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Inter-american Development Bank Challenged On Its Policies, Projects, And Plans

by Mike Leffert

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The Inter-American Development bank (IDB) wrapped up its 48th assembly of governors in Guatemala City March 20 with a promise to improve equality for all Latin Americans and reduce the social divides and poverty that characterize the region. Under the banner Let No One Be Left Behind, one after another the governors presented speeches highlighting the advances on these issues throughout the region.

In sum, the bank lent about US\$6.5 billion for projects, more than a third of which went to anti-poverty ventures. In addition to the poverty combat, the bank also made inroads on renewable energy, climate change, and potable water. Said Costa Rica's IDB governor Guillermo Zuniga, "Central America wants to prove to the world its decision to improve in all the fields identified here." Bank president Luis Alberto Moreno spoke on a ten-point plan for improving regional infrastructure, microeconomies, and the bureaucracy within the bank. He said the slogan Let No One Be Left Behind comes from the Popol Vuh, the sacred Mayan text, and was adopted as this year's motto to inspire the bank's work. Hegemonic institutions have been known to quote sacred texts to establish their sincerity and solidarity with indigenous populations.

Not everyone bought the prevailing rhetoric, however. Rodrigo Cabezas, Venezuela's finance minister, noted that, in meetings of this kind, "there is not the smell or the taste of the people, it's only about meetings of technicians who miss the reality of the claims of the 105 million poor of Latin America, who ask for an opportunity to close the open breaches." Environmentalists and human rights advocates in attendance criticized the funding of megaprojects like Plan Puebla-Panama (PPP) that don't take into account the needs of communities overrun, or otherwise adversely affected, by the massive incursions.

Representatives of these Mesa Global, Ceiba, Bloque Anti-Imperialista, and others held their own media conference to talk about the damage caused to communities by IDB-financed projects in mining, hydroelectric plants, oil exploration, foreign investment in tourism, and privatization of water. The groups met at the same time as the bank meeting in an Alternative Forum to the Annual Meeting of the Bank to discuss the threats posed by IDB policies. They planned to begin community consultations in Guatemala on these projects.

A hydroelectric project is slated for Xalala, Ixcán, where a worker from the Instituto Nacional de Electricidad (INDE) was killed last year. Xalala is a town on the Chixoy River of more than 2,000 inhabitants. The Chixoy is where the Chixoy dam was built in the 1980s after the Guatemalan Army cleared the area of residents with massacres. An irony lies in the fact that these communities still do not have electricity. Other concerns include a project for the Sistema de Interconexion Electrica para America Central (SIEPAC) for US\$37.7 million (see NotiCen, 1997-01-16). Questionable projects with

little to show Moreno met with these and other civil-society representatives on March 18 and quickly found himself on the defensive, denying that the bank violates its own policies on these issues.

The US organizations Amazon Watch and Bank Information Center (BIC) and the Bolivian Colectivo de Estudios Aplicados al Desarrollo Social said in a press release that the bank's plans for the region result in "human rights abuses, loss of biodiversity, deforestation, and a significant increase of greenhouse-gas emissions." In Central America and Mexico, this meant PPP. In South America, it meant "a threat to the communities and natural habitats like Amazonia and the Pantanal [Brazil]." The groups also said the bank "needs to solve the problem of the excessive role played by the private sector in development projects, regional integration, and public works." Instead, they want to see democratic processes "that respond to the interests of the people and not those of the big corporations."

BIC director for Latin America Vince McElhinny told Inforpress Centroamericana he was disappointed to see that, "even when the president of the IDB makes a show of a team of 90 people dedicated to measuring and disseminating the results of the bank's investments, we have heard nothing of the results in terms of the direct impacts on poverty, equity, and development. Civil society challenges the IDB to, instead of making a new annual wave of promises, initiatives, and declarations, demonstrate the effectiveness of its previous investments in a transparent and concrete way."

If Guatemala is to be taken as a typical case, the bank will have much to answer for in meeting this challenge. Since 1996, the bank has poured over US\$1.5 billion into the country for a smorgasbord of state reforms encompassing security agencies, tax reform, social development, and environmental problems. McElhinny says of these, "The product of these loans has been a disaster in practically all aspects." As an example, he cited a 2003 US\$25 million loan for the security forces. "Recent events," he said, referring to the current meltdown of the Policia Nacional Civil (PNC), "have demonstrated what many have suspected for a long time (see other article, this edition)."

In 2004, the bank's own evaluation department revealed that Guatemala is one of the worst performing countries on the IDB list. Guatemala's IDB governor Hugo Beteta came to the defense of the country saying the poor results owed to macroeconomic factors, but now the government has a "new vision." On the Ixcan hydroelectric issue, Beteta said the government had learned from the mistakes of Chixoy, meaning, perhaps, that this time around they will not be sending out the Army to massacre project opponents. As to the survivors still having no electricity, he said, "Today's needs are different than those that were foreseen, but now we have a plan of action to address the legitimate concerns of civil society." But upon elaboration of that plan, Beteta seems to fall into the same old megaproject mold. "With regard to hydroelectric energy, the country only exploits 20% of its potential, for which it is important to do a cost-benefit analysis of the great projects to verify that they would benefit the majority of the population."

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