

1-15-1997

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## **IDB Approves Loans for Environmental, Labor-Related Projects in Mexico**

*by LADB Staff*

*Category/Department: Mexico*

*Published: 1997-01-15*

In early January, the Inter-American Development Bank (IDB) approved a total of US\$915 million in loans for labor-related and environmental projects in Mexico. According to the IDB, the variable-rate loans will be made available through the national development bank (Nacional Financiera, NAFIN) and the national public-works bank (Banco Nacional de Obras Publicas, BANOBRAS). Of the total, US\$365 million will be used for construction of water-treatment facilities in the Valley of Mexico. This project will be administered by the governments of Mexico City and Hidalgo and Mexico states, in conjunction with the national water commission (Comision Nacional de Agua, CNA).

The new infrastructure tunnels, pumps, and water-holding facilities will be devoted to flood prevention and waste-water treatment. Authorities also want to increase the efficiency of water utilities in and around Mexico City, particularly in the Mezquital Valley. According to the IDB, the improved water treatment will help prevent the spread of infectious diseases, a threat that currently affects 100,000 families in Hidalgo state and another 3,000 in Mexico state. A part of the funds will also be used for the treatment of gastrointestinal diseases in the area, as well as educational campaigns on related health issues. The infrastructure improvements will allow area farmers to grow crops for marketing to the general public. Currently, water-pollution problems restrict the type of crops that area farmers can grow.

Another US\$250 million of the total will go to retrain unemployed workers and increase workplace productivity. According to Finance Secretary Guillermo Ortiz, the program will place a strong emphasis on integration of women into the labor market. Ortiz said the training project will attempt to facilitate the movement of workers toward the most dynamic sectors of the economy, while the efforts to increase workplace productivity will attempt to improve the quality of Mexico's labor, which in the end will result in higher wages.

The final US\$300 million of the loan will allow the government to continue to implement recently enacted reforms in the nation's pension system. Under changes promoted by President Ernesto Zedillo's administration and approved by the Mexican Congress, retirement funds will no longer be managed exclusively by the social security institute (Instituto Mexicano del Seguro Social, IMSS), but instead will be turned over to private companies known as Administradoras de Fondos de Retiros (AFOREs). The AFORE program, which had originally been scheduled to begin in January of this year, has been delayed until July. However, the government has taken preliminary steps to launch the program by announcing the list of institutions that will be eligible to create an AFORE. (Sources: Reuter, 01/09/96; The News, La Jornada, El Nacional, Novedades, Siglo 21, 01/10/96)

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