to assess results. For example: How are the results of an educational policy evaluated?

Another matter of growing concern and on which we are particularly interested relates to the Bank's forestry policy. Although Uruguay's forestry development policy has been supported by the World Bank, the current IDB policies on the subject might result in future support to such type of development. Taking into account that massive afforestation with exotic species -basically eucalyptus and to a lesser extent pine trees- might entail important negative environmental impacts, it would be extremely useful if the Bank were to rediscuss its policies with the participation of all the involved sectors.

As a final comment, we wish to point out that economic, social and environmental aspects cannot be treated as independent subjects. On the contrary, they constitute and interrelated and interacting whole. Specifically, the environmental issues must be incorporated to the projects from their initial stage and not be considered a final addition -frequently a formal one- to them.

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SINTESIS DEL PROCESO SOCIAL PARA LA DEFENSA
DE LA SIERRA DE SANTA CATARINA.
EN LA CIUDAD DE MEXICO
1993.

INTRODUCCION.

El Movimiento Urbano Popular como se le ha denominado por las organizaciones populares, investigadores y estudiosos del tema urbano, es en estos momentos uno de los principales sujetos y protagonistas en el desarrollo y discusión de las ciudades de México.

A partir del crecimiento desmedido y de la demanda progresiva e insuficientes posibilidades de recursos para dar respuesta a las necesidades urbanas, el fenómeno de la ciudad de México ha obligado a que la población busque alternativas de solución y/o demand de manera activa sus derechos de ciudadano.

Las organizaciones sociales con aportes técnicos de algunas ONG's han desarrollado en los últimos ocho años verdaderos logros en el ámbito de la vivienda, optimizando recursos y consolidando asentamientos con una visión más colectiva en la solución de espacios físicos y comunes.

La competencia del suelo en la ciudad como los problemas de crecimiento de la misma han provocado que los grupos populares tengan que ^{Acceso} a terrenos en su mayoría irregulares y sin servicios en la periferia y en los lugares donde existen poblados que en un tiempo se encontraban fuera de la ciudad y han sido absorbidos por las mismas, sus pobladores han tenido que defenderlos.

Las sierras de Santa Catarina y de Guadalupe representan dos zonas fundamentales en el equilibrio ambiental de la ciudad de México, sin embargo no existe hasta este momento un proyecto suficientemente eficaz y compartido con los pobladores que resuelva su conservación, protección y su sustentabilidad.

LOS ACTORES SOCIALES Y POLITICOS DE LA SIERRA DE SANTA CATARINA.

Las colonias de San Miguel Teotongo, Xalpa, Miravalles, Canal de Garay, Loma Bonita, Loma de la Estancia, Wecampol, Tláhuac, Ixtlahuacac, ubicadas todas en la Sierra de Santa Catarina hemos decidido conformar un frente en defensa de toda esta zona.

Nuestro trabajo de casi 15 años consiste en desarrollar trabajo de comunidad a través de reuniones de formación y acciones en cada sección, barrio y/o colonia motivando la participación en la realización de obras en ^{los} aspectos de salud, alimentación, mejoramiento ambiental y de construcción de alternativas de desarrollo. Cada una de estas acciones ha contribuido al mejoramiento de nuestras familias, sin embargo la falta de apoyos y la complejidad de los problemas de toda la zona han limitado el impacto deseado y nuestra incidencia ha sido limitada si tomamos en cuenta toda la población de la Sierra de Santa Catarina.

Por otro lado esta misma coordinación de acciones entre las diferentes colonias nos ha ayudado a analizar los problemas que nos acojen como región y hemos concluido que la manera eficaz de atacarlas es involucrarnos todos como pobladores para ~~enfrentarlos~~ conjuntamente y facilitar la solución a los mismos.

De esta manera reconocemos que debemos planear nuestros asentamientos, evitando la especulación ilícita de los predios y el avance del área urbana sin ningún control.

En estas reflexiones participamos cuando nos enteramos de manera casual, que el gobierno de México estaba interesado en desarrollar un proyecto de "conservación Ecológica precisamente en la Sierra de Santa Catarina".

Nuestra inquietud e interés nos obligó a investigar pero nos dimos cuenta que este proyecto al igual que muchos otros que se realizan en la ciudad por el gobierno, no toman en cuenta a la población ni mucho menos somos informados de los mismos aún cuando vivimos en las zonas donde se realizan.

Nuestro FRENTE pretende participar en cualquier proyecto que tenga que ver con nuestros asentamientos que son parte de la Sierra mencionada, ^{proporcionando} nuestro conocimiento y propuestas que tienen que ver con el desarrollo sustentable de la región y de esta manera contribuir a la conservación y mejoramiento ecológico de la ciudad.

A N E X O

ANTEPROYECTO: DESCRIPCION, DIAGNOSTICO Y PLAN DE MANEJO PARA LA SIERRA DE SANTA CATARINA.

I. Análisis.

- 1.- Datos generales.
- 2.- Comentarios al proyecto (Financiado por el BID).
- 3.- Perspectiva Social de la Propuesta.

II. Propuesta Alternativa del Equipo de FOSOVI, A. C. al proyecto del Banco Interamericano de Desarrollo y el Gobierno de México sobre la Sierra de Santa Catarina.

- 1.- Objetivos.
- 2.- Conceptualización.
- 3.- Política.
- 4.- Estrategia.
- 5.- Elementos para un diagnóstico Medioambiental Regional.
- 6.- Criterios de evaluación de los Asentamientos Humanos.
- 7.- Elementos para realizar una propuesta Medioambiental regional.
- 8.- Recursos para la Instrumentación del Proyecto Piloto a escala Bioregional o Microbioregional

I. ANALISIS DEL:

PLAN PREVISTO EN "EL PROYECTO DE CONSERVACION ECOLOGICA EN EL AREA METROPOLITANA DE LA CIUDAD DE MEXICO (ME-0047)" FINANCIADO POR EL BID Y DONDE EL PRESTATARIO ES BANOBRAS Y LOS EJECUTORES: COCODER Y SEDAGRO.

1.- DATOS GENERALES.

Consolidación del área de conservación y establecimiento de un área natural protegida, distribuida de la siguiente manera:

2,900 Ha. de revegetación y reforestación, con 1.9 millones de árboles, 0.5 de arbustos, 0.12 de plantas ornamentales y 0.11 de cactáceas.

Análisis de impacto ambiental de 5 canteras, basureros clandestinos, planta de asfalto.

Reubicación de los asentamientos irregulares, localizados al interior de la Sierra y - mejoramiento de los que están alrededor.

En síntesis es un proyecto de conservación ecológica, que incluye solamente la parte correspondiente a "alcanzar dicha conservación" según el documento del BID. pág. 15.

2.- COMENTARIOS AL PROYECTO DE CONSERVACION ECOLOGICA EN EL AREAMETROPOLITANA DE LA CIUDAD DE MEXICO (FINANCIADO POR EL BID).

Perspectiva Técnica de la Propuesta:

En primer lugar el proyecto responde a una concepción parcial de lo que es la ecología.

No es un proyecto que contemple la sustentabilidad como criterio de desarrollo, es - un proyecto de tipo conservacionista que no incluye ni en el análisis ni en la pro - puestasd, una visión integradora, de los múltiples aspectos que están presentes en un proyecto medioambiental. Se sabe que no consideraron a la Sierra como una - bioregión o parte de ella.

Se desconoce el tipo de análisis y la metodología empleada en la propuesta. Lo - que si es claro es que se considerarn solo algunos aspectos desintegrados de la -

problemática medioambiental, donde el ser humano (pequeños productores agrícolas y pobladores) no aparecen como sujeto del mismo medioambiente y de lo que - en el se haga, sino exclusivamente como objetos de una supuesta consertación, -

donde serán despojados de sus tierras via la inclusión en el proyecto o donde deberán ceder sus tierras entre el 20% y el 100% o a través de la expropiación (ver - pág. 19, incisos 3.27, 3.28 y 3.29 del informe del proyecto del BID).

No es un proyecto de desarrollo regional medioambiental, que contemple los aspectos productivos ni autogestivos que les permitan a sus pobladores - rurales y urbanos - mejorar las condiciones de vida de extrema pobreza a la que hoy se hayan - sometidos, ni recuperar valores ecotecnológico culturales perdidos, ni crear alternativas viables, económicas, culturales, tecnológicas o con un criterio de desarrollo y medioambiente sustentable. Es por el contrario un proyecto, que desvincula al hombre en su relación directa con la fuerza productiva; cometiendo el mismo error del proyecto inicial de Xochimilco, pretende convertir un área potencialmente productiva y en producción -mal que bien - en un área recreativa y forestal.

Por lo tanto, el proyecto propone cambiar el uso del suelo actual de agrícola, en el área de restauración, por el de tipo forestal múltiple (dice que esto obedece a la pobreza de los suelos y a que los cultivos son hoy de subsistencia); propone para la franja de retención, cambiar el uso del suelo actual de agrícola de conservación y - pecuario semiestabulado - a partir de la expropiación - declarándola área natural protegida y clasificada como de protección especial con áreas recreativas, culturales, habitacional de excepción, áreas verdes, equipamiento deportivo y equipamiento educativo.

El proyecto es muy limitado en su concepción. Propongo una concepción alternativa y una metodología para la delimitación, diagnóstico y propuestas, que contemple a la sustentabilidad, como criterio de desarrollo rural y urbano, donde se sumen los criterios de conservación y de restauración con los de productividad y cultura ecológica, en un ámbito bioregional que incluya el habitat humano y donde la PARTICIPACION de sus habitantes en la planeación, desarrollo y ejecución de las propuestas, sienta las bases para lograr alternativas, que admitan la diversidad y la pluralidad en materia medioambiental y un mejoramiento en la calidad de vida.

3.- Perspectiva Social de la Propuesta:

De manera formal y de manera metodológica queda claro que los sujetos de este proyecto son fundamentalmente las instituciones gubernamentales y los habitantes de la zona son únicamente considerados con la finalidad de darle cumplimiento a - los objetivos institucionales del proyecto.

Ha sido reiteradamente comprobada por la experiencia que los proyectos que afectan a un grupo, o comunidad - en el caso que nos ocupa que es la Sierra de Sta. - Catarina implica a 335,922 números de habitantes - y que los sujetos no están activamente integrados a los proyectos; la inversión que implican es muy alta y los resultados muy coyunturales y con escasa continuidad.

La preservación y la ¿regeneración? ambiental que va mucho más allá de la reforestación sólo es posible con un trabajo de comprensión activa de los habitantes, pero aún reduciendo la acción ecológica a la reforestación esta es sólo posible con una activa participación de los habitantes de la zona.

La acción ecológica integral sólo es posible mediante la más amplia participación - de la población con su respectiva acción de vigilancia y la más amplia integración - de todos los sectores de la población que interactúa en una zona geográficamente determinada, son condición indispensable.

Un planteamiento que no es social ni institucional, no sólo es una bomba financiera que ocasiona que no haya dinero en el mundo para una acción ecológica significativa, sino que los alcances de esta sean externos a los propios grupos y por lo mismo con repercusiones superficiales y muy restringidas, en calidad y en continuidad. ¿Cómo podremos imaginar que las insituciones puedan resolver, garantizar o siquiera impulsar los programas para un verdadero proyecto ambiental?.

II PROPUESTA ALTERNATIVA DEL EQUIPO DE FOSOVI, A. C. AL PROYECTO DEL BANCO INTERAMERICANO DE DESARROLLO Y EL GOBIERNO DE MEXICO SOBRE LA SIERRA DE SANTA CATARINA.

Se propone una concepción integradora de los aspectos medioambientales, donde estén interrelacionadas las distintas variables que inciden en un análisis de tipo bioregional, que pretende un desarrollo sostenible.

VARIABLES INTEGRADAS:

Las del modelo de producción y consumo, las culturales y de participación de los grupos humanos asentados, las tecnologías, las de uso y aprovechamiento de recursos (ya que todo desarrollo requiere de la utilización de recursos), las científicas, las de impacto ambiental y de manejo de desechos entre otras.

1 OBJETIVOS.

GENERAL:

Producir un plan y programas específicos de desarrollo sustentable.

PARTICULARES:

Planeación y administración participativa en los asentamientos humanos, de los recursos, con el fin de restaurar el medioambiente y preservar los recursos.

Restablecer el equilibrio ecológico.

Rescate urbano-ecológico, agrícola, socio-cultural y de tecnologías propias de la región.

2 CONCEPTUALIZACION.

Un enfoque ecológico para propuesta de desarrollo regional debe considerar:

1. Los aspectos geo-ecológicos.
2. Los aspectos socio-culturales.
3. Los aspectos científico-tecnológicos.
4. Los aspectos económicos.

Un enfoque integral, donde la SUSTENTABILIDAD sea el primer elemento rector para el desarrollo regional de asentamientos humanos, si se quieren restablecer las condiciones de habitabilidad; el segundo elemento rector es la PARTICIPACION de los pobladores en la planeación, si se quiere garantizar la sustentabilidad del desarrollo regional y la adecuación a la realidad que tiene su base en el control social de los procesos por parte de los pobladores. 1

3 POLITICA.

Rechazo a la instrumentación unilateral de medidas en materia urbano-ecológica, tomando como pretexto, supuestos criterios de tipo ambientalista o conservacionistas, que son usados en realidad, como medio de desalojo forzoso o inducido de comunidades culturales populares, de origen prehispánico o de grupos humanos de bajos ingresos que tienen derecho a un medioambiente sano donde habitar.

4 ESTRATEGIA.

Producir alternativas con metas concretas al problema medioambiental, en el marco de un modelo alternativo también de producción y consumo, en los asentamientos humanos,

donde participen los diversos actores involucrados en el proceso (en el autodiagnóstico y en las propuestas medioambientales).

5 ELEMENTOS PARA UN DIAGNOSTICO MEDIOAMBIENTAL REGIONAL.

I. NATURALES.

- 1. Características Fisiográficas.**
 - 1.1. Ubicación Geográficas**
 - 1.2. Geología**
 - 1.3. Hidrografía**
 - 1.4. Tierras o Suelos**
 - 1.4.1. Caracterización**
 - 1.4.2. Vocación**
 - 1.4.3. Estado Actual**
- 2. Recursos Bioticos.**
 - Recursos de tierras**
 - 2.1. Vegetación**
 - 2.1.1. Especies vegetales**
 - Recursos animales**
 - 2.2. Fauna**
 - 2.2.1. Especies animales**
- 3. Recursos Hidricos.**
 - 3.1. Ciclo hidrológico**
 - 3.2. Acuíferos**
- 4. Recursos de la Atmosfera.**
 - 4.1. El aire**
- 5. Recursos Energéticos.**
 - 5.1. Tipos de energía**
 - 5.2. Fuentes**
- 6. Recursos Humanos.**

II. ACTIVIDADES HUMANAS Y MEDIOAMBIENTE RURAL.

1. RECURSOS DE TIERRAS:

- 1. Agricultura-Actividad agrícola e hidroagrícolas.**
 - 1.1. Cultivos**
 - 1.2. Causas de cambio de uso agrícola a otros. A cuales.?**
 - 1.3. Sistemas de producción agrícola**
 - 1.4. Destino de la producción (Mercado o autoconsumo)**
 - 1.5. Ocupación de suelos agrícolas (Utilización intensiva de suelo agrícola, extensión de desarrollo agrícola sobre áreas marginales frágiles).**
- 2. Explotación forestal.**
 - 2.1. Pérdida de vegetación boscosa y de áreas verdes (deforestación). pérdida de cubierta vegetal, desertificación.**
- 3. Explotación petrolera y minera.**

3.1. Fuente de degradación de tierras.

2. RECURSOS ANIMALES.

1. Ganadería
 - 1.1. Actividades pecuarias
 - 1.2. Inventario ganadero
2. Pesca

3. RECURSOS HIDRICOS.

1. Disponibilidad y uso del agua y estrategias de: aprovechamiento productivo y para los servicios (en los diversos sectores: agricultura, industria, minería y servicios).

4. RECURSOS DE LA ATMOSFERA.

1. El aire.
 - 1.1. Contaminación atmosférica

5. RECURSOS ENERGETICOS.

1. Uso de la energía
 - 1.1. Eficiencia
 - 1.2. Medios de generación
 - 1.3. Impacto ambiental

6. RECURSOS HUMANOS.

1. Población
 - 1.1. Evaluación de los aspectos sociales, culturales, ecotecnológicos y productivos, en el uso, aprovechamiento, conservación y reproducción de los recursos naturales y del medioambiente, de las — comunidades, grupos organizados que habitan en el campo.
 - 1.2. Recursos y potencialidades de las organizaciones y grupos humanos en tanto productores del campo, para la creación de modelos alternativos al de producción-consumo, compatibles, con el desarrollo sustentable y con su cultura.

7. EFECTOS AMBIENTALES DE ORIGEN ANTROPOGENO.

1. Contaminación en:
 - 1.1. Comunidades vegetales
 - 1.2. Comunidades animales

III. ACTIVIDADES HUMANAS Y MEDIOAMBIENTE URBANO: MODELO DE PRODUCCION ACTUAL.

1. RECURSOS DE TIERRAS.

1. Utilización de las tierras urbanas (espacio físico), usos y destinos del — suelo.

2. RECURSOS HIDRICOS.

FUENTES DE AGUA.

1. Disponibilidad y facilidad en su obtención.
2. Problemas con la dotación del servicios
3. Demanda:
 - 3.1. Agua potable: calidad, demanda, degradación (por contaminación o por intrusión salina).
 - 3.2. Agua para los servicios (industria, habitación).
 - 3.3. El agua y sus efectos en la salud.
 - 3.4. El agua y sus efectos en la productividad (usos del agua y estrategias de aprovechamiento en las actividades de producción-consumo).
 - 3.5. Disparidad entre demanda y suministro de agua (entre recursos y consumo urbano).
4. Efectos ambientales del desarrollo hídrico.
 - 4.1. Degradación directa (al recibir aguas residuales no tratadas).
 - 4.2. Degradación indirecta (desertificación, perturbación del equilibrio ecológico).
 - 4.3. Contaminación, deterioro y agotamiento de acuíferos.
 - 4.4. Extracción de agua, factor de perturbación ecológica.
 - 4.5. Manejo de aguas residuales, pluviales y drenajes.
 - 4.5.1. Contaminación de cuerpos de agua, tierra y la atmosfera.
 - 4.6. Saneamiento y gestión de las aguas residuales.
 - 4.6.1. Desechos sanitarios (aguas negras urbanas).
 - 4.6.2. Aguas residuales (efluentes industriales).
5. La calidad del agua.
6. El desarrollo urbano y los problemas de cantidad y calidad.

3. RECURSOS DE LA ATMOSFERA.

1. El aire.
 - 1.1. Contaminación atmosférica.
 - 1.1.1. Degradación de la calidad del aire (por consumo energético, por el transporte, la industria, los servicios, la vivienda, por degradación ecológica, etc.)

4. LOS DESECHOS SOLIDOS.

1. Industriales
2. Domésticos
3. Contaminación de tierra, agua y aire
4. Manejo y disposición final

5. RECURSOS HUMANOS.

1. Población.
 - 1.1. Evaluación de los aspectos sociales, culturales, ecotecnológicos y productivos en el uso, aprovechamiento, conservación y restaura

ración (capacidad de carga) de los recursos naturales y del medio ambiente de las comunidades o grupos humanos que habitan la ciudad y el campo.

- 1.2. Recursos y potencialidades de los grupos humanos para la creación de modelos alternativos de desarrollo compatibles con la — cultura y la ecología.

IV. TENDENCIAS.

6 CRITERIOS DE EVALUACION DE LOS ASENTAMIENTOS HUMANOS. 2

Evaluación en base a los siguientes criterios de desarrollo:

1. La calidad de vida que ofrece a sus habitantes.
2. La magnitud de la utilización de los recursos no renovables.
3. La naturaleza de la utilización de los recursos renovables.
4. Al impacto de los desechos, generación y disposición.

7 ELEMENTOS PARA REALIZAR UNA PROPUESTA MEDIOAMBIENTAL REGIONAL.

Un modelo de desarrollo sustentable deberá tener en cuenta los siguientes aspectos:

1. Desarrollo ecotecnológico, compatible con la realidad cultural.
2. Desarrollo de la capacidad científico-tecnológica.
3. Restitución de la productividad.
4. Restauración de ambientes deteriorados.
5. Conservación de ecosistemas
6. Transferencia de tecnologías limpias apropiadas, en términos del desarrollo de las capacidades inherentes a cada comunidad cultural.
7. Protección de suelos (Aptitud, control de escurrimientos y desasolves)
8. Protección del recurso tierra: bosques y áreas verdes (áreas forestales, áreas sujetas a reforestación y áreas sujetas a revegetación), etc.
9. Protección de la biodiversidad.
10. Protección de la biotecnología.
11. Protección del recurso agua: políticas y acciones de racionalización en el consumo; políticas y acciones para recargar los acuíferos subterráneos y extracción dosificada, ya que esta es la principal fuente de abasto de — agua dulce, aprovechamiento racional de los recursos hidráulicos.
12. Protección del recurso aire y de la energía: Responsabilidad en el uso de la misma; ahorro y uso eficiente; cambio hacia fuentes renovables, como las pequeñas centrales hidroeléctricas, la biomasa, el viento y el sol.
13. Manejo de los desechos sólidos, la solución al problema de la basura es no hacer basura. Si no mezclamos los desechos orgánicos con los inorgánicos, no los contaminamos y no producimos basura. Esto requiere un cambio total en el manejo de los desechos, en los sistemas de recolección y en el destino final de los productos. Con los orgánicos, se puede — producir composta, con los inorgánicos, centros de acopio y comercialización para los productos reciclables, a través de microempresas comunita-

- rias.
14. Programas de formación ambiental y de creación de una cultura ecológica en las ciudades principalmente.
 15. La ciudad concebida no solo como espacio de uso y consumo, sino como unidad de producción y reproducción, autosuficiente.
 16. El campo, recibiendo todos los beneficios de un desarrollo autosustentable y recuperando los modelos culturales de producción prehispánica donde el hombre y la tierra estaban en una estrecha relación de equilibrio ecológico

8 RECURSOS PARA LA INSTRUMENTACION DEL PROYECTO PILOTO A ESCALA BIOREGIONAL O MICROBIOREGIONAL.

1. Financieros: Fondo para proyectos ambientales y de desarrollo sustentable a la escala propuesta.
2. Tecnológicos y científicos.
3. Sociales y culturales: Grupos organizados, pobladores.
4. Banco de datos: sistematización e intercambio, difusión.
5. Marco jurídico:
 1. Legislación ambiental.
 2. Instrumentación.

LISTA DE INSTITUCIONES QUE CONFORMAMOS EL FRENTE EN DEFENSA DE LA

SIERRA DE SANTA CATARINA.

- 1.- Alfonso González
- 2.- Edmundo Ducoing
- 3.- Ma. Eugenia Castro
- 4.- Elvia Flores
- 5.- Rodolfo Lara
- 6.- Marta Huerta
- 7.- Benedic
- 8.- Reyno Alvarado Sánchez
- 9.- Gloria Araceli y Elizabeth
- 10.- Alberto Morales
- 11.- Benita Garcin
- 12.- Jose luis Gutiérrez
- 13.- María de Jesús
- 14.- Chantal Crispis
- 15.- Daniel Martínez
- 16.- Benjamín Ciprián
- 17.- Luis Juárez
- 18.- Miguel Angel Paz
- 19.- Tonantzin Gómez
- 20.- Mario Carranza
- 21.- Ma. Eugenia Delgado

- 22.- Omar Manjarrez Ibarra
- 23.- Mónica Valenzuela Medina
- 24.- Clara Brugada

GEA A.C.
UAM-Iztapalapa
FOSovi
FOSovi
FOSovi
Proyecto Educativo Maristas.
Trabajo con niños
Unión de Colonos

Xalpa/proyecto vivienda

Colonos de San Miguel Teotongo
Colonos de San Miguel Teotongo
UPREZ
UPREZ
GEA A.C.
Unión Nac. de trabajadores agrícolas
Miravalle (Proyecto educativo)
GEA A.C.
Equipo Pueblo
Proy. de comunicación
San Miguel Teotongo.
UAM-Iztapalapa
UAM-Iztapalapa
San Miguel Teotongo

VISION ABOUT THE INTER-AMERICAN DEVELOPMENT BANK ACTIVITIES AND RECOMMENDATIONS FOR ITS IMPROVEMENT

1. INTRODUCTION

Fundación Natura is an Ecuadorian non profit, non governmental organization which has been working in environmental issues for fifteen years. In this field, Fundación Natura is perhaps the most important NGO in Ecuador.

The Environmental Advisory Program for the Andean Region (EAPAR) is a multi-institutional project that has been managed since 1990 by Fundación Natura in coordination with the Peruvian Association for the Nature Conservancy, APECO, in Lima Peru, and the Environmental Defense League, LIDEMA, in La Paz Bolivia.

Its principal objectives, among others are: to monitor development activities in the three countries; to persuade decision-makers to include environmental considerations throughout the planning and execution of development projects; and to monitor the multilateral development banks' activities regarding environmental issues of the projects they finance.

The EAPAR's last three years of work have identified many of the issues that should be considered by the Inter-American Development Bank's Board of Governors regarding the Eighth Replenishment process, and that will improve the relationship between the Bank and the NGO's that work in this field.

2. RECOMMENDATIONS FOR THE BANK'S GOVERNORS

2.1 Public participation and access to information

At present, the access to the Bank information is chaotic and even though bank policies state that any group interested in any project should have access, this is not really accomplished, except in very sporadic cases.

The IDB does not have an information distribution policy, forcing many NGO's, Latin American principally, to obtain it by other means, in most cases outdated. This situation has not allowed the NGO's to work together with the Bank in the environmental monitoring of the projects.

The Bank has no mechanisms that will allow a NGO, or any other interested person, to participate from the beginning in the planning process of a project.

In the particular case of the Andean Subregion conformed by Ecuador, Peru and

Bolivia, only in Ecuador and Bolivia a reasonable access to information has been achieved. In Peru all the efforts to get in touch with the local Representative Office has been unsuccessful.

2.1.2. Recommendations

- Its is urgent for the Bank to design an information distribution policy that will allow a reasonable access.
- The Bank should also design procedures to identify the information only for internal use (and should tell why it was considered so) from the one that can be distributed with no restrictions. The information should also be available in each country through the Bank's Representative Offices.

2.2. Environmental Policy

The Bank's Environmental Policy should be updated according to the new international commitments such as the ones subscribed in Rio de Janeiro (United Nations Conference for Environment and Development).

The consultations for the change of environmental policies should be done with selected NGO's of a region or country. To accomplish this, the Bank should establish procedures that will allow any NGO to qualify and participate in this consultative process.

The IDB has not yet defined policies regarding issues such as water resources management, pollution, sensitive ecosystems protection, etc.

The loans for the industrial sector are being channelled through sectoral loans leaving all the environmental management of the projects in hands of the lending countries. It is very important to remember that the majority of the Latin American countries do not have consistent environmental legislation that can guarantee the correct use of the natural resources.

The Ecuadorian, Peruvian and Bolivian cases are an example of this. Ecuador does not have an Environmental Law. The few laws pertaining to environment are disseminated among others and do not fulfill basic requirements. In Peru, the Environmental law has not been approved yet by the Congress, and in Bolivia even though they it has an environmental law approved a few years ago, the regulations for that law have not been yet done.

2.2.1. Recommendations

- The Bank should establish specific policies for each loaning sector such as agricultural, industrial, etc.

- The consultations with NGO's should be done with representative organizations of each country or region that have demonstrated their work in the relevant field, and that have been previously qualified according to pre-established procedures.

2.3. Environmental Impact Assessments

It is completely incomprehensible that after more than ten years that the Bank established its environmental policies and procedures, it does not have its own specific guidelines and procedures to prepare environmental impact assessments and/or reference terms to contract them, and that has to adopt others that have been developed by other institutions and under different circumstances and that are not always applicable to the Latin American requirements.

This situation produces a wide variety of procedures that obscures the studies' revision and approval by the Bank. It makes difficult the correct interpretation of them by NGO's and other people that, at least in theory, should have access to this information.

The EAPAR has revised many of the EIA's made for some of the projects financed by the IDB. The diversity of methodologies and procedures used in them have delayed the Bank's approval and have been an obstacle for their revision.

The environmental classification that the Bank uses is not the most accurate because there are projects conceived to improve the environmental quality of a region (Cat. I, that do not require EIA) that, during the execution stage, can produce adverse situations that have to be considered in the final environmental analyses.

One example of this kind of project (not financed by the IDB, but monitored by the EAPAR) is the Strengthening of the Mining Sector in Ecuador, that might be financed by the World Bank. This project aims at the mitigation of environmental impacts caused by mining activities in Ecuador, and theoretically did not need an EIA since it is supposed to improve the environmental conditions of a region. Nevertheless it was necessary to make environmental studies to identify adverse situations that might occur during its execution.

Monitoring and ex-post environmental evaluations are terms that in practice are not handled by the Bank. Unfortunately, once the projects have been finished, little or no environmental monitoring is being done.

It is very important to remember that any environmental assessment will always carry some uncertainties and the quality standards and regulations are constantly modified to adapt them to new requirements. The recommendations of the environmental studies will not always be accurate, and there may be a need to revisions over time.

Monitoring activities performed by the EAPAR in Ecuador, Peru and Bolivia, show that in some projects that have been financed by the IDB (roadway Cuenca-Molleturo in Ecuador) the recommendations of the Environmental Studies were not put into practice and in other cases these recommendations were not the most accurate (eg. Drainage and Landfill of the West Suburb of Guayaquil).

2.3.1. Recommendations

- It is urgent and very necessary for the Bank to establish formal guidelines to prepare environmental studies and/or reference terms for contracting them.
- Projects currently in Category I should contain at least an environmental impact approach. This will allow the identification of those projects that although they were conceived to improve the environmental quality will produce some adverse effects during their execution.
- Monitoring and ex-post environmental evaluations should be a common practice and a requisite in all projects that will require environmental assessments.
- The Bank should never finance "key-in-hand" projects in which environmental assessments were made just to fulfill one of the lending conditions.

2.4. Regional Environmental Assessors (ARMAS)

Since 1992 many Regional Environmental Assessors (ARMAS) were added to some of the local Representative Offices of the Bank, to advise and assess environmental issues related to Bank projects. Some of them were (and still are) responsible for four or more countries, depending on the case.

This situation was well received by the Latin American NGO community.

Nevertheless, after one year, their main objective has not been accomplished. The reason is more than obvious: No one can expect that one single officer could handle the environmental problems of many countries when he is not able to fulfill all the requirements of one.

Of the three Andean countries (Ecuador, Peru and Bolivia), only Ecuador has received the assistance of the ARMA assigned to its Representative Office. In the two other countries the ARMA's assigned to them have not been able to make an official visit to the local offices. In both cases the reasons correspond to the lack of financial resources assigned to the officers, and to the impossibility of advising

four countries when the requirements of one have not been completely satisfied.

2.4.1. Recommendations

- It would be very advisable for the Bank to assign more ARMAS to each of its Representative Offices and possibly two or more in the larger countries (e.g. Brazil).

Quito, September, 1993

Juan Carlos Páez C.E.
Environmental Advisory Program
for the Andean Region
Fundación Natura-Ecuador

JAMAICA & POLICY DIRECTIONS FOR IDB-8

Purpose

The purpose of this brief is to place the loan funding and policy prescriptions of the Inter-American Development Bank in the context of the Jamaican situation, take stock of its direction and suggest changes which, from a non-governmental perspective, seem appropriate in the use of the next replenishment.

The Jamaican Context

Jamaica is an island of 2.4 million people, situated 145km south of Cuba and 160km southwest of Haiti. Population growth rate over the last decade has been 1%, partly the result of a high level of emigration to North America. With a life expectancy of 72.5 years and an articulated societal structure, Jamaica is generally classified as a middle-income country.

Economic growth has been very uneven, however, and so is income distribution. After a long period of decline and stagnation from the mid-1970s to the mid-1980s, GDP growth picked up again but has been largely limited to tourism, financial services and free-trade zone garment manufacture. Manufacturing generally has gone steadily downhill, mining has been affected negatively by world prices, and agriculture for domestic consumption showed positive growth in 1992 for the first time in many years.

As for most of the rest of the Caribbean and Latin America, the signs of deterioration over the past 15 years are most evident in the social sector, raising questions over the kind of the "development" which has been taking place. Nursing staff has been reduced to less than half as a consequence of poor salaries and working conditions. For the same reason the schools have lost their best teachers and standards are abysmal. A study organized by the Planning Institute of Jamaica shows that more than one-third of the population now falls below the poverty line.

A major factor in this situation has been the country's external debt, which has grown massively since the first major IMF loan in 1977. It has come down recently from \$4.15 to \$3.67 billion (chiefly as a result of cancellations of one sort or another by Canada, Netherlands and the USA) but is still 115.4% of GDP and higher per capita (at \$1,500) than Mexico's. Having paid out, according to Bank of Jamaica figures, \$7.1 billion in debt servicing between 1980 and 1992 (\$4.8 billion net transfer), there was inevitably nothing left over for public sector expenditure. The positives are the recent reduction to 27% of the ratio of actual debt servicing to the export of goods and services, and steady improvements in net international reserves.

In the environment, Jamaica's central problem is the pollution or loss of water resources, fresh and marine, through unregulated forest removal for coffee planting and charcoal burning.

watershed degradation, red mud tailings from alumina processing, and grossly inadequate sewage disposal systems. Bouts of harsh flooding, huge loss of top soil, dead or dying coral reefs -- these are some of the consequences. An institution with the authority to handle the situation has been in place from 1991, but without commensurate funding. (Cf. "Jamaica: Environmental Issues Paper", World Bank, August 23, 1992.)

IDB Loans and focus

According to the Inter-American Development Bank's Annual Report 1990, 52 loans totaling \$873.8 million have been made to Jamaica, with disbursements mounting to \$623.2 million. Over the past two plus years, loans approximating another \$200 million have either been made or are in the pipeline. Sector interest has been very broad -- industry and mining, agriculture and fisheries, energy, credit and export financing, environmental and public health, education and technology, tourism, transport and communication.

Running through this spread, however, has been a small number of common threads and points of emphasis. The IDB's interest in credit (in several sectoral loans) has been led by the conviction that market rates are best. "Get the price right and all the rest will follow." It was for this reason that the Bank sought to get involved in housing credit.

This was staunchly and successfully resisted by the Jamaican government on the very correct ground -- which the IDB should not have had to be persuaded of -- that local savings through compulsory wage and salary deductions were substantial and, all things taken into account (e.g. institutional capability), quite adequate. There was of course the further fact (relevant to "social debt" and "poverty alleviation" considerations) that the cost of housing was already so high as to put completed units outside the reach of tens of thousands of young people.

The Jamaican Government was less successful against the Bank's insistence, in its \$50 million Agricultural Sector loan, on tying the interest rates for rural credit to Bank of Jamaica Treasury Bill yield. Concretely, this meant interest rates as high as 36% initially and higher now, which, given the level of risks which farmers face and the time lag on certain kinds of farming products, is completely unrealistic.

While agricultural production for domestic consumption improved by nearly 20% in 1992 (relative to previous recent years), this is not to be credited to market interest rates. In fact, loans in the sector dropped sharply from J\$327.3 million in 1990 to J\$105.3 million in 1992 (in US dollars from \$46.9 to \$4.7, as Jamaica's currency devalued from 6.50:1 to 22.20:1), with livestock and infra-structure the hardest hit (Insight, October 1-15, 1993).

There were several other aspects of this particular loan, characteristic of IDB lending conditionalities, which were of concern. One to which Jamaicans particularly objected was the removal both of price supports and of tariffs and quantitative trade restrictions on agricultural products, in the face of the highly subsidised exports of producers in the industrialised countries and the mechanisms erected by those countries against imports. The logic of this approach quite escapes most observers.

Directing these particular policy prescriptions is of course the Bank's adherence to the **general policy of liberalisation, the market economy, and regional and global integration.** It is this that underlay its opposition, touched on above, to any form of directed credit, which in the Bank's view is a case of the "state picking the winners", instead of letting it go to the sector which can best use it, as determined by the market.

The value of the private sector as in some very important sense the "motor" of economic growth is not at issue here. What is at issue is **extent and timing.** The Bank's position that the role of the state is a very narrowly regulatory one is perceived by many as dogmatic, given the accumulated experience of Japan and the newly industrialised countries of south-east Asia. The World Bank has itself come to admit this (East Asian Miracle: Economic Growth and Public Policy, October 1993). (See also "Issues Related to the World Bank's Approach to Structural Adjustment -- Proposal from a Major Partner", OECF Occasional Paper No. 1.)

A case in point in the Jamaican experience is the **privatisation** programme, which under pressure from the IDB and other banks has gone the furthest of any country in the world. The divestment of agricultural holdings has improved the utilisation of the land and doubled employment. Divested markets and garbage collection are more efficient and give better service. The tourist industry is expanding, though the privatising of hotels is not a clear example, since they were always privately managed.

On the other hand, the value of divesting certain strategic monopolies, which have built up considerable expertise (e.g. in bauxite), are efficiently run, able in some cases (e.g. the importation of 17% of drugs, including the "vital, essential and necessary" such as insulin) to benefit the consumer, and a source of revenue for necessary social sector expenditure, is seriously questionable. Some of these (e.g. Telecommunications of Jamaica) have already been sold. Others (e.g. Petroleum Corporation of Jamaica) are still on the auction table. Is dogma to determine the issue or quantifiable benefits? (Cf J. Jones, The Impact of Structural Adjustment Programmes on the Public Sector in Jamaica, Social Action Centre, 1992. In preparation for publication.)

Similarly, the inevitability and the benefits of regional integration and of globalization are not to be doubted. But it is

equally clear to all but the most dogmatic or biased that only the more developed will gain from subjecting all the productive enterprises of every country to the same so-called "free trade" regime to an unlimited extent and at the identical time.

Recommendations

If the specifics of each local situation are to be respected, as document GN-1763-14 says in parag. 2.4 they will be, and if they are given precedence over the expertise claimed by the Bank in parag. 2.6 and over the undifferentiated market and integrationist policies set out in subsequent paragraphs (and discussed above), then one essential step is **public consultation beforehand and throughout the entire process.**

This is our first recommendation. Its implementation will not be a simple or easy matter, not least because most governments will resist it. Consultation takes time and countries in debt are often in need of a very quick "fix" of an "instant loan". Consultation requires an education process. It requires structures. It will cost and have to be funded. Governments of countries in debt are reluctant to take on additional and apparently quite unnecessary expenses -- after all, they are there, they will tell you, to "govern", to take the decisions.

This a broad procedural recommendation, affecting loans in every sector, although the particular set of people and of associations consulted may vary according to the sector. However, it has a particular relevance in respect of policies and measures aimed at the social sector and the environment to which the Bank intends to give special attention in the coming period. These are areas where the public with the experience has rich insights to offer.

The second recommendation is for the Bank to place special emphasis in its planning on those measures which will enable recipient countries to break their addiction to excessive borrowing and be released from the overhang of massive debt. Two sets of measures which appear to fall in this category are those encouraging savings and those fostering some degree of **industrialisation.**

The encouragement of savings should be a central focus of fiscal policy, involving a refusal, for example, to tax savings to a much higher level than presently done and an education campaign directed at the whole population. It must hinge on having a livable income. Encouraging environmentally sound production involves more than simply promoting "investment" or providing credit, which invariably flow to where expertise already exists -- primary commodities or certain services. In the Caribbean it will require introducing **new industries**, with the state playing a guiding/initiating role as demonstrated by the NICs.

Thirdly, until debt servicing is significantly reduced, there will have to be **special interim measures** to get around the severe restrictions which debt imposes on public sector spending in such crucial social areas as education and in the environment where the institutions and legal framework are in place but not the funds. Such measures must be integral to the process, not tacked-on "safety nets" of the food-stamp variety.

Donna Levy
Social Action Centre
Assoc. of Development Agents
Caribbean Policy Development
Centre

19/10/95

Addendum

A major emphasis of IDB funding is on the provision of credit and the encouragement of investment, local or foreign. This is fine but does not go far enough. The data on commercial bank lending show a decline in loans to the agricultural and manufacturing sectors between 1981 and 1991, from 12.9 to 9.4% and from 21.2 to 16% respectively. On the other hand, loans over the same period to the transport sector (motor vehicles) grew from 9.7 to 12.2%, and to land development (real estate) from 12.1 to 19.5%. Data on fixed capital formation give a very similar picture.

This investment pattern both reinforces existing structural weaknesses and contributes to the balance of payments deficit, as it generates pressure for foreign exchange without adding to productive or export-earning capacity. It is promoting final consumption, especially of imported goods. What is needed is not only some overall strategic planning but also some intervention by central authorities, through differential interest rates or other mechanisms, to give guidance to market activity.

**NGO LETTER TO THE BOARD OF GOVERNORS OF THE INTER-AMERICAN
DEVELOPMENT BANK REGARDING THE EIGHTH REPLENISHMENT
ON THE OCCASION OF THE GOVERNORS' MEETING IN
PUNTO DEL ESTE, URUGUAY, JUNE 24 AND 25, 1993**

21 June 1993

Dear Governor,

As the Inter-American Development Bank Board of Governors continues its replenishment negotiations this week in Uruguay, we would like make a number of recommendations that we believe will improve the Bank's efforts with regard to environmentally sound, socially equitable development in Latin America and the Caribbean. The replenishment process offers member countries the opportunity to adopt more rigorous environmental protection policies and procedures. In addition, the Bank can strengthen its efforts in lending that alleviates poverty and supports social development in the region. The following are recommendations that we believe can improve the Bank's performance in critical areas of sustainable development:

1. PUBLIC ACCOUNTABILITY/ PARTICIPATION and ACCESS TO INFORMATION:

Summary:

Effective public participation in the development process is fundamental to any project or policy-based investments by the Inter-American Development Bank. Public participation, which includes consultation with affected people and non-governmental organizations, depends on access to information. Despite the limited information requirements established in Seventh Replenishment, the IDB does not have a policy that defines the scope of public access to information. The only provisions for access to environmental information are embodied in the "Interim Procedures for Environmental Review and Classification", an update of the Bank's Ad Hoc Procedures for the Review of Environmental Impact Assessments to be Submitted to the Board of Directors". The text reads:

"... environmental documentation for Bank projects would be made available to EDs [Executive Directors] upon their request with the understanding that such information may be made available to their government agencies and constituencies, including foreign and international NGOs. Therefore, the Bank will advise the borrower that consent for public dissemination of information will be assumed to exist unless the borrower specifies at the time of official transmittal to the Bank that it wishes for documents to be treated, in whole or in part, as confidential. If in the Bank's judgement, the project in question is sound, the Bank will inform the borrower that objections to publicity on the grounds of confidentiality may affect the processing of the operation and submission to the Board."

The IDB currently has no information disclosure policy, or procedure that defines what type of information that is available to the public. Nor does it define what information is confidential and why. There are no policy guidelines that describes how citizens and NGOs can obtain project and policy information early on in the project cycle; or how affected people can obtain notification of project proposals and the public participation process that they should expect to take place. Without an information policy, and clearly defined procedures that are transparent to citizens, effective public participation in the development process cannot be guaranteed.

Recommendations:

The IDB should strengthen public accountability and public participation in project identification, design, appraisal and implementation. Specific steps to be taken include the following:

- o The IDB should establish an information disclosure policy that identifies what documents it will release to the public, where documents will be located for general public access, and that describes what information is to remain confidential and why.
- o All environmental information related to IDB operations must be made available to affected people, NGOs, and the public at large, throughout the project cycle, including environmental briefs, pre-appraisal reports, environmental impact assessments and the terms of reference for same, scientific studies, feasibility studies, economic analyses including cost-benefit analyses, staff appraisal reports, loan and credit agreements, project completion reports, and project performance reports. Information should be available in accessible locations in each country as well as in Washington, D.C.
- o Effective procedures should be established for the adequate implementation of IDB policies requiring consultation with and participation of affected people and NGOs in all stages of the project cycle.
- o In-country environmental advisory groups should be established to advise the IDB on environmental policy, project preparation, and implementation.
- o The distribution of the Monthly Operational Summary should be expanded to a greater number of NGOs. The IDB should add to its coverage a list of the expected date or month of the Board vote.

2. ENERGY SECTOR:

Energy Policy, Summary: The major emphasis of IDB lending for energy over the past three years has been on large-scale projects which develop new supply capacity. Most of these projects have promoted the recovery and refinement of oil and gas reserves, construction of new hydroelectric and thermal plant capacity, and transmission.

A second priority for IDB energy-sector activities is in the rehabilitation and modernization of the existing energy infrastructure, including generation, transmission and distribution, equipment repair and replacement, and extension of service to new customers.

In addition, the Bank has approved a number of projects and project components in recent years which may set the stage for future investments in energy efficiency and renewable energy supply. These projects, however, are largely feasibility studies and demonstration projects, and funding levels have been much lower than for the Bank's other energy investments.

The IDB's two current policies related to Energy are: Economic Infrastructure Sectors/ Energy OP 733 and Electrical Energy OP 733-1. Adopted in 1980, the policies do not recognize global warming or the need to reduce CO2 emissions; nor do they prioritize energy efficiency, integrated least-cost energy planning, demand management, and the development of non-conventional renewable resources and conservation. The policies do not reflect uses of energy, or set targets for energy efficiency improvements in the transportation, agriculture or industrial sectors.

Recommendations:

The IDB should work with its member countries to redirect energy investments away from large-scale, environmentally destructive energy projects (eg. large-scale hydro and fossil fuels) and toward the development of environmentally sustainable energy strategies. Specific steps to be taken include the

following:

- o Update energy policies. All energy sector loans should be part of integrated energy strategies supporting least-cost investments in end-use efficiency, demand management, and non-conventional renewable energy options. Integrated planning should explicitly include transportation, use of energy in industrial plants, agriculture, as well as energy generation. Conservation of energy should be uppermost in the development of integrated strategies.
- o NGOs and technical experts in alternative energy, conservation and end-use efficiency should be involved in the development of a revised energy policy.
- o IDB energy policies should be required to reflect a fundamental commitment to reduce greenhouse gas emissions and support development and use of technologies that do not rely on fossil fuels that contribute to global warming.

3. FORESTRY SECTOR:

Forestry Policy Review Process: In 1991, the IDB revised its 16-year-old forest policy, but without significant consultation with NGOs. At the time the policy was prepared for presentation to the Board, international NGOs intervened to raise a number of concerns, and to suggest actions which should be taken to improve the policy. After meeting with NGOs in March, 1991, the U.S. Executive Director to the IDB wrote NGOs a letter stating that (a) the Board would likely vote on the policy as it stands, even without having been reviewed properly by NGOs; (b) the Bank would make provision for consultations to take place with NGOs in borrowing countries during the upcoming NGO environmental consultation scheduled for June; and (c) management would be asked to revisit the policy with the Board after six months or a year. The policy was then adopted by the Board on March 28, 1991.

The policy was the subject of a working group at the IDB NGO consultative meeting in Caracas, Venezuela, in June 1991. The concerns raised at that meeting, and by subsequent reviews by other NGOs, are as follows (this summary does *not* include responses from the survey):

The IDB Forest Policy

- (a) allows the IDB to support industrial forestry operations in tropical forests and does not recognize that such operations are likely to have undesirable impacts.
- (b) does not prohibit logging in primary forests; instead allows IDB to support road building and logging in primary forests.
- (c) does not establish priorities; does not have as a goal protection of biodiversity, and does not establish means of setting priorities when biodiversity objectives are in conflict with production objectives.
- (d) does not recognize that member country policies (macroeconomic, forest sector, agricultural sector, etc) are a major constraint to design and implementation of effective forestry activities.
- (e) does not adequately recognize the role of indigenous people and other local groups in design and implementation of forest activities; does not emphasize projects that directly benefit the poor, especially indigenous populations; does not make a priority the preservation of environmental values and basic human rights of indigenous people.
- (f) does not recognize that the principal cause of deforestation is clearing for agriculture, and fails to apply forest conservation considerations into its agriculture lending.

So far, the policy has not been "revisited" by the Bank or international NGOs, although during 1991 and 1992 the Bank conducted a survey of 285 Latin American NGOs and government agencies requesting comments, for which forty nine responses were received.

Recommendations:

The IDB should ensure that its activities do not destroy forest resources, and support programs that conserve forest resources and prioritize preservation of biodiversity and critical habitat. Specific steps to be taken include the following:

- o The IDB should undertake to update its 1991 Forestry Policy, in consultation with NGOs, indigenous peoples, and other affected groups.
- o The updated policy, and IDB lending activities, should not support commercial logging in intact natural temperate and tropical forests, and (either directly or indirectly) the conversion of primary forest to plantations or other unsustainable uses.
- o IDB lending in the forest sector should protect the rights of indigenous peoples and other long-term forest inhabitants.
- o Full environmental impact assessments should be required for forestry projects, agricultural, transportation (roads, waterways and railways), energy and industrial sector projects that threaten forest resources. Affected people and NGOs should be involved in the EIA process.

4. Environmental Policies:

Summary:

Adopted in 1979, the Bank's basic document on the environment is OP-721. In very limited terms, the policy states that the Bank will take steps to avoid adverse environmental consequences of its projects. It also states that the Bank will provide technical assistance to countries to finance environmentally beneficial projects, that it will support institutional strengthening, and sets out basic criteria for project analysis.

While the Bank has added policies and procedures dealing with specific aspects of its operations, its basic document on environment is currently out of step with the progress on environment within the Bank, and in the region as a whole. It also does not recognize international developments since the 1992 United Nations Conference on Environment and Development, and the adoption of international treaties and conventions.

Recommendations:

The IDB should undertake to systematically review and update its environmental policies, or establish policies where none exist, in sectors that may involve significant impacts on the environment.

- o The *agriculture policy* should be rewritten to include environmental impacts such as salinization from irrigation, water pollution from pesticide and fertilizer runoff, pest management, and soil erosion. Agriculture policies should reflect a commitment to pursue sustainable, ecological approaches to agricultural development.
- o The Bank should establish policies dealing with *water resources and wetlands* in relation water pollution, conservation, wetlands protection, and the marine environment.
- o Bank investments in *manufacturing and industry* should be made using environmentally sound criteria, including pollution prevention and clean production strategies.
- o A *fishery* policy should be developed that emphasizes conservation and habitat protection for fishery resources.
- o A *transportation* sector policy should emphasize development of transportation systems that minimize habitat destruction, reduce air pollution and emissions of greenhouse gasses and that conserve energy overall. Environmentally sound public transportation in urban areas should be given a high priority.

5. Environmental Assessment:

The IDB's Procedures for Classifying and Evaluating Environmental Impacts of Bank Operations were adopted in 1990 "to prevent, control and mitigate negative environmental impacts and improve environmental quality." They cover all Bank operations, including specific and global loans, sector loans, and technical cooperation projects. The Bank requires the procedures to be carried out in parallel with various stages of the project cycle. The borrower is responsible for producing the Environmental Impact Assessment.

The Procedures define four categories of classification that can be assigned to a given project:

- | | |
|------------|---|
| Class I: | Environmentally beneficial |
| Class II: | No direct or indirect environmental impacts |
| Class III: | Moderate impact; requires semi-detailed environmental impact assessment (EIA) |
| Class IV: | Significant potential negative impacts; requires full environmental impact assessment |

In addition to the Procedures, the Bank is currently operating under updated Ad Hoc Procedures for the Review of Environmental Impact Assessments, with further definition provided in a 1992 paper, Interim Procedures for Environmental Review and Classification.

The IDB does not have detailed policies or guidelines for borrowing countries to use in carrying out environmental assessments. Instead, they request that the borrower use either the World Bank's Sourcebook on Environmental Assessment, or other internationally recognized procedures.

Recommendations

The IDB should ensure that its procedures for producing environmental impact assessments are of the highest quality and applied consistently to all projects. Specific steps to be taken include the following:

- o The Bank's environmental assessment procedures should be updated to ensure that EIAs are rigorously applied to all Category III as well as Category IV loans. *Sector adjustment loans must also be subject to environmental impact assessment procedures.*
- o Locally affected people and NGOs should participate in the environmental impact assessment process from identification through implementation of mitigation measures (see also above, Public Accountability). The Bank should guarantee public hearings for initial "scoping sessions" that set terms of reference for EIAs, and during the EIA preparation. NGOs, affected people, and other interested citizens should be notified in advance of hearings, and have access to all EIA documents and other relevant project information. Summary EIAs, or full EIAs, for both Category IV and Category III projects, must be made available to affected populations and interested NGOs 120 days in advance of Board vote on a project.
- o The environmental *costs* of proposed projects should be calculated into the Bank's cost-benefit analyses. Rather than focus on the expense of solutions, the Bank should emphasize the costs of lost resource bases, increased health costs, reduced soil productivity, loss of biodiversity, environmental deterioration and associated poverty.
- o The environmental assessment procedures should include consideration of a "no action" alternative.
- o Project implementation and monitoring should be improved, and a negative feedback loop should be created to enable the Bank to halt fund disbursement if environmental mitigation conditions are violated.

6. INSTITUTIONAL STRENGTHENING:

The IDB has indicated that it is considering increasing support for strengthening institutions and environmental regulations in member countries. The approach the Bank takes is critical -- its resources could strengthen corrupt and inefficient bureaucracies, or institutions targeting the building of human resources to help the poor and safeguard the environment.

While it is important to strengthen environmental laws and institutions in Latin America and the Caribbean, the Bank should not solely focus on these strategies in pursuing improvements in environmental protection measures. Nor should it favor efficiency over effectiveness, or market-based solutions over strong regulations and enforcement.

Recommendations:

- o Effective institutional strengthening should focus on enhancing government agencies to target the building of human resources to the poorest sectors of society, enforcement of environmental regulations, and training. Much-needed institutional strengthening includes health and sanitation, delivery of potable water, primary education, housing, environmental protection, public transportation, and credit availability to the poor. Investments in the social sector should emphasize improving access to resources for women.
- o The Bank should make investments in the development of viable, environmentally sound alternatives. The IDB should assist its borrowers to avoid making the environmental mistakes of the industrialized countries, and instead support the development of appropriate, "clean" industrial technologies, alternative transportation and energy, sustainable, ecological agriculture, and other alternative technologies and practices.

We appreciate your consideration of these issues.

Sincerely,

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Montevideo, Uruguay

James Barnes
Friends of the Earth
Washington, D.C.

Marcus Colchester
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Early Warning

September 1993

News about the Multilateral Development Banks for the International NGO Community

Vol. 2 No. 3

50th ANNIVERSARY OF BRETTON WOODS

Next summer will mark the 50th anniversary of the Bretton Woods Conference that led to the creation of the World Bank and the International Monetary Fund. Over the next 12 months, BIC will maintain a calendar of activities that are being planned by NGOs, Bank officials and others to focus attention on the institutions. Here are some of them:

The Bretton Woods Committee, an influential grouping of the world's major private financial institution leaders, will release before April a major study re-thinking their role. Led by ex-Federal Reserve Board Chairman Paul Volcker, the group will also hold a major conference on the original site next July in Bretton Woods, N.H.

Long-time Bank critic Bruce Rich, of the Environmental Defense Fund has written a history of the World Bank entitled Mortgaging the Earth to be published February 1, 1994. Other books are in the works by authors Catherine Cauffield and Susan George, and Harvard University's Don Babal.

Friends of the Earth/U.S. will be publishing a second edition of its book on alternative development projects, Bankrolling Success.

The International Rivers Network in San Francisco will publish a book on the Bank's role in large dams.

The Transnational Institute in Amsterdam and the Institute for Policy Studies in Washington will produce a series of essays on the Bretton Woods bodies.

(continued page 6)

NEW WORLD BANK POLICIES SET ON INFORMATION AND APPEALS

This fall the World Bank is issuing new policies in two fundamental areas of its operation: public access to information, and independent reviews of controversial projects. The new Bank policies are due to go into effect January 1, 1994. The Information Policy was adopted August 26 after the board reviewed the draft prepared by management. The independent review panel proposal was adopted at the Board meeting September 22.

The Bank insists its proposal on public access to information is a "significant expansion" of its current policy that "can be managed while fully protecting the Bank's relationship of trust with its borrowers." But little new material will be accessible that NGOs can't already get.

The Bank's hand has been forced somewhat by a U.S. Congress that has refused to appropriate any new money to the Bank's concessional International Development Association fund unless it adopted an open information policy. For years the Bank has justified its secrecy by citing client confidentiality. By maintaining control over information about its operation, the Bank has made it difficult for outside groups and affected people to monitor it. The latest proposal would appear to change some of that, but not in fundamental ways. Ironically, the August 26 paper "Expanding Access to Bank Information" was itself a restricted document.

Continued on page 3

OFFICIAL GEF REVIEW PANEL CONFIRMS DEEP-SET PROBLEMS

The Global Environment Facility has received low marks in the first draft of the official review its donors commissioned last spring.

The report gives the impression that the GEF is a poorly thought out, hastily assembled program that has only released a fraction of the funds it has committed so far. Even though the current GEF pilot phase will have spent \$61 million on administrative costs by its end next summer, the report says the program has yet to show what it does that couldn't be done through other existing vehicles - and should only continue if it is completely rebuilt from top to bottom. The document has been signed by the three agencies running the GEF (World Bank, UNDP and UNEP).

Continued on page 5

Early Warning

News about the MDBs
for the International NGO Community

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Centro Mocovi is an indigenous organization which represents the Mocovi Peoples, who live in the province of Santa Fe, Argentina. Since its formation in 1984, the Center has worked to gain legislative and human rights, the return of territory, and to ensure indigenous development and the protection of the environment for their people. This has led to the signing of a Treaty of Cooperation and Friendship with the Pueblo Guarani (Guarani Peoples) in Misiones Province. Ariel Araujo is one of five co-coordinators of Centro Mocovi "Ialek Lav'a"

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For seven years a lecturer in philosophy at the University of the West Indies, he joined the staff of Social Action Centre in 1973 to help organize cooperatives among the field workers of a former sugar estate. In the late 1970s, as a SAC staffer, he hosted a radio call-in program and wrote opinion columns for a daily paper. He has been Director of Social Action Centre for the past eight years. He also serves on the Public Affairs and the Membership committees of Association of Development Agencies (ADA), on behalf of ADA on the board of the Environmental Foundation of Jamaica, on the Advisory Committee of Canadian Save the Children Fund, as chairman of the board of the "S" Corner Clinic, as secretary of the Social Sector Organization of Jamaica.

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Jose Luis Gutierrez is Coordinator of the Joint Equipo Pueblo/ Union de Colonos de San Miguel Teotongo Project in the Sierra of Santa Catarina, Mexico City, and has helped to organize the Coalition in Defense of the Sierra de Santa Catarina. The Coalition of local communities, NGOs and advisers are working together to put forward a proposal regarding the IDB Environmental Project.

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Fundacion Natura is Ecuador's largest and most established environmental organization. The Fundacion has been working for over 15 years on conservation and sustainable development, with projects spanning all facets of environmental problems in Ecuador and the Andean and Amazonian regions. Juan Carlos Paez, an engineer, has worked with Fundacion Natura for three years, as Director of the Environmental Advisory Program for the Andean Region. He is the author of a recently published study, Evaluacion del Impacto Ambiental: Casos de Estudio de Ecuador, Peru and Bolivia (1993), and the book, Introduction to the Methods of Environmental Impact Assessment (1991). Juan Carlos has conducted five environmental impact assessments in Ecuador, and is currently studying environmental planning at the Institute for Infrastructure Planning at the University of Stuttgart, Germany.

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Ricardo Carrere is a forester who specializes in information systems and analysis. He was the Documentation Officer at Amnesty International's Documentation Center in London; and the Head of the Documentation Center at the Interdisciplinary Centre for Development Studies, Uruguay. He was the President of the Association of Forestry Technicians for 4 years. The Third World Institute is a research and documentation center that services NGOs throughout the Americas with information, analysis and publications about environment, economics and development.

THIRD WORLD INSTITUTE MONTEVIDEO, URUGUAY

The following presentation summarizes some issues concerning the Inter-American Development Bank's policies and procedures, at the time when the Bank's Governors are holding the Eighth Replenishment negotiating meeting.

The IDB aims at supporting social and economic development of our peoples within the framework of what's presently known as sustainable development. From our point of view, this can only be achieved with the active participation of the concerned social actors. This implies, firstly, the need for an open information policy from the Bank. However, the IDB'S existing mechanisms are clearly insufficient, resulting in the unavailability of the necessary information to allow interested or affected people and organizations to express their points of view of the Bank's projects. This may result -and frequently does- in negative environmental, social and economic impacts which could be avoided, for example:

- Projects with an important negative environmental impact, such as the development of Uruguay's wetlands for rice cultivation, has resulted in a significant loss of wetlands having high biodiversity value. IDB loans for infrastructure development (roads, electrification, irrigation dams) paved the way for such development.
- Projects aimed at assisting the less favored sectors of the population and which, due to lack of mechanisms to allow participation of the interested parties in project formulation and implementation, do not take into account their real needs. Such is the case of a housing project in Montevideo for people living in shanty towns.
- Sewage projects, such as the one implemented in Montevideo, have raised concerns. Even experts have expressed doubts about its effectiveness. The population did not have the necessary information to express its opinion on whether this was the only viable option, or if it would have been possible to process the effluents prior to their discharge into the sea.
- Projects such as the oil buoy for supertankers, established near the country's main seaside resort -Punta del Este- could result in major pollution problems if an oil spill or other accidents were to occur.
- Projects such as the bridge Colonia-Buenos Aires and the expressway linking the latter and Sao Paulo in Brazil through Uruguayan territory will have far-reaching impacts. The Uruguayan people should be able to decide in an informed manner, weighing the advantages and disadvantages of a project of such importance.

Linked to the above, transparency in project implementation is essential to avoid any suspicions on the possible political use of credits or on possible cases of open corruption. Suspicions and doubts of this type have already occurred concerning some projects (e.g. the Social Investment Program) and have been carried by the media. Such consequences are of no good to the Bank. This kind of situation could be avoided if the Bank had established procedures and safeguards

(e.g. an open system of selection for contracts and consultancies) to ensure greater transparency at the implementation stage.

We would also wish to add other issues of concern to the above comments on information and participation.

Firstly, the issue of macroeconomic policies. As the IDB itself states, "the Bank cannot have a single, uniform approach applicable to all countries in the region". From our point of view, this is contradictory with the Bank's macroeconomic approach, which is exactly the same for all the countries in the region. The currently predominant economic policies -particularly privatization- are taken as universally accepted and as if no other options were possible. Uruguay's experience on this issue is of particular relevance. A law passed by the government on the privatization of State enterprises was subjected to a popular plebiscite and the majority of Uruguayans decided to reject most of the law's provisions. Many international organizations may believe that the Uruguayan people have made a mistake by rejecting this law, but that was the opinion of a people that have the right to decide their future. We therefore believe that those policies should also be open to discussion.

Another matter which should deserve further consideration from the Bank and more participation at country level refers to the issue of social indicators. The IDB will increase its credits aimed at alleviating poverty. How will the impact of such credits be evaluated? We believe that current indicators are totally inadequate and they should be upgraded in order to assess efficiently the results of the policies of poverty alleviation. At the same time, taking into account that the Bank has defined specific support for women as one of its goals, all indicators should discriminate information by gender.

The issue of sectorial credits also requires consultation -and therefore information- to ensure positive impacts. This also entails the need for specific indicators to assess results. For example: How are the results of an educational policy evaluated?

Another matter of growing concern and on which we are particularly interested relates to the Bank's forestry policy. Although Uruguay's forestry development policy has been supported by the World Bank, the current IDB policies on the subject might result in future support to such type of development. Taking into account that massive afforestation with exotic species -basically eucalyptus and to a lesser extent pine trees- might entail important negative environmental impacts, it would be extremely useful if the Bank were to rediscuss its policies with the participation of all the involved sectors.

As a final comment, we wish to point out that economic, social and environmental aspects cannot be treated as independent subjects. On the contrary, they constitute an interrelated and interacting whole. Specifically, the environmental issues must be incorporated to the projects from their initial stage and not be considered a final addition -frequently a formal one- to them.

Ricardo Carrere
Third World Institute
Montevideo, Uruguay

**Instituto del Tercer Mundo
Montevideo, Uruguay**

Esta presentación tiene por objeto resumir algunos aspectos sobre los que deseáramos poder intercambiar opiniones con ustedes con respecto a las políticas y los procedimientos del Banco Interamericano de Desarrollo en vísperas de la reunión de Gobernadores sobre la octava reposición de fondos.

El BID se plantea como objetivo coadyuvar al desarrollo social y económico de nuestros pueblos, dentro de lo que actualmente se denomina desarrollo sustentable. En nuestra opinión, esto sólo puede lograrse en un marco de participación activa de los distintos actores sociales involucrados. Esto implica en primer lugar una política abierta de información por parte del BID para posibilitar la misma. Sin embargo, los mecanismos previstos por el BID en este sentido resultan insuficientes y dan lugar a que las personas y las organizaciones que se sienten interesadas o afectadas por sus proyectos no dispongan en tiempo y forma de la información necesaria para poder aportar sus puntos de vista. Esto puede generar -y en algunos casos genera- situaciones que podrían evitarse tales como:

- Proyectos con impacto ambiental negativo, tal como el desarrollo de la cuenca arrocerá del Este del Uruguay, que ha significado una enorme pérdida de humedales de alto valor en materia de biodiversidad. Varios proyectos del BID en materia de represas, caminería y electrificación en la zona tuvieron gran incidencia en la destrucción de estos humedales.
- Proyectos destinados a favorecer sectores carenciados de la población que, al no haber sido elaborados con la participación de los directamente interesados, no toman en cuenta sus necesidades reales. Como ejemplo se pueden citar los Núcleos Habitacionales Evolutivos, que intentan favorecer a los sectores más carenciados, pero sin darles participación en el proceso.
- Proyectos de saneamiento como el colector de Montevideo, que generan dudas, incluso a nivel de técnicos y donde la población no dispone de la información necesaria para opinar si la solución implementada constituía la única opción viable o si hubiese sido posible un procesamiento de efluentes previo a su descarga en el mar.
- Proyectos como el de la boya petrolera instalada en las cercanías del principal balneario del país -Punta del Este- que podría acarrear graves problemas en caso que ocurriese algún accidente.
- Proyectos como los del puente Colonia-Buenos Aires y la carretera entre dicha ciudad y Sao Paulo (cruzando el territorio uruguayo), que por su trascendencia requieren la más amplia participación popular posible desde la etapa de concepción de los proyectos. El pueblo uruguayo debe decidir si acepta estas transformaciones, con plena conciencia de las ventajas y desventajas que las mismas le pueden significar.

Por otro lado, la transparencia en la implementación de los proyectos resultaría fundamental para evitar sospechas en cuanto a la posible utilización política de los créditos o a posibles casos de corrupción. Este tipo de sospechas y dudas ya han surgido en torno a algunos proyectos (como por ejemplo, el Programa de Acción Social-PRIS) y han merecido comentarios de prensa que ningún bien le hacen al BID. Este tipo de situaciones podrían evitarse si el Banco contara con procedimientos y garantías que asegurasen una mayor transparencia en la gestión de los créditos.

A los anteriores comentarios sobre políticas de información y participación en general deseamos agregar algunos otros temas que consideramos deben ser tomados en cuenta.

El primero, de índole más general, se refiere a las políticas macroeconómicas. Tal como lo dice el propio BID, "el Banco no puede tener un enfoque único, uniforme para todos los países de la región". En nuestra opinión, esto se contradice con los planteos macroeconómicos, donde la política es exactamente igual para todos los países de la región. Se toman las políticas económicas actualmente predominantes y en particular la privatización, como condiciones dadas, que no admiten otras opciones. La experiencia de Uruguay en este sentido resulta aleccionadora. La ley de privatización de empresas públicas impulsada por el gobierno fue sometida a un plebiscito popular y la mayoría de los uruguayos decidió derogar la mayor parte de los artículos contenidos en dicha ley. Desde muchas instituciones internacionales se podrá considerar que el pueblo uruguayo se equivocó, pero esa fue la opinión de un pueblo, que tiene derecho a decidir sus destinos. Esto constituye una prueba de que estas políticas no concitan el apoyo unánime de nuestros pueblos, por lo que también deben estar sometidas a discusión.

Otro aspecto que debe merecer una mayor consideración por parte del Banco y una mayor participación a nivel de países, se refiere al tema de los indicadores sociales. El BID va a destinar importantes volúmenes de créditos con el objetivo de aliviar la pobreza. Cómo se va a determinar el impacto de dichos créditos? Desde nuestra óptica, entendemos que los indicadores existentes resultan a todas luces insuficientes y que deberían ser objeto de estudio para poder medir eficazmente los resultados de las políticas de alivio de la pobreza. Por otro lado, dado que el BID ha definido al apoyo específico a la mujer como uno de sus objetivos, todos los indicadores deberán discriminar la información por género.

También el tema de los préstamos sectoriales requiere un nivel de consulta -y por ende de información- para poder garantizar el impacto positivo de los créditos del Banco. Al mismo tiempo, también aquí se requieren indicadores para evaluar eficazmente los resultados. A modo de ejemplo: Cómo se evalúan los resultados de una política educacional?

Un tema que cada vez resulta más preocupante y sobre el cual tenemos un interés particular, se vincula a las políticas del Banco en materia forestal. Si bien el desarrollo forestal del Uruguay ha recibido apoyo crediticio fundamentalmente del Banco Mundial, las políticas actuales del BID en la materia podrían resultar en su participación en dicho desarrollo. Dado que la implantación masiva de especies exóticas -básicamente eucalyptus y en menor medida pinos- podría acarrear importantes impactos ambientales de signo negativo, sería muy positivo que el BID se replantea sus políticas, en discusión con todos los sectores involucrados.

Finalmente, resulta importante señalar que los aspectos económicos, sociales y ambientales de los proyectos no pueden ser tratados como temas independientes, sino que constituyen un todo interrelacionado e interactuante. En particular, la temática ambiental debe incorporarse a los proyectos desde su concepción y no constituirse en un aditivo final y muchas veces formal, a los mismos.

Ricardo Carrere
20 de Octubre 1993



TRATADO DE COOPERACION AMAZONICA
Secretaría Pro Tempore

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Quito, Octubre 14, 1993
SPT-TCA-ECU\543

Señor
Roberto Bissio
THE BANK INFORMATION
Fax: (202) 466-8189
Washington D.C. USA

De mi consideración:

Le agradezco el envío de su Fax en el que me invita a suscribir la carta que será enviada, por parte de ONG's, a los Gobernadores del Banco Interamericano de Desarrollo (BID).

Debo informarle que el Tratado de Cooperación Amazónica, cuya Secretaría está a mi cargo, no es una ONG, por tanto no puedo adherirme en su representación a la suscripción de la indicada carta; sinembargo, y a título personal, considero que los planteamientos por ustedes sugeridos son pertinentes.

Aprovecho esta oportunidad para reiterarle mis sentimientos de consideración y respeto.

Atentamente,

Ing. Luis Carrera de la Torre
Secretario Pro Tempore del TCA

**VISION SOBRE LAS ACTIVIDADES DEL BANCO
INTERAMERICANO DE DESARROLLO Y
RECOMENDACIONES PARA SU MEJORAMIENTO**

1. INTRODUCCION

Fundación Natura es una organización ecuatoriana, no gubernamental y sin fines de lucro que desde hace quince años ha venido trabajando en asuntos relacionados con la conservación del ambiente. En este campo, es quizás la organización más importante del Ecuador.

El Programa de Asesoría Ambiental para la Región Andina (PAARA) es un proyecto multi-institucional que lo ha venido manejando la Fundación Natura desde 1990 en coordinación con la Asociación Peruana para la Conservación de la Naturaleza APECO, con sede en Lima, Perú, y con la Liga de Defensa del Medio Ambiente, LIDEMA, de La Paz, Bolivia.

Sus principales objetivos, entre otros son: efectuar un seguimiento de las actividades de desarrollo que se efectúan en los tres países; persuadir a las personas con capacidad de toma de decisión para que consideraciones ambientales sean tomadas en cuenta durante la preparación y ejecución de los proyectos de desarrollo; y efectuar un seguimiento a las actividades de los bancos multilaterales de desarrollo efectúan, en lo que respecta al manejo ambiental de los proyectos que financian.

Los tres últimos años de gestión del PAARA han permitido identificar varios aspectos que deberían ser tomados en cuenta por los Gobernadores del Banco Interamericano de Desarrollo y que sin duda mejorarán las relaciones entre el Banco y las ONG's que trabajan en este tema.

**2. ANALISIS DE LAS SITUACIONES MAS IMPORTANTES Y RECOMENDACIONES
PARA SU MEJORAMIENTO**

2.1. Participación del público y acceso a la información

Actualmente el acceso a la información proveniente del Banco es caótica y aún cuando sus políticas y procedimientos ambientales establecen que todo grupo involucrado o interesado en alguno de los proyectos que financia puede tener acceso a ella, esto no se cumple salvo en casos muy esporádicos.

Por, desgracia el BID no posee una política de distribución de la información con lo cual, las ONG's latinoamericanas, principalmente, están supeditadas a obtenerla a través de otras fuentes, muchas veces a destiempo. Esta situación acarrea conflictos y coarta la posibilidad de que una ONG pueda colaborar con el Banco en la vigilia ambiental de los proyectos.

Tampoco existe un mecanismo mediante el cual una ONG, o cualquier otra persona interesada, pueda intervenir desde el inicio en el proceso de planificación de los proyectos.

En el caso particular de la subregión andina formada por Ecuador, Perú y Bolivia, sólo en Ecuador y Bolivia se ha podido tener un acceso razonable a la información proveniente del Banco. En el caso del Perú, todo esfuerzo para contactarse con la Representación y tener acceso a la información ha sido infructuoso.

2.1.2. Recomendaciones

- Es imperativo que el BID formule una política de distribución de la información que permita un acceso oportuno a ella.
- El BID debería establecer una política mediante la cual se identifiquen los documentos de uso interno y privado (indicando por que lo son), y aquellos que pueden ser consultados en los respectivos países y a través de las Representaciones del Banco, por las personas interesadas en ellos.

2.2. Política ambiental

La política ambiental del Banco debería ser actualizada conforme a los nuevos acuerdos y regulaciones internacionales, tales como los suscritos en la Conferencia de Río.

Las consultas sobre los cambios o modificaciones en sus políticas ambientales deben hacerse a ONG's representativas una región o país. Para esto es necesario que el banco establezca las formas y procedimientos que una ONG debe cumplir para que pueda participar en estos procesos consultivos.

En la actualidad no existen políticas claras del Banco respecto a muchos aspectos tales como el manejo de los recursos hídricos y humedales, y otros referentes a contaminación, conservación, protección de ecosistemas sensibles, etc.

Los préstamos para el sector industrial se los ha canalizado en forma sectorial y se ha dejado en manos de los países prestatarios el manejo ambiental de los cada uno de los proyectos a financiarse. Hay que recordar que en la mayoría de países latinoamericanos no existan legislaciones ambientales suficientemente consistentes que garanticen el buen uso de los recursos.

Los casos ecuatoriano, peruanos y bolivianos son una muestra de esta situación. En el Ecuador no se cuenta con una Ley de medio Ambiente y la escasa legislación ambiental se encuentra diseminada entre varias otras leyes; en el Perú la Ley de Medio Ambiente aún no ha sido aprobada por el Congreso; y en el caso boliviano, a pesar de contar con una Ley de Medio Ambiente vigente desde hace más de un año, todavía no se dispone de su reglamentación, por lo cual, en la práctica, es inaplicable.

2.2.1. Recomendaciones

- El BID debería establecer políticas específicas para cada sector crediticio, llámese agrícola, forestal, industrial, etc.
- Las consultas a las ONG's deben ser llevadas a cabo con organizaciones representativas de cada país, que hayan demostrado fehacientemente su trabajo en el ámbito pertinente y que hayan sido previamente calificadas de acuerdo a procedimientos preestablecidos.

2.3. Estudios de Impacto Ambiental

Es inconcebible que hasta la actualidad, luego de más de 10 años de haber sido formulados las políticas y procedimientos ambientales del Banco, no se cuenten con guías específicas y por sectores para la elaboración de estudios de impacto ambiental y la preparación de términos de referencia para su contratación, y que deba remitirse a procedimientos, estipulaciones y reglamentaciones adoptadas por otros organismos ajenos al Banco, no siempre aplicables a los requerimientos de latinoamérica.

Esta situación genera una disparidad de procedimientos que obstaculizan la revisión y aprobación los estudios ambientales por parte del Banco y que dificultan su interpretación por parte de las organizaciones involucradas que, al menos teóricamente, deberían tener acceso a esta información.

El PAARA ha revisado varios de los estudios ambientales realizados para proyectos financiados por el BID. La disparidad en los procedimientos utilizados en cada caso ha constituido un verdadero obstáculo para su revisión. La diversidad de metodologías utilizadas por cada consultor ha generado una serie de retrasos en la aprobación final de los estudios.

La clasificación ambiental de los proyectos en las categorías que estipula el Banco no es la más adecuada pues, por ejemplo, existen proyectos tendientes a mejorar las condiciones ambientales (categoría I, que no requieren la elaboración de los estudios ambientales), pero que durante su ejecución pueden generar situaciones adversas.

Un caso de este tipo de proyectos (aunque no financiado por el BID, pero monitoreado por el PAARA en Ecuador) es el Proyecto de Reestructuración del Sector Minero, a ser financiado por el Banco Mundial. Este proyecto se encamina principalmente a mitigar los efectos negativos de actividad minera en el Ecuador y, teóricamente, no requeriría de un EIA. Sin embargo, se ha precisado de estudios ambientales para identificar posibles efectos adversos que se pueden generar durante la ejecución del proyecto.

El monitoreo ambiental y las evaluaciones ambientales ex post son términos que en la práctica no se los maneja en el Banco. Por desgracia, una vez que los proyectos son terminados poco, o ningún seguimiento ambiental es efectuado.

Es necesario recordar que la realización de estudios ambientales conlleva intrínsecamente algún tipo de incertidumbre y que los requerimientos y estándares ambientales constantemente son modificados para adecuarlos a las nuevas realidades. Esto hace que no siempre las recomendaciones de los estudios ambientales sean certeras y que las predicciones a las que hayan llegado sean las correctas. Por esta situación es imprescindible su verificación a través de monitoreos, auditorías y evaluaciones ambientales ex-post.

Monitoreos efectuados por el PAARA en Ecuador, Perú y Bolivia, demuestran que en algunos de los proyectos financiados por el BID (como la carretera Cuenca-Molleturo en Ecuador) no se han cumplido con la recomendación de los estudios ambientales, en unos casos, y en otros éstas no han sido las más aconsejables (proyecto Relleno y Alcantarillado del Suburbio Oeste de Guayaquil en Ecuador).

2.3.1. Recomendaciones

- Es urgente e indispensable que el Banco elabore guías propias para la elaboración de estudios de impacto ambiental y para la preparación de términos de referencia para su contratación.
- Los proyectos encasillados en la categoría I, deberían contener, al menos, una declaratoria de impactos ambientales. Esto permitiría que incluso aquellos proyectos concebidos para mejorar las condiciones ambientales y que durante su implementación puedan generar situaciones adversas, puedan ser detectados y manejados de acuerdo a un mejor criterio ambiental.
- El monitoreo ambiental y las evaluaciones ambientales ex post deben ser una práctica usual en el Banco y un requisito en todos los proyectos que requieran una evaluación ambiental.
- El Banco no debería financiar aquellos proyectos "llave en mano" en los cuales las evaluaciones ambientales han sido realizadas sólo como un requisito más para la obtención del préstamo deseado.

2.4. Asesores Regionales Ambientales (ARMAS)

Desde 1992 se han incorporado a las Representaciones de varios países los denominados Asesores Regionales Ambientales (ARMAS) cuya misión es asesorar a las Representaciones del Banco (cuatro o más, dependiendo el caso) en asuntos ambientales.

Esta situación fue bien recibida por la comunidad no gubernamental de América Latina.

Sin embargo, luego de un año de labores de dichos funcionarios, no se ha conseguido mejorar ostensiblemente la asesoría ambiental. La razón es por demás obvia: no se puede esperar que un solo funcionario maneje los problemas ambientales de varios países cuando ni siquiera puede darse abasto para asesorar a una sola Representación.

En el caso de Ecuador, Perú y Bolivia, sólo el Ecuador se ha beneficiado de los servicios del ARMA asignado a la Representación. En los otros dos países, los ARMAS no han podido ni siquiera visistar oficialmente las respectivas Representaciones para ponerse a la órdenes de ellas. En ambos casos, el justificativo es la falta de recursos económicos asignados a la gestión de estos funcionarios, y la imposibilidad física de brindar asesoramiento a cuatro países cuando los requerimientos de uno no han podido ser totalmente satisfechos.

2.4.1. Recomendaciones

- Sería muy bien venido que el Banco incorpore un ARMA a cada una de las Representaciones de los países miembros, y quizás un equipo de ellos para países que así lo justifiquen (p.e. Brasil).

Quito, septiembre de 1993

Ing. Juan Carlos Páez
Programa de Asesoría Ambiental
para la Región Andina
Fundación Natura-Ecuador



INGENIERIA CIVIL
ESTUDIOS AMBIENTALES

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**LETTER FROM NGOS TO THE GOVERNORS
OF THE INTER-AMERICAN DEVELOPMENT BANK ON THE OCCASION OF
NEGOTIATIONS OF THE EIGHTH REPLENISHMENT
OCTOBER 21-22, 1993**

Dear IDB Governors,

The ongoing negotiations on IDB's Eighth Replenishment originated a discussion on the Bank's policies and practices. During the Governors meeting in Punta del Este, last June 24, several Non Governmental Organizations from Latin America and other countries sent a letter to you with various recommendations on environmental and information policies. Some of these suggestions have been included in the drafts circulated by the Bank after Punta del Este. The majority of them are still under discussion and we urge you to take them into account when you meet in Washington.

This next meeting in Washington (Oct. 21-22) provides us with an opportunity to share with you some of the concerns of citizen groups about the policies being discussed (in particular Chapter II of document CA-314-4) and to formulate some suggestions so that the Bank might positively contribute to an environmentally sustainable and socially equitable development in Latin American and the Caribbean.

There was consensus in Punta del Este on a substantial increase in the funds that IDB should commit to "social sectors", which might go up to 50% of the Bank's disbursement. The Bank recognizes the existence of a "social debt" as a consequence of the unequal distribution of the burden of structural adjustment during the last decade and formulates policies to "alleviate poverty". But economic policies, poverty alleviation and environment are dealt with as separate issues, the relations between them are not studied in depth and what is proposed in one section contradicts the recommendations of the other.

Paragraph 2.4 states that "the Bank cannot have a single, uniform approach applicable to all countries in the region". But following paragraphs define as "essential" that the countries of the region move towards the external opening of their economies, privatization and modernization in order to achieve "sustainable economic growth", which is clearly not the same objective as the "sustainable development" that the Bank also endorses, borrowing from the language -but not the spirit- of the Agenda 21 that the heads of State of the world signed last year in Rio.

Modernization and Integration

Paragraph 2.7 introduces this section stating that "economic integration in subregional and regional markets paves the way for achieving the ultimate objective of a multilateral opening vis-a-vis the rest of the world, on a nondiscriminatory basis". The governors are certainly aware that this language -which was not present in the preliminary versions of the document- implies a policy that is highly controversial in the region and globally. The success of such an opening strategy depends on internal support and extra-regional developments. Outside the region, the outcome of the current negotiations on the Uruguay Round and NAFTA is still uncertain. In Latin America, 17 countries will have presidential elections in the next 18 months. In most of them, the multilateral opening of the economies is one of the major electoral issues. It doesn't seem therefore wise for the Bank to endorse one of the options as if it was the only valid one and we suggest that this reference be deleted.

The "modernization" and "sustainable economic growth" are not well defined goals and, therefore, the whole chapter is a highly ideological one, subject to multiple interpretations. We worry, particularly, about following items in paragraph 2.12:

"(e) Programs to supply necessary infrastructure in energy, transportation and communications." The goal of providing "an assured supply of reasonable priced energy", "efficient and reliable transportation" and to "expand, modernize and maintain infrastructure" can result in an overflow of environmentally dangerous projects. The same paragraph proposes "to ensure that long-term financing is available for private investment in infrastructure". This may lead in practice to greater preferences to road transportation instead of promoting environmentally friendlier alternatives and to hidden subsidies to the private sector. This paragraph should explicitly mention the need to increase energy efficiency and to promote alternative technologies for power generation.

"(f) Strengthening and modernizing the agricultural sector". This paragraph, in its present wording, downgrades the role of food production for the internal market and promotes as "modern" the export oriented cash-crop agriculture (as if plantation economies were not several centuries old in the region). It doesn't take into account the economic, environment and social disasters created by similar "green revolution" strategies in Latin America and other regions. IDB should be more respectful towards traditional agriculture and support strategies aimed at recognizing the value of the region's genetic resources (kept by traditional farmers, particularly women) and at promoting sustainable agriculture. In particular, we recommend to add after the reference to "access to and security of land tenure" a phrase saying "especially for small farmers". Also, the Bank should support the demarkation and legalization of indigenous territories, assigned to or reclaimed by indigenous peoples.

Poverty reduction and social equity

Planning as instrument

We commend the governors for advising the Bank to "develop a more thorough understanding of the root causes of poverty". Since the IDB will start immediately implementing measures aimed at alleviating poverty, before completing such analyses, it would be reasonable to demand from the Bank more concrete outputs than just an activity report every two years. Social indicators in Latin America and the Caribbean are still partial, outdated and difficult to compare, which makes it impossible to evaluate the impact of the poverty alleviation policies. IDB should, together with other institutions, produce precise indicators on income distribution, health, education and alimentation, duly discriminated by gender, and promote its inclusion in the national accounting systems, so that they become efficient tools for the management, evaluation and rectification of the policies.

Poverty reduction

The "social investment funds", identified by the IDB and the World Bank as the appropriate mechanisms to alleviate poverty, are in most Latin American countries located in agencies under direct control of the presidencies, not dependent on the ministries traditionally dealing with social issues (education, health, housing, etc) and beyond control of the parliaments. This institutional arrangement may avoid bureaucratic delays and make management more efficient, but it may also favor corruption and political manipulation. Only a policy of information transparency and social participation in the management of these funds can help avoid these pitfalls.

An effective public participation in the development process is essential for the success of any program against poverty or to protect the environment, two of the major areas of interest for the IDB. This has been recognized in public declarations by Bank authorities, including president Enrique Iglesias. Public participation, including consultation with affected people and non governmental organizations, depends on access to information. But the present draft of IDB's Program for the Eighth Replenishment makes few references to it, and only in reference to environment. Also, the Bank should include in their

programs of social investment (education, health, environment, etc.) a component addressing how to benefit indigenous peoples in the context of national programs.

Recommendations:

We suggest following changes to paragraph C. 2.35 (j) (Bracketed text to be deleted. Text in CAPS to be added.)

"Achieving social goals requires the active involvement of the population, including the participation and active support of nongovernmental organizations, trade associations, cooperatives, community associations, indigenous peoples, etc. In this regard the Bank will work in close cooperation with borrowing countries to increase the transparency of its activities and to promote greater involvement of the community in [the environmental] ALL aspects of] projects and programs, FROM THE INITIAL STAGES OF EACH PROJECT TO IMPLEMENTATION AND EVALUATION. The IDB will continue to strengthen public accountability and public participation in the use of its resources by:

(i) providing interested parties with access to [environmental] information (Environmental Briefs, Summaries, [or] Reports, [and, absent formal objection by borrowers,] Environmental Analyses and Impact Assessments AND THE TERMS OF REFERENCE FOR SAME, SCIENTIFIC STUDIES, FEASIBILITY STUDIES, ECONOMIC ANALYSES, INCLUDING COST-BENEFIT ANALYSES, STAFF APPRAISAL REPORTS, LOAN AND CREDIT AGREEMENTS, PROJECT COMPLETION REPORTS AND PROJECT PERFORMANCE REPORTS) on [environmentally significant] IDB operations, at the Bank offices in donor and borrowing countries;

(ii) reinforcing written procedures requiring that borrowers employ consultation procedures reasonably designed to obtain the informed views of affected populations and other interested parties, as part of the [environmental] assessment of [environmentally significant] IDB operations.

Paragraph B. 7 (c) should read:

(c) A more participatory approach will be employed in all project and program stages from conceptualization through implementation, with intensified dialogue between the Bank, [and] the borrowing countries, THE REPRESENTATIVE ORGANIZATIONS OF THE SOCIAL SECTORS THAT THE BANK POLICIES ATTEMPT TO HELP AND OTHER NGOS.

Yours sincerely,

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**CARTA DE LAS ONG'S A LOS GOBERNADORES
DEL BANCO INTERAMERICANO DE DESARROLLO CON OCASIÓN DE LAS
NEGOCIACIONES DEL OCTAVO INCREMENTO DE CAPITAL**

OCTUBRE 21-22, 1993

Sr. Gobernador del BID

De nuestra mayor consideración:

Las negociaciones en curso sobre reposición de fondos del Banco Interamericano de Desarrollo han abierto un periodo de discusión sobre las políticas y procedimientos del BID. Con motivo de la reunión de Punta del Este de la Junta de Gobernadores, el pasado 24 de junio, varias organizaciones no gubernamentales de América Latina y otros países enviamos a Ustedes una carta con sugerencias concretas sobre políticas ambientales y de diseminación de información. Algunas de estas sugerencias fueron incorporadas a los borradores posteriores. La mayoría de ellas aún están en discusión y los exhortamos a tenerlas en cuenta.

La nueva reunión de la Junta en Washington (del 21 al 22 de Octubre) es una oportunidad propicia para hacerles conocer la opinión de organizaciones de la sociedad civil sobre algunas de las políticas en discusión (en particular el Capítulo II del documento CA-314-4) y formular nuevas recomendaciones para que el Banco contribuya a lograr un desarrollo ambientalmente sustentable y socialmente equitativo en América Latina y el Caribe.

En la reunión de Punta del Este se logró consenso sobre un incremento notable de los fondos que el BID destinará a los "sectores sociales", que pasarían a ser la mitad de los préstamos del Banco. Se reconoce la existencia de una "deuda social" como resultado de la muy desigual distribución del peso del ajuste estructural en la última década y se enumeran políticas para "aliviar la pobreza". Sin embargo, las políticas económicas, el alivio a la pobreza y la protección del ambiente son tratados como temas independientes, no se establecen las relaciones entre ellos y lo que se propone en una sección se contradice con lo que se propone en la otra.

El párrafo 2.4 dice que "el Banco no puede tener un enfoque único, uniforme para todos los países de la región". Sin embargo, los párrafos definen como "esencial" que los países avancen hacia la apertura de las economías, la privatización y la modernización para lograr "crecimiento económico sostenible", como si esto fuera lo mismo que el "desarrollo sustentable" que el Banco dice querer, tomando el lenguaje pero no el espíritu de lo que los presidentes del mundo firmaron en Río el año pasado.

2. Modernización e integración

En el párrafo introductorio a esta sección, el borrador afirma que "la integración económica en mercados subregionales y regionales abre el camino para el logro del objetivo final de una apertura multilateral hacia el resto del mundo, sobre una base no discriminatoria". Los gobernadores son seguramente conscientes que esta frase -que no estaba presente en las primeras versiones del documento- implica juicios altamente polémicos en los países latinoamericanos y

a nivel internacional. El éxito de la estrategia de apertura depende de factores extra-regionales y del apoyo interno. Fuera de la región, los debates en curso sobre la Ronda Uruguay y NAFTA aún no tienen un desenlace claro. Dentro de ella, en 17 países de la región se realizarán elecciones presidenciales en los próximos 18 meses. En la mayoría de ellos el tema de la apertura multilateral de las economías será uno de los grandes temas de debate preelectoral. No parece por lo tanto sabio que el Banco apoye una de las opciones como si fuera la única válida y sugerimos que se elimine esa referencia.

La "modernización" y el "crecimiento económico sostenible" que el Banco se propone como metas no están definidos y, por lo tanto, todo el capítulo es altamente ideológico y admite múltiples interpretaciones. Nos preocupan, en particular, los siguientes párrafos:

(e) Programas para proveer la infraestructura necesaria en energía, transporte y comunicaciones.

El objetivo de proveer "un abastecimiento seguro de energía a precios razonables", "transporte eficiente y confiable" y "expandir, modernizar y mantener infraestructura" puede dar como resultado un aluvión de proyectos ambientalmente dañinos. El mismo párrafo se propone "asegurar que financiamiento a largo plazo esté disponible para la inversión privada en infraestructura", lo que en la práctica puede traducirse en mayores preferencias al transporte carretero sobre alternativas ambientalmente menos dañinas y subsidios encubiertos al sector privado. Este párrafo debería hacer referencia, además, a la necesidad de estimular el uso eficiente de la energía y las formas alternativas de generación.

(f) Fortalecer y modernizar el sector agrícola.

Este párrafo, en su redacción actual, menosprecia el papel de la producción de alimentos para el mercado interno y promueve como agricultura "moderna" la orientada a la exportación, como si la economía de plantación no tuviera siglos en América Latina y el Caribe y sin tomar en cuenta los desastres económicos, ambientales y sociales causados por las estrategias similares (la "revolucion verde") en ésta y otras regiones. El Banco debería demostrar mas respeto por la agricultura tradicional en la región y apoyar estrategias destinadas a valorizar los recursos genéticos locales y promover la agricultura sustentable. En particular, la referencia a lograr "acceso y seguridad en la tenencia de la tierra" debería agregar "especialmente para los campesinos y pequeños agricultores"; también, el Banco deben apoyar la demarcación y legalización de territorios indígenas asignados o reclamados por estos Pueblos.

3. Reducción de la pobreza y equidad social

La Planificación como instrumento

Es saludable que los gobernadores aconsejen al Banco que "desarrolle una mejor comprensión de las causas de la pobreza". Sin embargo, ya que el Banco va a iniciar medidas destinadas a combatirla antes de completar este análisis, es recomendable exigir del Banco algo más preciso que un informe acada dos años sobre sus actividades. Los indicadores sociales de la región son aun incompletos, desactualizados y difíciles de comparar, por lo que la evaluación del impacto de las políticas para aliviar la pobreza es prácticamente imposible. El Banco debería, en conjunto

con otras instituciones, elaborar indicadores precisos sobre distribución del ingreso, salud, educación y alimentación, debidamente discriminados por género, y estimular su incorporación al sistema de cuentas nacionales de manera que se vuelvan herramientas eficaces de gestión, evaluación y corrección de las políticas, con el mismo grado de autoridad que los indicadores macroeconómicos actualmente utilizados.

Reducción de la pobreza

Los "fondos de inversión social" identificados por el BID y el Banco Mundial como el mecanismo adecuado para mitigar la pobreza son en casi todos los países de América Latina agencias directamente vinculadas a las presidencias, no dependientes de los ministerios tradicionalmente vinculados al tema (salud, educación, vivienda, etc.) y sin control efectivo de los parlamentos. Esta institucionalidad puede obviar burocratismos y ser de gestión eficaz, pero también puede derivar en corrupción y manipulación política. Sólo una política eficaz de transparencia informativa y participación social en la gestión de estos fondos puede prevenir estos males. La efectiva participación pública en el proceso de desarrollo es esencial para el éxito de cualquier programa contra la pobreza o de defensa del medio ambiente, dos de las grandes áreas de interés para el Banco, y nos complace registrar que así lo han reconocido las autoridades del BID y, en particular, su presidente Enrique Iglesias en diversas declaraciones de prensa. La participación pública, que incluye la consulta a las personas afectadas y a las organizaciones no gubernamentales (ONGs), depende del acceso a la información. Sin embargo, el texto del Programa del Banco para la Octava Reposición hace escasas referencias a estos temas, y únicamente en la sección dedicada al ambiente. También el Banco debiera incluir en sus programas de "inversión social" (Educación, Salud, Medio Ambiente, etc.), el llamado "componente indígena", y como beneficiar a este sector en el contexto de los programas nacionales.

Recomendaciones:

Sugerimos los siguientes cambios al párrafo C. 2.35 (j) (El texto entre corchetes rectos debe ser eliminado. El texto en mayúsculas debe ser agregado)

"El logro de las metas sociales requiere que la población se involucre activamente, incluyendo la participación y el apoyo activo de las organizaciones no gubernamentales, gremios y sindicatos, cooperativas, asociaciones comunitarias, pueblos indígenas etc. En este respecto el Banco trabajará en estrecha colaboración con los gobiernos prestatarios para incrementar la transparencia de sus actividades y para promover la mayor participación de la comunidad en TODOS los aspectos [ambientales] de los proyectos y programas DESDE LAS ETAPAS INICIALES DE CADA PROYECTO A LA IMPLEMENTACION Y EVALUACION. El BID continuará fortaleciendo la rendición pública de cuentas y la participación ciudadana en el uso de sus recursos mediante:

- (i) la provisión a las partes interesadas de acceso a la información [ambiental] (resúmenes ambientales, sumarios [o] informes, [y de no mediar objeción formal de los prestatarios] análisis ambientales y evaluaciones de impacto ambiental ASI COMO LOS TERMINOS DE REFERENCIA DE LOS MISMOS, ESTUDIOS

CIENTIFICOS, ESTUDIOS DE FACTIBILIDAD, ANALISIS ECONOMICOS, INCLUYENDO ANALISIS DE COSTO-BENEFICIO, INFORMES DE APRECIACION DEL STAFF, ACUERDOS DE PRESTAMOS Y CREDITOS, INFORMES DE FINALIZACION DE PROYECTOS E INFORMES DE PERFORMANCE DE PROYECTOS) sobre las operaciones [ambientalmente significativas] del BID, en las oficinas del Banco y en los países donantes y prestatarios;

- (ii) reforzar los procedimientos escritos que requieren que los prestatarios efectúen consultas razonablemente diseñadas para obtener la opinión informada de las poblaciones afectadas y otras partes interesadas, como parte de las evaluaciones de las operaciones [ambientalmente significativas] del BID.

El párrafo B. 7 (c) debería decir:

- (c) un enfoque mas participativo será empleado en todas las etapas de los proyectos y programas, desde la conceptualización a la implemetación, con un diálogo más intenso entre el Banco [y], los países prestatarios, ORGANIZACIONES REPRESENTATIVAS DE LOS SECTORES SOCIALES A LOS QUE LAS POLITICAS DEL BANCO QUIEREN AYUDAR Y OTRAS ORGANIZACIONES NO GUBERNAMENTALES.

Atentamente,

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Latin American Secretariat
Montevideo, Uruguay

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THE BANK INFORMATION CENTER

A Clearinghouse For Environmental Information On MDB Funded Projects

FAX TRANSMITTAL

TO: Aimee Christiansen
FM: Kay Treakle
DT: 18 October 1993

FAX: 456-2710

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I understand from Deborah McLaren that you have scheduled a meeting for us tomorrow at the OEOB, room 360, at 12:00. I'm not sure if all of our colleagues will be coming or not since some of them are at meetings today and so I can't confirm their schedules until I see them. So I'll just give you the birthdays of the whole group, and will bring at least Juan Carlos Paez, from Fundacion Natura, and Ariel Araujo, from Centro Mocovi, along with myself. Thanks for setting this up; Deborah or I will call later to confirm the meeting.

Kay Treakle,
Deborah McLaren
Juan Carlos Paez
Ricardo Carrero
Horace Levy
Ariel Araujo
Jose Luis Gutierrez

(b)(6)

Regards,


Kay Treakle

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Comprende:

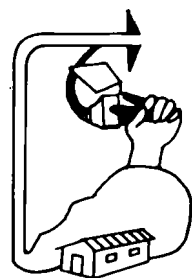
- * Investigar y diagnosticar necesidades de comunicación y participación en la colonia.
- * Producir mensajes y materiales para optimizar los demás programas del proyecto.
- * Socializar y difundir materiales de comunicación para
- * Producir mensajes y materiales para optimizar los demás programas del proyecto.
- * Socializar y difundir materiales de comunicación para que incrementen el conocimiento y la información en la colonia y en otras zonas.
- * Proporcionar alternativas de comunicación que faciliten la sistematización de los programas.
- * Proponer alternativas de comunicación que faciliten la sistematización de los programas.

CULTURAL

Este programa busca democratizar la cultura a través del trabajo colectivo, donde la comunidad se apropie, preserve y difunda su Patrimonio Cultural e Histórico. Así se debe retomar el saber popular, recuperar y reafirmar la identidad regional.

Comprende:

- * Museo Comunitario. Es un espacio abierto a todas las expresiones, organizaciones y sectores de la colonia, para que así la comunidad se reconozca en el museo como sujeto activo en los procesos históricos y culturales que se dan en la sociedad.
- * Centro Cultural. Es un espacio de difusión y producción colectiva que pretende aumentar el monto y calidad de los eventos y servicios culturales y recreativos a los habitantes de la colonia. Tanto en el museo como en el Centro Cultural se ofrecen los siguientes servicios:
 - Visitas guiadas
 - Cursos
 - Talleres
 - Conferencias
 - Publicaciones
 - Investigación
 - Celebración de Eventos especiales.



Iniciativa Pública Ciudadana
Deca Equipo Pueblo, A.C.

PROYECTO DE AUTODESARROLLO EN SAN MIGUEL TEOTONGO



UNETE A NOSOTROS
Y CONSTRUYAMOS JUNTOS
UN FUTURO MEJOR...

UNION DE COLONOS DE SAN MIGUEL TEOTONGO, A. C.

Iniciativa Pública Ciudadana Deca Equipo Pueblo, A. C.

San Miguel Teotongo es una colonia popular ubicada en el oriente de la Ciudad de México, forma parte de la Sierra de Santa Catarina, cuenta con 18 secciones y una población aproximada de 70,000 habitantes.

La colonia se inicia hace 20, años pero la indefinición territorial por una parte y la incomprensión gubernamental por la otra, ha llevado a un desarrollo limitado de la colonia, apenas hasta ahora se empieza a regularizar la Tierra y no cuenta con todos los servicios públicos, siendo muy deficientes los que hay.

Los colonos se empiezan a organizar alrededor de estas carencias en 1975, cuando forman la Unión de Colonos de San Miguel Teotongo, siendo hoy por hoy una de las experiencias más sólidas y organizadas del Movimiento Urbano Popular de la Ciudad. La Unión ha encabezado durante todos estos años la lucha por mejorar las condiciones materiales de la colonia y por elevar la calidad de vida de sus habitantes. A través de la Unión se han instalado servicios; se han elaborado estrategias de sobrevivencia, como cocinas populares, desayunadores, programas de producción y recientemente el gobierno aprueba la propuesta de equipamiento urbano para la colonia.

PROYECTO DE AUTODESARROLLO

El Proyecto de Autodesarrollo en San Miguel Teotongo es un esfuerzo de responsabilidad compartida de la Unión de Colonos y el Equipo Pueblo; en donde la promoción de nuevas formas de participación se orienten a la construcción de nuevos espacios y alternativas que mejoran la calidad de vida de los habitantes de la colonia. Esta experiencia recupera el trabajo de 10 años de las mujeres (salud, alimentación) y una larga tradición de trabajo colectivo en general, que ha configurado una organización y base social lo suficientemente sólida, para ser el interlocutor principal tanto con los pobladores como con el entorno institucional y político.

En esta propuesta de Autodesarrollo se incorporan una serie de programas indispensables para atender las principales demandas de la comunidad. La implementación y las acciones comunes han estimulado la solidaridad y fortalecido la apropiación y control comunitario de los programas.

El Proyecto de Autodesarrollo en San Miguel Teotongo, está integrado por los siguientes programas:

SALUD

Este programa pretende un desarrollo integral de Salud que permita elevar la calidad de vida y disminuir los factores de riesgo de enfermedad en S. M. T., a partir de la creación de una infraestructura básica de atención, del uso de la medicina alternativa y de la promoción de la salud.

Comprende:

- * Formación de Promotores de Salud, quienes se capacitan en:
 - Diagnóstico poblacional.
 - Diagnóstico clínico preventivo.
 - Organizar a la población, para servicios de salud.
 - Uso y manejo de medicamentos y otras alternativas para curar.
- * Educación y Promoción para la Salud.
- La población se capacita para enfrentar problemas de salud-enfermedad colectivos.
- * Conformar un Sistema Autogestivo de Servicios de Salud, a través de pequeños botiquines.
- * Crear recursos propios para la Atención de Problemas de Salud a partir de medicamentos herbolarios - jardines botánicos - producción y procesamiento de medicamentos para uso interno.

ALIMENTACION

Con este programa se quieren impulsar estrategias y proyectos que incrementen el nivel de vida y alimentación de la población de S. M. T. y que permitan redescubrir la capacidad de organización y control de la Comunidad en programas de autosubsistencia.

Comprende:

- * Cocinas Populares. Administradas por socias de la misma colonia que atiendan la demanda de comidas nutricionalmente balanceadas a precios económicos.
- * Desayunadores Infantiles. Presta servicios principalmente a la población infantil y son una opción nutricional a la dieta familiar.
- * Nutrición Infantil. En coordinación con el programa de salud, se realiza un control permanente de peso y talla en menores de 5 años, como indicador de nivel nutricional.

ECOLOGIA

Apoyar la lucha por la defensa del medio ambiente en la Ciudad de México, a través de la generación de espacios de desarrollo ecológico que permitan la protección y uso de las áreas verdes de la colonia y la construcción de una Nueva Cultura Ecológica.

Comprende:

- * Parque Ecológico. Construcción de un espacio de esparcimiento y recreación en la colonia, a la vez que mejora las condiciones del ambiente, conservando la flora y la fauna existente en la zona.
- * Educación Ambiental. A través de actividades educativas y de capacitación, se pretende elevar la conciencia ecológica y las conductas prosociales que favorezcan la defensa y preservación del medio ambiente.

PRODUCTIVO

Consiste en establecer áreas productivas que permitan obtener alimentos y excedentes para beneficio directo de los Colonos y de la organización.

Comprende:

- * Tortillería. Estimular la producción y consumo de maíz enriquecida con soya.
- * Estudio de factibilidad social y económica de diferentes propuestas.

COMUNICACION

Este programa es una instancia que posibilita la unión y articulación entre las orientaciones y decisiones institucionales y la participación ciudadana. Al ser un eje articulado de las diferentes propuestas, debe potenciar nuevas líneas de trabajo que fortalecerán el desarrollo local y la elevación del nivel de vida.

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Conferencia "Desarrollo de los Pueblos Indígenas en América Latina y el Caribe"; Washington D.C.; 23 y 24 de Setiembre de 1993.

"Conferencia Internacional de Pueblos Indígenas y Desarrollo Sustentable"; Washington D.C.; 27 y 28 de Setiembre de 1993.

Presentación del CENTRO MOCОВI "IALEK LAV'A"

Documento de Trabajo:

***"EL BANCO MUNDIAL Y EL
FINANCIAMIENTO DE PRO-
YECTOS A PUEBLOS INDIGE-
NAS"***

Melincué (Argentina), Setiembre de 1993

CONFERENCIA " DESARROLLO DE PUEBLOS INDIGENAS EN AMERICA LATINA Y EL CARIBE"

Washington D.C.; 23-24 de setiembre de 1993.

PRESENTACION DEL CENTRO MOCOVI "IALEK LAV'A" (Argentina)

DOCUMENTO DE TRABAJO :

"EL BANCO MUNDIAL Y EL FINANCIAMIENTO DE PROYECTOS PARA PUEBLOS INDIGENAS"

Introducción:

A partir de 1991, el Banco Mundial, luego de numerosas reuniones, comenzó a contactar a los Pueblos Indígenas, a través de algunas de sus organizaciones representativas, con miras a definir políticas mas claras de parte de la institución hacia los Pueblos Indígenas. Un resultado de ello fue la adopción de la Operativa Direccional 4.20 sobre Pueblos Indígenas; y la O.D. 4.30 sobre Pueblos Tribales; con miras a *"formular definiciones básicas, objetivos de políticas, pautas para el diseño e instrumentación de los componentes de proyectos para pueblos indígenas, y los requerimientos de procesamiento y documentación."*

La política del Banco definida por las O.D. 4.20.; en relación a la incorporación de los Pueblos Indígenas a los procesos de desarrollo definidos por "occidente", se plantea en dos posiciones, aparentemente contrapuestas; pero que desde el punto de vista del Centro Mocovi siguen una misma dirección: "Incorporar paulatinamente a los Pueblos Indígenas a los modelos económicos occidentales". Esta dirección; si es que realmente se quiere respetar a los Pueblos Indígenas; debe ser redefinida y reorientada con el dialogo y el intercambio permanente de ideas entre los Pueblos Indígenas; a través de sus instituciones representativas ; y el Banco Mundial.

Reorientación de las políticas del Banco Mundial hacia los Pueblos Indígenas.

Un factor a tener en cuenta, y que a nuestro parecer ha escapado a los análisis del Banco en sus diferentes documentos sobre Pueblos Indígenas en general, es el verdadero impacto del modelo de economía occidental, o economía de mercado, sobre los modelos económicos indígenas.

Si bien es cierto que muchos Pueblos Indígenas han redefinido sus modelos económicos en el presente siglo, adaptándose a la economía occidental, sobre todo los Pueblos que viven en los llamados "países desarrollados"; debe tenerse bien en cuenta que muchos Pueblos Indígenas, todavía, aun, en situaciones muy adversas, mantienen sus modelos económicos tradicionales; y es su deseo mayoritario continuar con dichos modelos.

En el caso de aquellos Pueblos Indígenas que han redefinido sus economías; debe tenerse en cuenta que ello fue mas por imposición de la sociedad dominante y sus estilos de vida; ayudado ésto por fuertes políticas gubernamentales de asimilación y desculturización; que por propia voluntad y decisión .

En la situación de los Pueblos Indígenas que han mantenido sus sistemas económicos; a pesar de las presiones de las sociedades dominantes; y de las políticas gubernamentales hacia ellos; se debe a partir de ahora apoyar, desde diferentes niveles, el fortalecimiento de las economías indígenas; eliminando la tendencia de incorporarlos a la economía occidental; y redefiniendo las políticas en este sentido.

Una mención aparte merece las políticas globales del Banco, en materia de proyectos de cooperación bilaterales financiados por el Banco. Como es sabido por todos, hasta ahora, el Banco solo financía a Estados, a través de sus instituciones gubernamentales (Relación Banco-País beneficiario). En este tipo de financiamiento existen, a nuestro modo de ver, dos niveles de operaciones:

- * Proyectos de Inversión directa
- * Proyectos de reforma estructural

En los Proyectos de Inversión directa; realizados como presta-

mos del banco a los países; que involucran la realización de proyectos puntuales localizados en un área geográfica determinada; en diferentes sectores (P. ej. Hidroeléctricas; Minería; Hidrocarburos; Desarrollo Agrícola; Planes forestales; desarrollo urbano y rural; etc.) se ha venido ejecutando de parte del Banco Mundial, algunos avances, en cuanto a considerar el impacto de dichos proyectos a los Pueblos Indígenas y el Medio Ambiente; aplicándose, en algunos casos; las Operativas Direccionales respectivas (O.D. 4.20 y O.D. 4.01).

Observamos que, se han logrado, a partir de 1992, de acuerdo a nuestra experiencia a nivel nacional en Argentina, avances auspiciosos, en la consulta a los Pueblos Indígenas sobre el impacto de esos proyectos a las comunidades indígenas. En este sentido nuestra opinión es que estas consultas deben profundizarse y que a corto plazo se deben generar mecanismos para el seguimiento de estas acciones a nivel global.

En relación a los Proyectos de reforma estructural, el Centro Mocoí observa que se ha avanzado muy poco, o casi nada; en el impacto que estas operaciones traen a los Pueblos Indígenas. Estos proyectos, también financiados por el Banco bajo la forma de préstamos a Estados; a mediano y largo plazo traen aparejado impactos importantes y trascendentes a los Pueblos Indígenas; dado que dichos proyectos son ejecutados dentro de las políticas globales de ajuste estructural, planificadas conjuntamente por el Fondo Monetario Internacional y el Banco Mundial.

Sobre esta cuestión ; consideramos que el Banco debe analizar, en el menor tiempo posible, la extensión de la O.D. 4.20 a este tipo de operaciones. Como es sabido, los proyectos ejecutados a nivel macroeconómico (Reforma del estado; reforma de la economía; cancelación de la deuda externa; establecimiento de líneas de crédito, etc.); o a estableciendo políticas de reformas sectoriales a nivel nacional en diferentes áreas de competencia del estado(Educación, salud; economías regionales; políticas agrícolas, industriales, mineras, forestales y pesqueras; medio ambiente; vivienda; saneamiento urbano y rural; apoyos al sector productivo; reformas administrativas; etc.) traen aparejado a mediano y largo plazo, grandes impactos sobre la población en general y el medio ambiente y , por extensión a los Pueblos Indígenas; y esto debe ser objeto de análisis mas profundos en el futuro; conjuntamente entre el Banco y las organizaciones indígenas; con miras a introducir el lla-

mado "componente indígena" en dichos proyectos.

Definición de políticas de cooperación del Banco Mundial hacia los Pueblos Indígenas.

Como expresáramos mas arriba, a partir de ahora, el Banco debe analizar profundamente la adopción de políticas a corto, mediano y largo plazo, que fortalezcan las economías indígenas en sus diferentes expresiones.

Para la adopción de medidas en la dirección citada, se deberán adoptar y establecer ciertas reformas al interior de la actual estructura de funcionamiento del Banco.

La O.D. 4.20, al establecer el "Rol del Banco"; hacia una política sobre Pueblos Indígenas; establece que; hasta la fecha; la relación del Banco con los Pueblos Indígenas; está establecida a través de tres campos definidos: a. el sector económico y laboral; b. la asistencia técnica; y c. proyectos de inversión de componentes o previsiones.

Sin embargo; la relación descripta se establece siempre a través del estado beneficiario, por intermedio del llamado "sector público" y las organizaciones gubernamentales representativas del mismo.

Desde una perspectiva del Centro Mocuí; el Banco a partir de esta etapa deberá establecer políticas y pautas de relación directa con los Pueblos Indígenas; en los tres campos mencionados en los párrafos anteriores.

Sobre el impactos de las operaciones realizadas en el marco Banco-país, se establecieron observaciones en el capítulo anterior.

En relación a la Asistencia Técnica; creemos que en el futuro, esta no solo debe estar dirigida a los estados; sino que el Banco debe reorientar sus políticas en esta área; para brindar dicha asistencia también a las organizaciones representativas de los Pueblos Indígenas, en los niveles locales y nacionales, especialmente; en la definición de sus propias políticas de desarrollo.

Finalmente sobre los llamados "Proyectos de inversión"; nuestro

punto de vista es que el Banco Mundial debe establecer una política de cooperación directa con los Pueblos Indígenas.

Sobre estos aspectos; la O.D. 4.20 establece un "Plan de Desarrollo de Pueblos Indígenas"; en el contexto mencionado de la relación Banco-estado beneficiario. Si bien esta iniciativa, significó un avance importante; a partir de ahora se deben buscar los mecanismos para establecer la relación en el marco *Banco-Pueblo Indígena beneficiado*.

A los fines de ayudar en el establecimiento de esa política, el Centro Mocuvi, cree que deben establecerse lineamientos a corto, mediano y largo plazo.

Entre los lineamientos a corto y mediano plazo, con miras a establecer la cooperación directa mencionada; el análisis efectuado por nosotros; es que debe definirse dentro de la estructura del Banco un Programa específico de financiación a proyectos provenientes desde los Pueblos Indígenas; al cual proponemos llamarlo "PROGRAMA DE FINANCIAMIENTO A PROYECTOS DE PUEBLOS INDIGENAS" (FPPI).

Programa de Financiamiento a Proyectos de Pueblos Indígenas (FPPI)

Dentro de las actuales circunstancias; creemos conveniente que el Banco Mundial, dentro de su estructura; establezca el Programa de Financiamiento a Proyectos de Pueblos Indígenas (FPPI); con miras a generar un instrumento capaz de establecer la cooperación directa entre el Banco y los Pueblos Indígenas; respetando las actuales políticas crediticias y financieras del Banco a los países beneficiarios; que pueden ser objeto de modificaciones en el futuro.

El objetivo del FPPI debe ser el de mejorar el bienestar y los niveles generales de vida de los Pueblos Indígenas respetando y valorizando sus modelos económicos tradicionales y sus propias pautas culturales, sociales y políticas; como así también las tecnologías indígenas, como llaves del desarrollo sustentable.

El programa deberá proporcionar préstamos no reintegrables, subsidios, asistencia técnica y gerencial y otros servicios a los Pueblos Indígenas, a través de sus organizaciones representativas

a nivel local, nacional y regional; como respuesta a la inexistencia de un mecanismo que garantice a los Pueblos Indígenas acceso a las fuentes convencionales de crédito y financiación. Se deberá dar prioridad, dentro de este mecanismo; a los proyectos provenientes de organizaciones indígenas locales.

En el marco del FPPI, el Banco deberá fijar un tope máximo de financiamiento; en acuerdo con el Pueblo Indígena beneficiario; para sus operaciones de negocios y operaciones de crédito; incluidos el financiamiento de proyectos puntuales en áreas a determinar (Salud; Educación; Demarcación de Territorios; Investigación; Apoyo Institucional; Reconversión Económica; Desarrollo Comunitario; etc.).

Las cuestiones vinculadas a las características propiamente dichas del FPPI; como ser: Mecanismos y criterios para la selección y aprobación de proyectos; obligaciones del prestatario; auditorías de los proyectos; responsabilidades del Banco y los Beneficiarios; mecanismos para la elegibilidad de los beneficiarios; contratación de servicios financieros; Pautas de Cooperación Técnica; Formulas para la solicitud de financiamiento; Evaluación de Proyectos; y otros asuntos conexos; serán objeto en el futuro inmediato de Reuniones Técnicas de consultas e intercambios de ideas entre el Banco y los Pueblos Indígenas.

Lineamientos a largo plazo.

Dentro de las políticas de cooperación futura a largo plazo del Banco a los Pueblos Indígenas; el Centro Mocoquí; considera que debe iniciarse discusiones constructivas entre ambos sectores con miras a efectuar las reformas estructurales necesarias del propio Banco Mundial; con miras a establecer mecanismos mas adecuados; y con mejores marcos institucionales que los existentes a la fecha; para canalizar la cooperación financiera directa a los Pueblos Indígenas. Creemos que a esta discusión, también debe involucrarse en el futuro a otras instituciones surgidas de la Conferencia de Bretton Woods (EEUU), como el Fondo Monetario Internacional; la Asociación Internacional de Fomento; el Organismo Multilateral de Garantía de Inversiones y la Corporación Financiera Internacional.-

Conclusiones.

Estos puntos de vistas y propuestas presentados por el Centro Mocoví "Ialek Lau'a" a consideración de las Conferencias "Desarrollo de los Pueblos Indígenas en America latina y el Caribe" y de la "Conferencia Internacional de Pueblos Indígenas y Desarrollo Sustentable"; deben ser objeto de una discusión mas amplia en el futuro; dado que nuestra organización tiene definido los lineamientos necesarios para su ejecución. Nosotros estimamos de fundamental importancia, que en el Año Internacional de los Pueblos Indígenas, proclamado por las Naciones Unidas; el Banco Mundial redefina sus políticas hacia los Pueblos Indígenas; y establezca políticas mas claras para el sector; acorde a las aspiraciones de los diferentes Pueblos Indígenas.

Finalmente queremos expresar que nuestra organización queda abierta y a disposición de los interesados en estas propuestas para el diálogo futuro.-

En Melincué (Argentina), Setiembre de 1993.-

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