



**Japan Special Fund &
Japanese Trust Fund For Consultancy Services
Annual Report 2004**

PREFACE

Technical Cooperation (TC) recourse is a fundamental instrument for Inter-American Development Bank (the IDB) operations, supporting various activities related to the preparation and implementation of projects, realization of feasibility studies, knowledge and technology transfer, and institutional strengthening. Japan has been playing a leading role through TC resources through two funds: established in 1988 for the Japan Special Fund (JSF), which was established in 1988 and for the Japanese Trust Fund for Consultancy Services (JCF), which was established in 1986. Both funds provide financing through a wide range of activities in various sectors in Latin America and Caribbean region. The aggregate contributions of both JSF and JCF now amount to approximately 50% of the total trust fund resources mobilized for TC operations in the IDB.

In 2001, in order to focus on the IDB's strategic development framework of poverty alleviation, the Government of Japan set aside a portion of the JSF with US\$ 30 million to establish the Poverty Reduction Program (JPO). The JPO supports targeted poverty reduction and social development activities that have a direct impact on poor and vulnerable groups, encouraging the active participation of local stakeholders such as NGOs, civil society groups and communities. As of today, all three programs – JSF, JCF, and JPO – are identified as the primary funding sources to the region's economic and social development.

In Fiscal Year 2004, the JSF Team worked to streamline the JPO facility with an extensive interviewing process with specialists, which resulted in the creation of two innovative windows, the Loan Enhancement Program (LEP) and the Community Based Program (CBP). The LEP is designed to enhance the quality of loans by enlarging the coverage of poverty target activities, thereby upgrading the developmental impact of the loan facility. The primary financial mechanism of LEP is co-financing since it utilizes both the IDB's loan and joint financing from a third party to the recipient country. The Community Based Program (CBP) empowers local governments, NGOs, and communities to ensure that their own development can be effective and sustainable in building the basis of social needs. To effectively manage the CBP in terms of technical aspects, direct developmental impact, and execution capacity, a high-level Selection Committee was formed with the active support from senior managers of the IDB. The CBP is expected to be a major catalyst for grass-roots development at the local level.

Over sixteen years of operations through Japanese trust funds, the IDB and Japan have continuously built up the mutual goal and long-term vision of supporting social and economic progress in Latin America and the Caribbean. With rigorous and efficient management of the Japanese Funds, we will increase our efforts to contribute to the various needs to achieve sustainable development and economic growth in the Region.

Goro Mitsuura
Coordinator for Japanese Trust Funds
Washington D.C., June 2005

GLOSSARY

IDB	Inter-American Development Bank
TC	Technical Cooperation
JSF	Japan Special Fund
JCF	Japanese Trust Fund for Consultancy Services
JPO	JSF Poverty Reduction Program
GoJ	Government of Japan
A Countries	Argentina, Brazil, Mexico and Venezuela
B Countries	Chile, Colombia and Peru
C Countries	Bahamas, Barbados, Costa Rica, Jamaica, Panama, Suriname, Trinidad and Tobago, and Uruguay
D Countries	Belize, Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Nicaragua, and Paraguay

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1. Overview of the Japanese Trust Funds

The Japan Special Fund (JSF)

In 1988, the Government of Japan established the Japan Special Fund (JSF) to help develop social and economic growth of IDB borrowing member countries. The JSF provides non-reimbursable technical assistance financing mainly in social and environment sectors. It is the largest active trust fund administered by the IDB and is a fully untied trust fund. Since the establishment of the fund, JSF has financed technical cooperation activities almost US\$178 million.

The JSF finances TC projects for loan preparation, loan implementation, and other policy and strategy formulation/implementation activities which the IDB places high priority in its institutional strategy or in its future programs based on needs of the beneficiary countries in Latin America and Caribbean.

The Japanese Trust Fund for Consultancy Services (JCF)

The Japanese Trust Fund for Consultancy Services (JCF) was established by the Government of Japan in 1995. The JCF provides financial assistance for non-reimbursable TC activities in order to promote technical cooperation and knowledge transfer from Japan through Japanese consultancy expertise. The JCF provides financing to TC projects in sectors where Japanese expertise is available. The JCF has become the largest of the funds established within the TC Funds Program managed by the IDB. Since 1995, the JCF has supported TC activities totaling US\$26 million.

The JCF resources are semi-tied. The fund finances consulting services of Japanese nationals or firms. Japanese consulting firms may engage the service

of consulting firms and/or individual consultants that are nationals of the IDB's borrowing member countries to perform services under their supervision.

The JCF finances same activities to the JSF, such as loan preparation, loan implementation, and other policy and strategy formulation/implementation activities. Although all sectors are eligible, JCF projects have successfully utilized Japanese expertise in Environment, Water and Sanitation, Health, and Infrastructure sectors.

The Japan Special Fund for Poverty Reduction Program (JPO)

The JSF Poverty Reduction Program (JPO) was established by the Government of Japan in 2001 with the amount of US\$30 million. The JPO provides financial resources of non-reimbursable TC operations for poverty alleviation activities with direct impact on low-income and vulnerable populations in borrowing member countries. As of the end of 2004, JPO has provided financial support amounting to nearly US\$9 million.

In September 2004, the JPO introduced the new financing schemes to support poor and vulnerable groups in order to effectively address the needs for poverty alleviation; the Community Based Program (CBP) and the Loan Enhancement Program (LEP).

• The Community Based Program (CBP)

The CBP finances community-based activities that have a direct effect on low-income and vulnerable groups. The projects are designed and implemented by non-governmental organization (NGOs), civil society organizations or local governments that provide services to low-income and vulnerable

groups in IDB borrowing member countries. Eligible activities are; (1) provision of basic social services such as health (primary health care, reproductive health), nutrition, early childhood development, education (pre-school, primary and secondary education), water and sanitation, social programs for at risk children, adolescents and vulnerable groups, urban and rural development of marginalized areas, (2) supporting productive activities such as skill and technical training, microenterprise activities for sustainable livelihood (e.g. small-holder agriculture, fishery, livestock, and handicraft production), including market studies where these complement production studies as one component of a project, and (3) strengthening the capacity of community organizations, local NGOs and local governments

that are working to improve the living standards of low-income communities.

• **The Loan Enhancement Program (LEP)**

The LEP finances activities that are a complementary part of IDB loan operation to be designed and implemented by the government of beneficiary country to benefit low-income and vulnerable groups in IDB borrowing member countries, such as (1) capacity building and training of local governments or organizations that provide social services to poor and vulnerable groups, and (2) poverty reduction activities which are similar in scope to the related loan project.

KEY FEATURE OF THE JAPANESE FUNDS – Part 1

Availability

The Japanese Funds have experienced rapid growth since their inception. During the past 16 years, the JSF and JCF combined have financed 295 projects worth a total of some \$210 million. While there is no definite size limitation, in general projects can be accommodated up to about \$2 million. In the early years of the JSF, there tended to be fewer, larger projects. As demand increased, it became necessary to streamline the internal processing and approval procedures. In 1993, a simplified approval process was introduced for projects below \$750,000.

Japan is by far one of the biggest contributors to the IDB trust funds overall, accounting for about half of the total contributions by all members since the Japan Special Fund was established in 1988. In many years, the Japanese Funds account for the majority of total funding from all trust funds.

All of the borrowing member countries of the IDB are eligible for the Japanese Funds, and, considering their size and assistance needs, all have in fact benefited in relatively balanced measure. In addition, a significant portion has gone to regional projects that benefit numerous countries simultaneously. This is especially meaningful for groups of smaller countries, such as in the Caribbean and Central America, where many regional projects have been carried out.

2. Operations in 2004

Approval

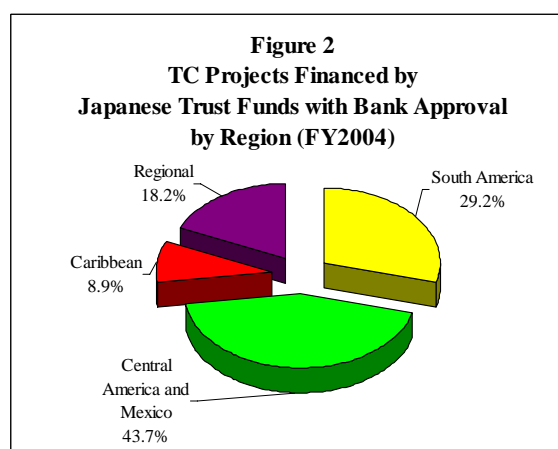
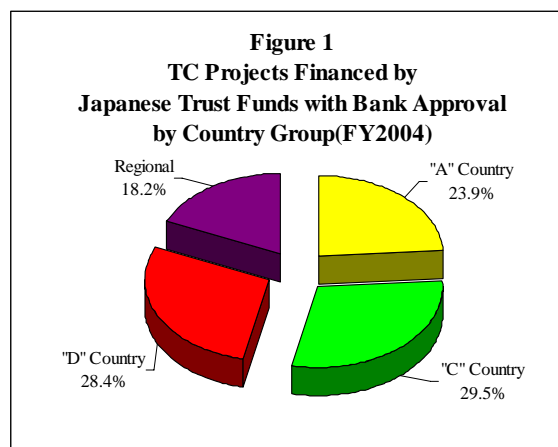
In 2004, the Bank approved six projects for a total of US\$2.1 million financed by the JSF. The total approval to date for JSF amounts to US\$187.3 million. For JCF, the Bank approved three projects totaling approximately US\$3.0 million in 2004. The total approval to date for JCF amounts to US\$26.2 million.

Country Distribution

In 2004, the majority of Japanese Trust Fund recourses were allocated to C & D countries (57.9%), while A & B countries received 23.9% of the total financing (see Figure 1)¹. On the other hand, 18.2% of the funds financed regional projects. In terms of the regional distribution, resources of the Japanese Trust Funds were mostly allocated to Central America region with 43.7% of total funding, followed by South America with 29.2%, and 8.9% to the Caribbean region (see Figure 2).

Regarding country distribution, Panama was the beneficiary country that received the most from the Japanese Trust Funds in 2004, receiving 29.5% of total approvals (US\$1.5 million). It was followed by Brazil with 23.9% (US\$1.2 million) and El Salvador with 11.8% (US\$0.6 million).

Since the establishment in 1988, resource allocation for C & D countries has been larger than for A & B countries; the allocated cumulative volume of Japanese Trust Funds for D countries is the largest portion with 30.8% (see Figure 3).

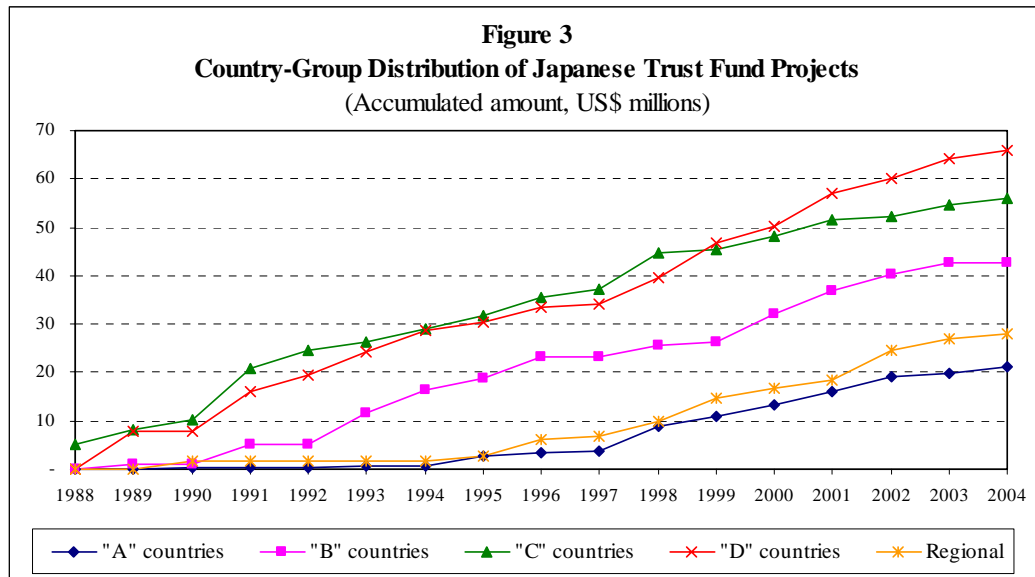


¹ A Countries: Argentina, Brazil, Mexico, and Venezuela

B Countries: Chile, Colombia, and Peru

C Countries: Bahamas, Barbados, Costa Rica, Jamaica, Panama, Suriname, Trinidad and Tobago, and Uruguay

D Countries: Belize, Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Nicaragua, and Paraguay



Sector Distribution

In 2004, the largest sector distribution was the environment sector (41.3% of total operations), including support for wastewater treatment in Panama and water resource management in El Salvador. 26.3% focused on infrastructure projects such as transportation and housing, and 25.3% involved social sector, respectively (see Figure 4).

Since early 1990's, support to the environment sector has represented a major activity for the Japanese Trust Funds (see Figure 5). In addition, the allocated cumulative volume for social sector has increased in the late 1990's. One of the reasons for the increase of social sector assistance was the establishment of JPO in 2001, which focuses poverty reduction activities in the sector. Infrastructure projects remain strong because of ample support from the JCF facility in which Japanese consulting firms presented strong capacity and expertise to accomplish the objectives.

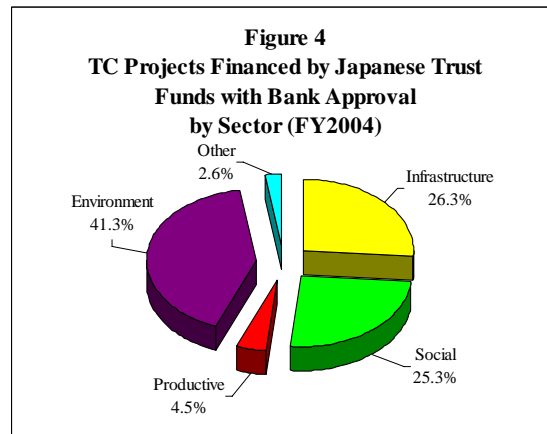
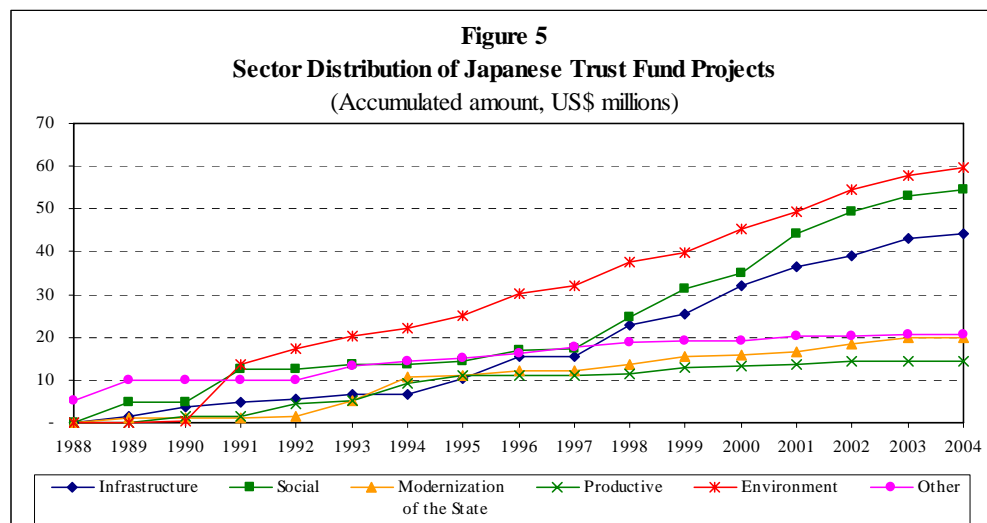


Table 1
Sector Distribution in 2004

(Unit: US\$ thousand)

Infrastructure	
Transportation	873
Urban Development and Housing	465
Social	
Health	835
Social Investment	453
Productive	
Trade	230
Environment	
Sanitation	1,500
Environment and Natural Disasters	600
Other	
	133
Total	5,089



KEY FEATURE OF THE JAPANESE FUNDS – Part 2

Applicability

Guidelines for Japanese trust fund project proposals are wholly consistent with the policy priorities and strategies of the IDB, thus placing them in the mainstream of IDB technical cooperation activities across all major sectors. A wide diversity of projects can be supported in terms of sectors, activities, and types of operations. Innovative projects that break new ground and test new ideas are welcomed. Every project is considered on its merits, case by case. Many lead to large-scale IDB loan projects.

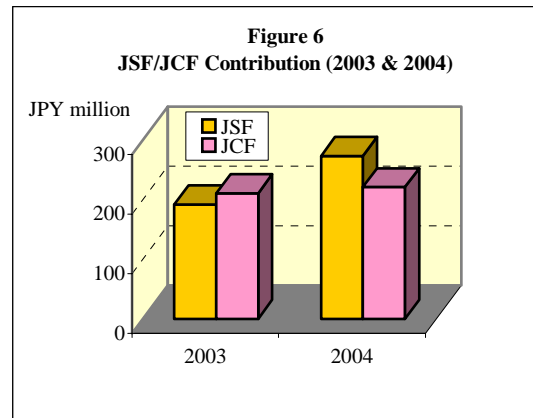
In the early years, the Japanese Funds placed priority on infrastructure and environmental projects, including feasibility studies, project preparation, and strengthening of key institutions concerned with IDB projects in recipient countries. The scope has gradually widened to reflect the full range of IDB sector activities, including a significant number of regional projects. About half of Japanese Fund projects support preparation of specific IDB loans. The other half are projects that involve the development or application of new tools, methodologies, policies, and reforms that aim at making improvements over entire sectors. Whether directly or indirectly, most of the projects have a significant impact on the IDB's lending activities.

The Japanese Funds strongly follow and support the trend toward expanded assistance to the social sectors. They also strongly support all the core areas of IDB assistance – social development, competitiveness, regional integration, and modernization of the state.

Resources

In 2004, the Government of Japan (GOJ) contributed JPY273.3 million (approximately US\$2.6 million) in new money to the JSF, which represents a 42.2% increase in comparison to year 2003 contributions (see Figure 6). Consequently, the overall contribution by the GoJ amounts to JPY25,574 million (approximately US\$211.1 million). The overall availability of JSF at the end of 2004 totaled US\$21.6 million. Also, the GOJ replenished the JCF by JPY221.0 million (approximately US\$2.1 million), which had an available balance of US\$7.3 million by the end 2004. The total contribution to the JCF amounts to

JPY3,488.4 million (approximately US\$30.3 million). For details, see financial statements of Japanese Trust Funds (Annex VII and VIII).



KEY FEATURE OF THE JAPANESE FUNDS – Part 3

Flexibility

JSF resources are wholly untied, and JCF resources are only partially (50 percent) tied; that is, half of the goods and services for the project shall be from Japan.

Untied resources are essential for carrying out the IDB's work. They provide the flexibility to obtain the most appropriate goods and services to carry out projects cost-effectively and in accordance with the highest applicable standards. Untied resources are limited, with the Japan Special Fund providing over 80 percent of all available untied trust fund financing. In recent years, untied contributions have been declining overall, making untied JSF resources even more valuable.

In cases where it is deemed suitable or advantageous to utilize Japanese expertise and technology, the Japanese Trust Fund for Consultancy Services (JCF) can be applied. The JCF represents about 20 percent of total semi-tied trust fund resources. Even though semi-tied, the JCF is still very flexible, considering that the tying ratio is only 50 percent and the balance can be utilized as if untied. This formula encourages the formation of joint ventures between Japanese and local institutions or companies, which further contributes to capacity building and technology transfer from Japan to the recipient countries.

In summary, flexibility is really the watchword for the Japanese Funds. Within reason and the bounds of the IDB's development priorities, they are flexible in every dimension – country, size, sector, activity, and even procurement condition.

3. Highlights of TC Projects Approved in 2004

3.1 Brazil

Support for the Amazon Protection System (SIPAM)

Amount: US\$750,000

Fund: JCF

Sector: Environment and Natural Disasters

Beneficiary Agency: The Management and Operating Center of SIPAM (CENSIPAM)

The Amazon Basin's 6.5 million square kilometers is one of the planet's most biodiverse ecosystems, home to over two million species as well as the world's largest freshwater reservoir – approximately 20% of the planet's overall volume. The Amazon still holds one-third of all remaining rain forests on the face of the Earth. While it covers the territories of nine countries, approximately 85% of the region, a total of 5.2 million square kilometers, lies within Brazil. Brazil's share of the Amazon is known "Legal Amazon".

In 1995, the Brazilian government introduced the Amazon Protection System (SIPAM) program to prevent disorderly occupation and predatory exploitation of the area. SIPAM covers throughout the Brazilian Amazonia, at the federal, state and municipal levels, acting as systemic organization of information gathering and dissemination, which includes a complex technological base and an integrated institutional network for knowledge management, protection, and sustainable human development in the area. The information system gathers data from diverse sources, which is available to a network of more than nine hundred remote user terminals, eight aircraft, two hundred information-collecting platforms, and three hundred radio-transmitting systems. The Management and Operating Center of SIPAM (CENSIPAM) serves as the system's primary implementing and

executing agency, and embraces the whole systemic organization of bodies acting in the Legal Amazon. Today, SIPAM's mission has evolved to "enhance the quality of life in the Amazon region and in Brazil by fostering the human and sustainable development in the largest and richest region of the planet. SIPAM needs to generate products/ services such that SIPAM evolves into a useful link within the institutional and economic context of the Amazonia.

The general objective of this operation is to equip SIPAM with a strategy that would enhance and consolidate its financial sustainability, as well as its institutional and operational capacity, in order to improve the public management of the Legal Amazon with particular emphasis on environmental management. The present operation would help SIPAM at making efficient use of its considerable arsenal of technology and information, while becoming a significant instrument for improved decision making for the Amazon region.



3.2 Chile

Junior Achievement Program to Low Income Youth in Santiago

Amount: US\$130,928

Fund: JPO

Sector: Education, Microenterprise development

Executing Agency: Fundación Educación Empresa- Junior Achievement

In accordance to *Etnias y Pobreza en Chile, Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2000*, poverty among indigenous groups is 12 percent higher than that among non-indigenous groups. Further, 26.4% of indigenous youths between 0 and 18 years of age are poor. Illiteracy rate among indigenous groups is 8.4%, whereas 6.3% of the indigenous population do not have formal education.

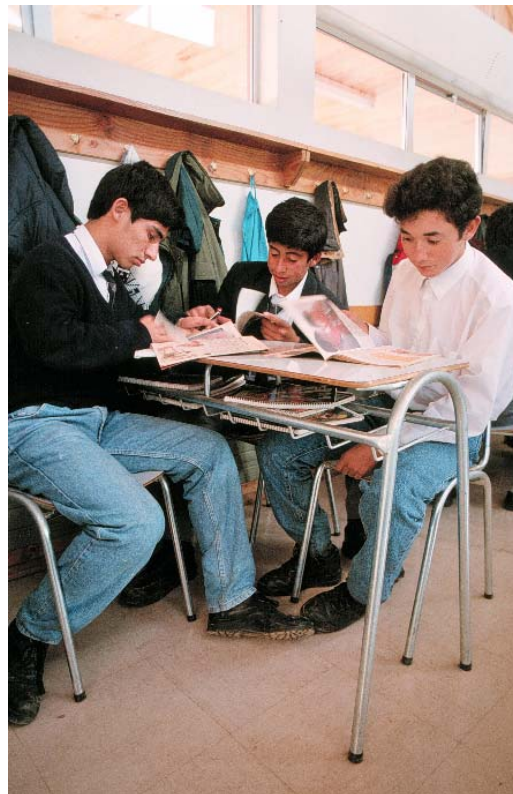
The Metropolitan area of Santiago concentrates 23.7% of the total indigenous population in the country, being therefore, the second region with more native people in Chile, presenting the highest levels of poverty among native people. The municipalities of the Metropolitan area which concentrate the highest levels of poverty and indigenous people are: Peñalolén, La Granja, La Pintana, Lo Espejo, Lo Prado, Pudahuel, Cerro Navia and Renca.

The objective of this project is to give low-income youth, especially indigenous youth, of the poorest municipalities of the Metropolitan area, the necessary tools to insert themselves in the entrepreneurial world, while preserving their customs and beliefs. The ultimate objective is to support this groups own efforts to lift themselves out of poverty.

The Specific objectives are: (i) develop in the youth the responsibility to get out of poverty with skills which will increase their access to market opportunities. (ii) apply the Junior Achievement Programs to develop in the youth the capacity of

entrepreneur, take risks, work in teams and take decision, (iii) insert the high school students in the working and free enterprise world, (iv) impact the schools curricula to incorporate in them these programs so that they can continue them after the end of the project applying the methodology “learning- doing it”, and (v) explore the globalization possibilities to expand the student horizons.

The executing agency of the TC is Fundación Educación Empresa, a non-profit organization founded in 1994 whose objective is to develop creativity, entrepreneurial spirits and respect for self-initiative among children and the youth through Junior Achievement Programs. As of last year, it served 15.500 elementary and high school students from both rural and urban areas. Every year Fundación Educación Empresa recruits more than 190 executive volunteers who work directly with the children transferring their experience in the business world.



3.3 Ecuador

Support for the preparation of the Water Supply Program for Medium Sized Cities

Amount: US\$464,000

Fund: JSF

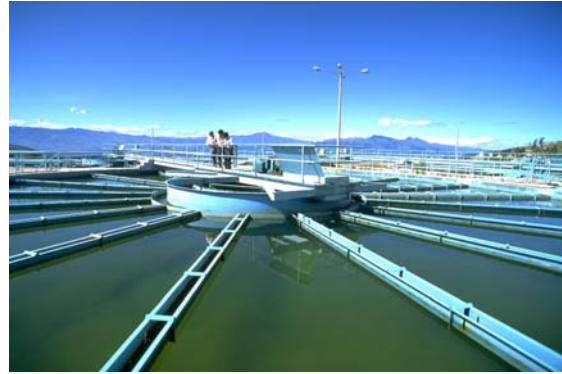
Sector: Sanitation

Executing Agency: Ministry of Urban Development and Housing (MIDUVI)

Population growth in the medium size cities, with an aggregate population of 2.2 million (18% of the total population) and a growth rate of 3.7 times that of the national average, has exceeded the response capacity of the Government of Ecuador to provide water and sanitation services to the new population and to sustain service coverage levels. In fact, in medium sized cities, water supply services are intermittent in 55% of the urban centers; 60% of the water supplied is not treated and only 12% of these urban centers have a treatment system with filtration facilities. Further, 74% of the sewerage systems are in precarious conditions and municipal wastewaters are discharged without treatment.

Moreover, the institutional and financial capacity of utilities in charge of water and sanitation services is extremely weak, showing the lack of strategic planning or, at least, indicative plans for management and expansion of the systems. Most of these utilities have operational deficits and very large accounts payable. Planning capabilities are outpaced by the rapid population growth as illustrated by a sample of six cities: Ambato, Ibarra, Esmeraldas, Babahoyo, Machala and Duran.

The IDB is supporting a Water and Sanitation Program in Medium Sized Cities (PRASCI) and the preparation of studies to foster institutional reforms of public utilities, investment programs and technical assistance in preparation of the institutional changes that are expected to take place during project execution. To carry out the required reforms to improve water and sanitation services,



the cities of Ambato and Ibarra were selected on the basis of their relatively solid management, clear investment plans and commitment on the part of municipal authorities.

The objective of the present TC program is to foster autonomy, financial viability, performance and accountability among water supply and sanitation utilities in the cities of Ibarra and Ambato, to extend this experience to other medium sized cities, and to promote a constructive dialogue with government officials at all levels, and with stakeholders and civil society to advance the required sector reforms.

The detail scope of the TC operation will finance: (i) a feasibility study for an investment plan for the city of Ibarra; (ii) the design of a commercial accounting system for public utilities in Ibarra and Ambato, to be later applied to public utilities in other medium sized cities; (iii) an institutional strengthening plan for water supply and sanitation utilities, to be later applied to other public utilities in other medium sized cities; (iv) redesign of tariff structures in three cities: Ibarra, Amato and another city to be selected; (v) training of utility and sector professionals; (vi) a communication plan to inform competent authorities of the central and local governments, representatives of professional and labor associations and the civil society at large about the reform process envisioned by the PRASCI program.; and (vii) continued support to MIDUVI's project unit in charge of PRASCI.

Enhancing Ecuador's Demographic and Mother-Child Health Information

Amount: US\$270,000

Fund: JSF

Sector: Health

Executing Agency: Center for Population and Social Development Studies (CEPAR)

The Demographic and Mother-Child Health Survey (ENDEMAIN) is the principal source of health outcome data in Ecuador, as well as an important source of information on the utilization of key health services, such as vaccination and pre-natal care, and health knowledge and behaviors, such as breastfeeding and childhood disease treatment.

ENDEMAIN should be expanded to take into account cost, resources, and utilization variables to better inform the government of policy design related data. It is critical for the government to have access to update and sufficient data on health outcomes, health expenditure and health service utilization.

The Center for Population and Social Development Studies (CEPAR), the executing agency for the TC is a NGO, which has carried out ENDEMAIN surveys since 1987. It has over two decades of expertise in demography, health research, evaluation and implementation of social development programs; it has vast expertise in working with international organizations and counts with wide international recognition for its products. The goal of this Program is to contribute to the development of a sustainable social information system that would allow the Government of Ecuador to effectively design poverty reduction and social development programs, and to evaluate their impact, cost, and targeting effectiveness. In this sense, ENDEMAIN 2004 will provide policy-makers in Ecuador with information on key areas that have not been addressed by ENDEMAIN in the past, such as health insurance, social security,

nutrition, maternal mortality and social inclusion of ethnic groups.

Ecuador needs a strong support from ENDEMAIN 2004 to monitor and evaluate the program for "Strengthening the Farmer Social Security System" (EC-0101), and future social sector operations, as well as to assess milestone achievements towards achieving Ecuador's Millennium Development Goals.

It is important to highlight that there is a strong commitment to ENDEMAIN 2004 by the Government of Ecuador, shown via its request to co-finance the survey with the IDB (through the Japanese Cooperation) for the first time in 17 years.

Prevention and Assistance System for Domestic Violence, Gender and Child Abuse

Amount: US\$150,000

Fund: JPO

Sector: Social Investment

Executing Agency: Metropolitan Citizen Security Department a branch of the Municipality of Quito (MOQ)

Domestic violence impacts physical and mental health, affecting women's productivity and future generations, contributing to poverty exacerbation. Children who are victims or even just witnesses to domestic violence are much more likely to engage in violent behavior. Also, such children show higher rates of drug abuse, suicide, anxiety, depression, and problems in school. In Ecuador, 35.7% of women who are victims of violence do not earn their own income, and have roughly acquired primary education (Women Commissionaires, 1999).

The Municipality of Quito (MOQ) shows alarming statistics on domestic violence. It is in fact, one of the cities with greater rates of violence (38.4%) out of which, 92% of violence related charges are pressed by women. The statistical data of the

Ecuadorian Judicial Women Association indicates that 67.7% of women in Ecuador have suffered from diverse types of violence (CONAMU-Judges and Lawyers Association. 1999). In 2002, the MOQ initiated the “Metropolitan Network for Domestic Violence, Gender and Child Abuse” to: (i) maintain an inter-institutional coordination for the attention and prevention of domestic violence and child abuse; and (ii) promote human rights from the perspective of gender and diversity, through the development of joint actions by both the Government and Civil Society, which are to contribute to strengthening the social net.

The overall objective of the TC operation is to contribute to MOQ efforts to reduce domestic violence, gender and child abuse by supporting the establishment of the Metropolitan System for Attention and Prevention of Domestic Violence, Gender and Child Abuse in Quitumbe, targeting the marginal and poorer neighborhoods. In Quitumbe, over 75% of the population is poor as demonstrated by poverty indexes both by income and unsatisfied basic needs (lack potable water, sewage systems, electricity, telephone services); also, the vast majority are unemployed or underpaid. Quitumbe is also considered to have the highest rates of violence related charges (736 per 100,000).

The goal of this TC operation will be accomplished through the implementation of the following components: (i) Research and development of a diagnostic study on current situations of domestic violence, gender and child abuse in the Municipality of Quito; (ii) Strengthening of the Metropolitan Network for Domestic Violence, Gender and Child Abuse (DV-G-CA Network); (iii) Implementation of a dissemination campaign and training on prevention programs in domestic violence, gender and child abuse.

It is expected that the present TC also contributes to empowering citizen participation, improving the quality and coverage of support services around domestic violence, training of community leaders

on preventive approaches to target the problem, changing the population’s attitudes and values, raising public awareness, and providing information on available support services.

3.4 El Salvador

Overcoming Barriers In Family Micro-Ranching

Amount: US\$130,000

Fund: JPO

Sector: Social Investment

Executing Agency: Fundación Nacional para el Desarrollo (FUNDE)

According to UNDP’s Human Development Report, the *Departamento* (district) of Morazán presents high level of poverty of 58.5%, compared to 42.9% nationwide, and it is the least advantaged district in El Salvador in terms of human development, as it presents the highest adult illiteracy rate (34.2% vs. 18.3% nationwide), and the highest proportion of people whose life expectancy is less than forty years (14.4% vs. 10.7% for the country as a whole). The municipalities of Yamabal and Sensembra are situated in the south west of the district. A recent poverty map study estimates that the poverty levels in those municipalities are at 48% and 53%, respectively. The main economic activity is agriculture and small extensive cattle breeding farms are the most common, mostly comprised of small family ranchers holding 5 to 15 heads of cattle. The families of those ranchers typically live well under the poverty line, as their income depends exclusively on that activity in the absence of other employment opportunities.

The income potential of family dairy ranching is limited due to several factors in the productive chain. Some examples are: (i) a poor organizational development of family ranches, and limited entrepreneurial skills for the negotiation of the sale of their production, (ii) deficient production

techniques leading to low productivity and variable quality, and (iii) limited access and penetration into the national market, due to lack of information and basic marketing tools. In terms of quality, almost none of those producers would meet official food safety standards today.

Consistent with the IDB's country strategy with El Salvador, this TC would focus on fomenting sustainable gains in the productive potential of poor rural families, applying a community-based focus which could be replicated at a regional scale.

The objective of this project is to improve the income of poor families in the micro dairy cattle breeding sector in the micro-region of the Yamabal and Sensembra municipalities. This will be accomplished by strengthening their competitiveness and supporting the development of the whole production chain. The project's approach is integral as it aims to strengthen the social fabric by linking the productive sector to other social actors. Specific objectives include strengthening the entrepreneurial organization of dairy ranchers through (i) the creation of a associative dairy production company which family ranchers would join as partners, (ii) linking and development of the different stages of the productive chain, from primary milk production to the semi-industrial processing of byproducts, and (iii) the commercialization and marketing of finished products.

JICA and the Japanese Embassy have worked jointly with IDB, giving positive comments to this profile during our routine coordination meetings.



JICA underlined the complementarity of this grass-roots initiative with the agency's and the IDB's ongoing efforts to raise the productivity of the agricultural sector at the micro scale level (for example through the support to PROLECHE).

3.5 Guatemala

The Community Providing Health and Development for All

Amount: US\$ 144,000

Fund: JPO

Sector: Health, Education

Executing Agency: Fundación Esfuerzo y Prosperidad (FUNDAESPRO)

FUNDAESPRO is a foundation that supports women of low-income communities. The foundation uses an integral approach to poverty reduction. The organization focuses the activities in the areas of preventive health, education, productive projects and basic infrastructure. The Foundation intends to expand its action to the community of Brigade, in Zone 7 of the Municipality of Mixco. The municipality of Mixco has 25,000 inhabitants of whom 80% live in conditions of poverty with the poverty growth rate in the municipality is above 5% per year, compared to a national rate of 2.5%. The Municipality does not provide sufficient health care services, especially to the younger population.

The objective of the project is to improve the quality of life in Brigade through an approach of participation and collaboration between the community and relevant local institution. Specific activities entail:

(i) Preventive Health Program which includes training for women in the target communities in the area of preventive health, with the objective of fostering family self-care habits and maternal mortality rates, as well as in community

organization to develop the capacity to manage, analyze and propose social projects. FUNDAESPRO will encourage coordination with health centers, representatives of the Ministry of Health, local organizations, municipalities, etc. to ensure continuity of its work. It will also help establish a Sexual Transmission Illness Prevention Program, with emphasis on AIDS prevention.

(ii) Childhood Development by establishing a Children Center in Brigade to care for children of working mothers in the age range of 0 to 12 years old. The Center contemplates the provision of recreational activities, information on nutrition, educational reinforcement, and value strengthening. The aim is to prevent school dropouts and underachievement at the primary education level, as well as to avert children from entering the work force.

(iii) Disaster mitigation by educating the population in first aid and evacuation, fostering voluntarism and establishing coordination links with schools and teachers. Disasters are common during the rainy season. Better education will help the community to better interact with the government regarding disaster mitigation initiatives.

(iv) Adult Education: FUNDAESPRO will establish adult education programs in coordination with the National Committee of Education - CONALFA- to train community teachers in servicing adult education needs, including vocational education plans validated by Ministry of Education.

Program of Support to the Primary Health in Tejutla, San Marcos

Amount: US\$ 150,000

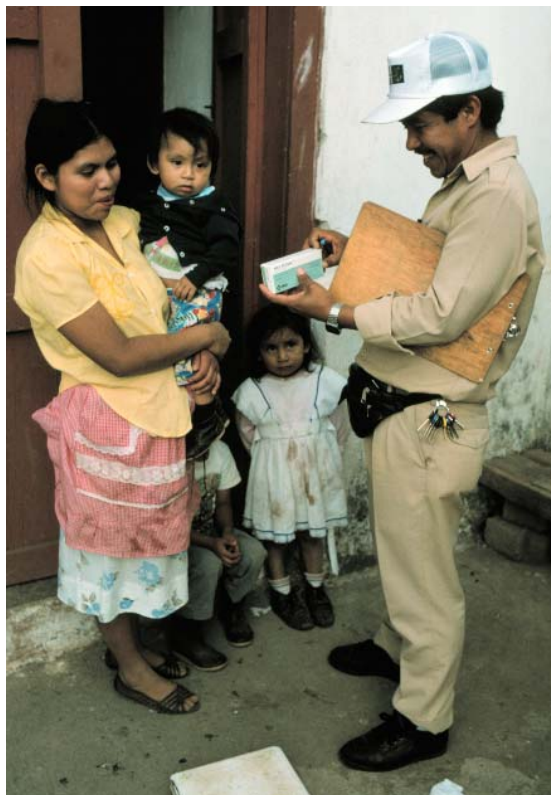
Fund: JPO

Sector: Health

Executing Agency: Multidisciplinary Association for Social Projection (AMPROS)

The municipality of Tejutla, in the Department of San Marcos is located in the western part of Guatemala, 282 kilometers away from the capital city and 32 kilometers off the Department's head. As of 2005, it has an estimated population of 34,957; 90% of the population live in rural areas and 10% in urban areas). Children, youth and women compose the majority of the population. According to a poverty map study carried out by the General Secretariat of Planning (SEGEPLAN), the Municipality is an integral part of the country's poverty belt.

Health indicators for the Municipality report that anemia; malnutrition and intestinal parasitism are the main causes of mortality among children. Health care resources are limited. A health center is located in the Municipal head and health posts can be found in surrounding villages. As far as health personnel are concerned, the Municipality counts on 1 doctor, 1 professional nurse, 13 nurse assistants, 2 technical experts in rural health, 1 lab technician; and 83 trained voluntary midwives.



The objective of this TC is to reduce mortality rates in the municipality of Tejutla by improving indicators of primary attention in reproductive health, nutrition and childhood development with emphasis on illness prevention, and promotion of healthy lifestyles among children, adolescents and women in reproductive age. This objective is to be achieved by: (i) implementing an integral program of reproductive health to benefit 90% of the female population of reproductive and 80% of teenage expecting women; (ii) decreasing the incidence of anemia, malnutrition and intestinal parasitism among children by 80%; and (iii) implementing a program of health prevention and promotion among the population of the Municipality.

It is expected that health conditions among the target population will improve, which in turn will contribute to reducing poverty indices and generating better conditions for the development of productive activities.

3.6 Guyana

Increasing Access to Primary Health Care for Amerindian Communities

Amount: US\$750,000

Fund: JPO

Sector: Health

Executing Agency: Ministry of Health

Among the Amerindian population, poverty is prevalent with close to 80% falling below the poverty line. Amerindian women are especially affected as they are paid lower wages and salaries than men, and cannot easily access credit facilities. In addition, Amerindians have some of the lowest social development indicators for health and education. The indicators reveal higher illiteracy rates. Likewise, the poor state of Amerindian health is reflected in low life expectancy, with less than 5% of Amerindians living to be 55 years;

malaria is endemic as 60% of nationally reported cases are found among Amerindians. Diseases such as tuberculosis, diarrheal diseases and acute respiratory infections are common. Further, Amerindian communities are significantly affected by substance abuse, dental carries and snakebites and women are at higher risk for poor maternal health, as fewer births (43%) in the hinterland are attended by trained health care workers. Although the country's immunization program is considered successful, regions 1, 7, 8 and 9 have lower overall coverage than the coastal areas as a result of inadequate management, transport, communication and difficulties maintaining the cold chain.

The Health Sector Program (1548/SF-GY), recently approved by the IDB aims to improve the effectiveness, quality and equity in access to health services in Guyana. The Ministry of Health is the main beneficiary as many of the components are focused on improving the capacity of the health system at the central level and the delivery of health care in the two main hospitals, Georgetown and Linden.

The proposed TC will enhance the Health Sector Program by improving quality and equity in access to primary health services in the interior (regions 1, 7, 8 and 9). The TC is important to enhance the loan since specific activities focused on Amerindian communities were not included in the original loan operation. The project design included components focused at the national level and hospitals. During project design, the Government of Guyana and the IDB team felt that a separate yet complimentary operation that focused on the Amerindian communities would enhance the loan operation as these communities do not generally have access to hospitals due to their location and difficulties with transport.

The general objective of the proposed TC is to enhance the scope of the Health Sector Program (1548/SF-GY) improving quality and equity in access to health services serving the Amerindian



population in regions 1, 7, 8 and 9. The specific objectives are: (i) to improve access to health services serving Amerindian communities; and (ii) enhance culturally adapted primary health care services in Amerindian communities.

This operation qualifies as a Social Equity Enhancing (SEQ) project as it finances investment in the social (health) sector for one of the poorest segments of the population. Moreover, the TC will improve access to primary health care services in poor rural areas especially for disadvantaged Amerindian communities.

3.7 Honduras

Technical Cooperation for the Privatization of four international airports

Amount: US\$123,000

Fund: JSF

Sector: Transportation

Beneficiary Agency: InterAirports S.A

Combined air-traffic in Honduras for the October 2000 to December 2002 period reached a total of 1,554,848 passengers. In 2002, Honduras registered a 20 percent increase in tourist traffic and a 150 percent increase for air-cargo activities. As a result, on July 29, 1999, the Government of Honduras (“GOH”) acting through the Ministry of Tourism and Secretary of Public Works, Transportation and Housing (“SOPTRAVI”), initiated a bidding process to award the concession of four international airports: *Toncontín* in Tegucigalpa, *Ramón Villeda Morales* in San Pedro Sula, *Golozón* in La Ceiba, and *Juan Manuel Galvez* in Roatán (the “Project”). InterAirports S.A was awarded the Concession.

The IDB is to finance the investment program for the first five years of the Concession, for an approximately value of US\$59.5 million. The GOH has placed a high priority to finalize the execution of the concession program since the Project will improve current airport infrastructure and operation, and greatly improve operational capacity, security, safety, technology and reliability, in accordance with international standards.

With the objective of complementing the efforts already undertaken by the Government with the award of the Concession, InterAirports has requested financing from the IDB for a TC to determine the feasibility and financial sustainability (“due diligence studies”) for the Project and a loan in an amount of approximately US\$33 million to finance capital expenditures for the first five years of the Concession.



The TC program will provide information that is crucial for IDB's decision to proceed with the financing of the Project, scheduled for Board approval in the third quarter of 2004. In this sense, the objective of this TC is the realization of due diligence studies that will determine the viability and financial sustainability of the Project. IDB will proceed with the financing for this Project only if such studies are satisfactory to IDB in form and substance.

The due diligence studies will encompass analysis and thorough review of the following aspects: (i) environmental and social; (ii) economic; (iii) technical (i.e. independent engineering review); (iv) traffic, aeronautical and non-aeronautical revenues; and (v) legal. JSF funding is requested only for two specific tasks of economic due diligence and for the entire environmental and social studies.

3.8 Paraguay

Support for the fight against trafficking in persons, especially women and children

Amount: US\$400,000

Fund: JSF

Sector: Reform and Modernization of the State

Executing Agency: Ministry of Foreign Affairs

There has been an alarming increase in people trafficking worldwide and it is estimated that every year between 1 and 2 million men, women, and children fall victim to this illicit activity, aimed at

sexual and labor exploitation, forced labor or services, servitude, or removal of organs. People trafficking is highly lucrative business, ranking third after drug and arms trafficking; it is also safer than any of those activities, as a result of prevailing legal and institutional gaps that ensure a high degree of impunity. People trafficking are one of the most serious human rights violations and thus there is a growing interest among governments and international and non-governmental organizations worldwide in providing an appropriate response to this problem.

Among the main factors contributing to trafficking are; social exclusion, lack of access to employment and sources of income, corruption, gender discrimination, lack of respect for or awareness of children's rights, the absence of identity records, inadequate migration controls, institutional weakness, fear among the general public and scant security. The victims come from the most vulnerable and highly impoverished segments of the population and are lured by male and female recruiters offering employment and a better standard of living. Many victims are transported to locations or countries where it is hard to ask for help and they are generally stripped of their documents and forced to work in conditions of slavery or sexual exploitation to pay off the remaining debt owed to the traffickers for their transportation.

In Paraguay, as in many other countries, the problem is invisible as a result of lack of reliable statistics and gaps in the administration of justice, which begin with the processing of complaints that are generally taken by staff lacking the corresponding awareness, training, or resources. In certain circumstances, public officials are accomplices to the crime, all of which results in re-victimization and fear, lack of confidence, and reluctance on the part of the victims to lodge complaints. This situation is aggravated by the lack of capacity on the part of law enforcement officials

to investigate and prosecutors to try cases, ambiguities and gaps in legislation, minimum sentences for traffickers (fines or house arrest), ignorance of members of the legal community of the regulations in force, and the poor functioning of the mechanisms designed to ensure compliance with the law.

In view of this situation, government involvement is required to draft and introduce public prevention, protection, and response policies for those individuals excluded from society and without access to a justice system that would allow them to exercise their basic human rights. The Paraguayan government authorities are prepared to combat trafficking in persons and have requested IDB support for this purpose.

The general objective of this TC project is to broaden the national debate on people trafficking and include it in the agenda for the protection of human rights, security, and justice as evidence of the need for appropriate public policies to combat this crime and enable Paraguayan society to be better equipped to contribute solutions to the problem. The TC is expected to provide the government with the capability to implement mechanisms to prevent people trafficking, protect the victims, and establish and impose appropriate penalties on traffickers. Specifically, the components of the TC are; (i) to design public information and dissemination strategy through the workshops, and (ii) to build capacity of related government agencies to support the fight against trafficking in persons.



The present technical-cooperation program would complement the IDB's loan, "Program for the Strengthening of the Judicial System" (PR-0146), designed to support the development of a more reliable, independent, and efficient justice system accessible to all citizens.

3.9 Peru

Peru Border Crossing

Amount: US\$610,000

Fund: JSF

Sector: Transportation

Executing Agency: Ministry of External Relations

During the last few years, the Government of Peru (GOP) has implemented several actions to strengthen the social and economic integration in the region. The country participates in **the South American Regional Infrastructure Integration Initiative (IIRSA)**, launched in year 2000 to promote and accelerate the development of infrastructure projects to pursue physical integration.

IIRSA has agreed with participating countries on an action plan for the development of Integration Development Hubs (IDH), which are multinational areas that concentrate current and expected commercial flows, in which specific infrastructure projects have been identified, including specific Border Crossings (BC) projects, which constitute transnational nodes of major transport axis. Peru belongs to four of the nine IDH: Andean, Amazonian, Peru–Brazil–Bolivia and Inter-Oceanic. Some of the studies developed by **IIRSA** with regards to BCs, highlight the negative incidence of frontier operations over the efficiency of international road transportation in the region. The lack of coordination among the institutions operating in such centers, added to improper information and weaknesses of transport operators,

derive in excessive time spent in fulfilling the required controls, thus affecting transportation costs. Countries participating at IIRSA agreed to begin improving some core BC points by adopting a model of bi-national integrated control centers (CEBAF) with an inter-institutional management scheme that is based on legislation from the Andean Community of Nations (CAN) and MERCOSUR. In the Andean Region, the BC point at Desaguadero, between Peru and Bolivia, would be one of the selected CEBAFs.

Peru has begun to execute activities to implement the CEBAFs in the borders with Ecuador. In Tacna-Arica, in the border with Chile, Peru has neither infrastructure nor personnel to perform control functions, even when Chile has already developed its corresponding border center. In Iñapari, in the border with Brazil, the latter has already detailed engineering designs for both the bridge to communicate with Peru, and the control center. Peru wants to analyze the convenience of adopting a free custom traffic zone prior to deciding the location of the control center. The GOP has given a high priority to these three BC projects considering not only their current condition but also their crucial role in the local economy and in the influence areas where they are located.

The objective of the TC consists in supporting and complementing the preparatory activities for the investment loan (PE-L1003) to finance three BC projects in the borders of Peru with Bolivia, Brazil and Chile. The objective of the BC project, as a whole, is to promote the development of modern BC control centers aimed at facilitating regional and bi-national commerce, fulfilling communitarian agreements in CAN's the influence area, and identifying complementary and logistic services that can be delivered by local communities, thus contributing to the development of local logistics, complementary services around the centers and improving employment conditions.

Support to Vulnerable Population through the Provision of Social Basic Services and Creation of Opportunities for Social and Economic Insertion

Amount: US\$110,100

Fund: JPO

Sector: Social Investment

Executing Agency: Hogar de Cristo

Hogar de Cristo (HC) is a private non-profit organization established to help disadvantage people cover their basic needs and create opportunities to actively participate in society. HC has community houses, preventive programs, educational programs, and social aid. The HC model combines supply of basic aid (housing, food, education and health) with technical training for labor insertion.

Employment opportunities are pursued through an integral educational program. Beneficiaries are abandoned children and adolescents, raped victims, elder adults, drug addicts, and the mentally and terminally ill. HC has designed a program called "Open Classrooms", which has been officially certified by the Ministry of Education to obtain a technical degree while pursuing the regular school curriculum. The program offers various technical degrees in gastronomy, baking and pastry shop, hotel administration, industry of dressmaking and footwear, carpentry, gymnastics instructors, assembly of computers and cosmetology. The program is designed for inhabitants of the most marginal areas in the country and for residents of community houses.

The objective of the present TC operation is to strengthen HC's social program, which aims at reducing extreme poverty through the provision of basic aid and opportunities for social and economic insertion of Lima's most vulnerable groups. The operation envisions the following activities:



- (i) Institutional Strengthening of HC's operations and structure to optimize the use of labor, physical and financial resources, through the design, implementation and systematization of improved accounting, organizational and legal modules and procedures
- (ii) Strengthening and expansion of HC's social network to improve the quality and coverage of social services to low income vulnerable populations, through projects in health, nutrition, housing and education; also training of social service providers is envisioned to promote a conflict-free and family-friendly environment in community houses.
- (iii) Strengthening and expanding productive activities to enhance the quality of labor training programs to improve opportunities for social and economic insertion.

3.10 Trinidad and Tobago

Preparation of the Community Development Program

Amount: US\$453,344

Fund: JSF

Sector: Social Investment

Executing Agency: Ministry of Community Development and Gender Affairs

Preliminary analysis of poverty trends and inequality in counties such as Navira/Mayaro and St. Andrew/St. David provides that the poverty rate

reaches 40%, compared to that of 24% at the national level. At the same time, the level of public spending in the social sector is high (about 30% of total public expenditures). There are over 120 government-financed social programs divided among the various Ministries that do not target beneficiaries in a transparent manner. Most do not have a rigorous monitoring and evaluation system to examine project results and their impact on poverty reduction.

The main objective of this TC is to facilitate the preparation and start up of the Community Development Program (TT-L1002) in Trinidad and Tobago. In turn, the Program will aim to improve delivery of basic social sector infrastructure and services to the poor using participatory mechanisms; promote capacity building at the local level; and contribute to the establishment of a national framework for poverty reduction efforts. The TC will principally finance consultancies clustered into three main areas:

- (i) Effectiveness of social sector programs and poverty reduction efforts, which requires a diagnostic of public sector social programs, and an up to date poverty map, which will be the basis for distributing all loan resources and will allow the Government to evaluate the effectiveness of targeting measures.
- (ii) Capacity building which entails an institutional analysis of the organizational structure, administrative, financial and operational capacity of the Ministry of Community Development to come up with measures to strengthen relevant agencies so as to facilitate loan execution.
- (iii) Project design and administration, which entails conceptualization of the loan operation, monitoring and evaluation, and preparation of operation manuals. A workshop to develop the logical framework for the project will be planned.

3.11 Venezuela

Training of Trainers on Indigenous Land

Demarcation – Support to Indigenous

Communities

Amount: US\$90,000

Fund: JPO

Sector: Social Investment

Executing Agency: Indigenous Foundation for Integral and Sustainable Development of Indigenous Peoples and Communities (FINDIS)

There are approximately 315,000 Indigenous peoples in Venezuela (1% of the total population). As in other countries of Latin America, they represent the poorest segment of the population. The majority live in geographically remote regions of the country, in areas of high biodiversity but extremely low economic and social development. Many practice subsistence agriculture.

The 1999 Constitution of Venezuela recognizes the country's multiethnic, pluricultural and multilingual character. In particular, "Chapter VIII: On the Rights of the Indigenous Peoples" is one of the most progressive texts on this subject in the region since it gives a broad recognition to the rights of Indigenous peoples, including rights to land, culture, language and political organization. It establishes that Indigenous lands are inalienable, cannot be sold or transferred and states that Indigenous peoples have the right to collective ownership of their habitats and traditional territories.

To implement the constitutional provisions, the Law on Demarcation was promulgated in December 2000. In addition to establishing a clear right to land demarcation, the Law on Demarcation also provided the establishment of the National Commission on Demarcation and Guarantee of Habitat and Lands of Indigenous Peoples.

The Law on Demarcation relies heavily on Indigenous communities to bring claims forward to the Commission. While Indigenous communities in

some states have been able to develop land use maps with the assistance and support of NGOs, many communities lack the capacity and technology required to develop these maps which has prevented them from bringing claims to the Commission.

The main objective of this project is to develop training materials regarding the provisions of the Law on Demarcation, land use mapping and international comparative experiences with developing a map and submitting a claim and hold two "training of trainers" workshops for approximately 90 Indigenous leaders from across Venezuela. The purpose is to assist with the implementation of both Chapter VIII of the Venezuela Constitution and the Law on Demarcation. Building capacity among Indigenous leadership will also assist the National Commission on Demarcation in fulfilling its mandate and objectives under both the Constitution of Venezuela and the Law on Demarcation.

It is worth noting that the IDB is currently in the process of developing two related projects in Venezuela; the Tocoma Hydroelectric Project (VE-L1003) and Caroni River Watershed Management Plan (VE-L1006). The Caroni River Watershed Management Plan project will finance the implementation of measures necessary to guarantee the sustainable development of the environmental and socio-cultural resources of the Caroní River watershed. One of the components will focus on providing support for the demarcation process in Bolivar State.

This project is expected to have a positive environmental and social impact as it focuses on an issue that is critical for both. Resolving the land demarcation issue will greatly contribute to certainty of land tenure which is important for both land and natural resource use rights as well as planning for environmental monitoring and sustainability.

4. Highlights of Projects in Execution

4.1. Regional

Indicators of Disaster Risk and Risk Management for Latin America and the Caribbean

Amount: US\$600,000

Fund: JSF

Sector: Disaster Risk Management

Executing Agency: Universidad Nacional, Manizales. Instituto de Estudios Ambientales (IDEA)

Natural hazards have a significant bearing on the development prospects of most countries in Latin America and the Caribbean. Understanding probable losses due to natural hazards is a powerful incentive for countries to develop planning options and tools to cope with risk, including the sustained budgetary resources necessary to reduce those potential damages and safeguard development.

This TC developed a robust system of indicators that measure the potential impact of natural hazards in individual countries, key elements of their vulnerability as well as countries' capacity to manage risk. They provide policy-makers comparative parameters to help evaluate the effectiveness of their policies and investments in managing risk. (For more information, please see attached links of the IDB news release) http://www.iadb.org/NEWS/DISPLAY/PRPrint.cfm?PR_Num=04_05&Language=English
http://www.iadb.org/NEWS/Display/PRPrint.cfm?PR_Num=09_05&Language=English

Based on composite indicators, the system of indicators consists of four major measures:

- The **Disaster Deficit Index** gauges from a macroeconomic and financial standpoint the risks countries face due to possible catastrophes.
- The **Local Disaster Index** evaluates the social and environmental risks derived from the

accumulated damage caused by recurrent, small-scale disasters than can undermine countries' potential to reduce poverty.

- The **Prevalent Vulnerability Index** surveys countries' exposure to human and economic losses, their socio-economic fragility and their capacity to absorb the impact and finance recovery from disasters.
- The **Risk Management Index** evaluates how well countries identify risks, what they do to reduce them, how they respond to and recover from disasters and what budget arrangements and financial protection they have in place to deal with the costs of catastrophic events.

The summary of the results is available:

<http://www.iadb.org/exr/disaster/index.cfm?language=EN&parid=1>

The TC financed: (i) The development of a conceptual framework and preliminary definition of risk/vulnerability and performance indicators for disaster risk management. (ii) The design of the indicators model and the data/information collection method (designed for data-scarce environments, their ease of implementation by professionals in the region, and cost effectiveness). (iii) The testing of the methodology in 12 countries (Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica, Mexico, Peru, Trinidad and Tobago, where teams of local professionals collected and constructed the indicators. The results of these country studies were presented first at a regional meeting in November 2004, in Manizales, Colombia with experts from the region and select advisors from around the world.

On January 18, 2005, the Indicators of Disaster Risk and Risk Management were presented at the World Conference on Disaster Reduction in Kobe, Japan. Convened by decision of the UN General Assembly upon invitation from the Government of

Japan, the meeting encouraged countries to take actions on disaster prevention and mitigation to be able to achieve the U.N. Millennium Development Goals and defined a new plan of action for disaster risk reduction for 2005 – 2015 (<http://www.unisdr.org/wcdr/>).

The IDB will use these indicators to inform its Country Programming and Portfolio Management

process, and is currently proposing to set up a “Disaster Risk Management Indicators Program,” to consolidate and provide continuity to these state-of-the-art indicators.

By Caroline L. Clarke (Regional Operations Department 2) and Kari Keipi (Sustainable Development Department), Co-Team Leaders

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4.2. Brazil

Mathematical Model for the Upper and Middle Tietê River Basin

Amount: US\$750,000

Fund: JCF

Sector: Environment

Executing Agency: Companhia de Tecnologia de Saneamento Ambiental (CETESB)

With 33 million inhabitants, São Paulo is the most populous state in Brazil and produces 33% of the country's GDP. The São Paulo Metropolitan area alone has a population of 18 million, making it one of the top ten cities in the world. The Tietê River flows through Metropolitan São Paulo, a major element in a highly complex hydrologic basin interwoven with rivers and lakes. Unfortunately, decades of heavy industrial development combined with massive discharges of industrial and municipal

flows of wastewater have polluted the waters and exhausted the river's absorptive capacity.

The TC provides for the development of a three-dimensional hydrodynamic mathematical model to realistically simulate water quality throughout the basin based on various scenarios, e.g., construction of a new sewage treatment plant, a new factory or reservoir withdrawals. Understanding the characteristics and behavior of the water quality will enable the accurate identification and design of remedial measures. It will also serve as a tool for communities and regulatory authorities concerned with the operation or construction of facilities that impact on the water environment. As a result, industrial development can be more effectively regulated

and monitored, and investment in water supply and sanitation infrastructure can be properly planned, including those to be assisted by IDB and other international financial institutions.

The project has increased public awareness of the challenge São Paulo faces with respect to water pollution and the urgent need for additional remedial actions. The fact that the stakeholders are now working together as a direct result of the coordination work done by the project is a noteworthy achievement.

By Eduardo Figueroa, from Country Office in Brazil



Notícias

24/05/2004

Modelo hidrodinâmico vai permitir melhor controle de águas no Alto Tietê

Técnicos da CETESB - Companhia de Tecnologia de Saneamento Ambiental, que atuam na gestão de recursos hídricos, poderão contar em breve com um novo recurso capaz de constatar a redução de cargas poluidoras nos corpos d'água. Trata-se do Modelo Hidrodinâmico Tridimensional de Qualidade de Água no Alto Tietê, que está sendo desenvolvido pelo consórcio KK/NJS/Cobrape, formado por empresas japonesa, nipo-americana e brasileira.

O projeto utiliza recursos provenientes do **JSF - Japanese Special Fund**, fundo especial japonês que, por intermédio do BID - Banco Interamericano de Desenvolvimento, destinou US\$ 750 mil para implementar o trabalho. A contrapartida da CETESB é de, aproximadamente, US\$ 300 mil. Iniciado em outubro de 2003, com previsão de duração de 15 meses, o projeto é dividido em quatro fases.



A Notice of the Executing Agency (CETESB)

http://www.cetesb.sp.gov.br/Noticias/004/05/24_tiete.asp

4.3. Colombia

Integrity Indexes for Public Institutions

Amount: US\$ 600,000

Fund: JSF

Sector: Modernization of the State

Executing Agency: Transparencia por Colombia

The operation provides financial support for the development of the Integrity Index for Public Institutions, which contain measurable tools to monitor the performance of the public sector. The index helps increase the country's knowledge of corruption and integrity issues in national, regional and local public institutions. The operation is expected to contribute in the process of making public policy concerned with the country's fight against corruption at all levels of government. This contribution makes it possible to provide both the Colombian government and civil society with independent evaluation of the public sector's progress against corruption and offers the means to document all policy advances through the use of objective benchmarks.

Although this project is still in progress, its execution has already yielded some positive results: since 2002 the index has increased more than doubled the number of public institutions it monitors at the national level. Similarly, during the same period, the index has included new institutions at sub-national levels (274 departmental entities.) At the same time, the index has been technically strengthened, since it includes now 21 objective indicators (up from 12 in 2002.)

There are three main benefits to the operation. First, dissemination of the first Index has enabled the Government to set its strategy of strengthening transparency and fighting corruption. The National Index represents an opportunity for the Government to adopt policies that could result in improved scores for the institutions analyzed during its term. Second, preparation and dissemination of the

National Index in the following years will allow the government and civil society to monitor and evaluate national entities on issues of transparency and corruption. Finally, the design, production and publication of the Integrity Index for Public Institutions at the departmental and municipal levels will allow the evaluation of several new public institutions every year, thus enhancing service quality at sub-national institutions.

By Arnaldo Posadas, Team Leader, Regional Operations Department 3

4.4. Honduras

Support the Population of Active and Disabled Lobster Divers in the Honduran Moskitia

Amount: US\$350,000

Fund: JPO

Sector: Social Investment

Executing Agency:

Lobster fishing is an important source of foreign currency for the Honduran economy. Its export accounts for an annual income of approximately US\$29 million. Ninety five percent of the exported product is extracted through diving by the Miskito population. The Miskito population resulted from the mixture of indigenous groups, blacks and pirates who inhabited the area from the Atlantic



Coast to East Honduras during the English colonization period (1633). The area is currently known as the Gracias a Dios Department.

Ministry of Health estimates indicate that there are approximately 9,000 lobster divers in Moskitia, of which 47 percent have some type of disability. The lucrative nature of lobster fishing has given rise to its indiscriminate exploitation and a growing shortage of lobsters. Diving at great depths to catch lobsters without the proper training or equipment causes decompression syndrome, which results in partial or total paralysis and even death, or in other disabilities such as deafness and blindness. The risk of suffering from this syndrome increases drug and alcohol abuse. Divers also suffer mistreatment and low wages from the boat owners, and no adequate legal or regulatory framework protects them or ensures the sustainability of the resource.

International markets may stop importing Honduran lobster as a result of the extraction methods employed and their consequences on the health and welfare of the Miskitos. This response would jeopardize a major part of the Honduran export industry. A TC operation of the Social Programs Division of Region 2 (RE2/SO2) seeks to support the country in creating an action plan that promotes local development and contributes to decreasing disability rates among Miskitos.

The TC will support the collection of necessary information to establish the plan through sectorial studies in education, health, citizen participation and community organization, alternative productive activities to fishing and an analysis of the legal, institutional and regulatory framework of the fishing industry in Honduras, among others. Also, a portion of the TC resources will be used to respond to urgent needs such as the acquisition of equipment and training in safe diving and first aid at sea. This operation was included to the list of best practice projects of Regional Operations Department 2.



Progress in execution is satisfactory and the operation is fulfilling its development objectives. The operation is 87% disbursed. All proposed diagnostic studies have been completed, and their results have been used to design a Local Development Plan for the coastal communities in Moskitia, which is composed by 42 project profiles. Such Plan was discussed and agreed upon with 150 social stakeholders in the Moskitia area. Further, the government approved the Plan and shared it with civil society stakeholders and the international cooperation community in February of 2005.

By Marisil Naborre, Team Leader, Regional Operations Department 2

4.5. Uruguay

Pilot Project for the Educational Connectivity Program and Preparation of an Expansion Strategy

Amount: US\$748,200

Fund: JCF

Sector: Education

Executing Agency: The Coordination Unit of the Educational Connectivity Program

The objectives of this technical-cooperation operation are to: (i) design a proposal for introducing and expanding the educational use of information and communications technology (ICT) at all primary, secondary, technical, and teacher training centers at the national level in Uruguay;

and (ii) provide training in the pedagogical utilization of the Internet education program that are connected to the Web. The project is comprised of three components: (a) identification and selection of pilot educational centers that could be connected to the Internet; (b) training of teachers for use of ICT in schools and development of educational content for the pilot educational centers; and (c) development of institutional measures for widespread educational use of ICT, by extending pilot projects for all educational levels. This pilot project for the educational connectivity program is being implemented, and Japanese consultants are involved in the project, in order to transfer that country's knowledge and experience. Interestingly, the structure of the educational connectivity program originally comes from Japanese educational activities—the "100-School Networking Project". A few years ago, the Government of Japan and related institutions undertook that initiative to examine whether computer networks in primary and secondary education were worthwhile. That project involved around 100 schools. In addition, use of the network

via Internet was expected to motivate the classes in those schools to work more actively at a higher level and enable students to exchange information with their counterparts at other schools. At present, around 800 schools in Uruguay have been connected in the ICT network, and the teacher training activities on use of ICT in schools have been extended to around 3,000 teachers. These pilot activities regarding the educational network are expected to be expanded at the national level in Uruguay, as well as in the Latin American and Caribbean region.



5. Other Activities in 2004

Monitoring Mission to Brazil and Paraguay, April 2004

The JSF conducted a monitoring mission to Brazil and Paraguay. The main purpose of the mission was to review and monitor the status of completed TC projects from various aspects such as operational and environmental point of view. In addition, it was focused to analyze the effectiveness of TC towards preparation and implementation of the loan to confirm how the TC impacted to the loan.

Specific focal points are; 1) ensuring the status of TC and related loan projects in terms of execution and completion, 2) assessing the quality of the TC, reviewing the final outputs, including the performance of local and international consulting, 4) to review the sustainability of TC projects, confirming the continuous support from the central government, and 5) ascertaining the visibility of the Japanese Fund.

The Mission reviewed the implementation of the following projects; Castello-Raposo Toll Road Project (ATN/JF-6330-BR), Secondary Education Improvement and Expansion (ATN/JF-6765-BR), Support for the Program of Culture and Citizenship for Social Inclusion: Factories of Culture (ATN/JF-8327-BR), Dona Francisca Hydroelectric Power Project (ATN/JF-6787), Mathematical Model for the Upper and Middle Tiete River Basin, in the Metropolitan Sao Paulo Area (ATN/JC-7807-BR), Development Program for Bahia de Asuncion (ATN/JF-7150-PR). The mission concluded that the reviewed projects have been executed adequately, achieving most of the objectives and benefits.

JPO Promotion Mission to El Salvador, Guatemala, Honduras and Nicaragua, September, 2004

The JSF team conducted a promotion mission of JPO facility to Central American countries - Honduras, El Salvador, Guatemala, and Nicaragua. The main objective was to introduce the scope of the facility and to encourage IDB specialists to seek potential projects in those countries. The mission helped IDB Country Offices consider to utilize the Fund actively to enhance the developmental effectiveness at local site. Since the scheme of Community Based Program (CBP), one of the modalities of JPO, supports strong initiatives of Country Offices, it received high attention to meet various demand working with NGOs and local communities to support various development activities. In addition, the JPO demonstrated the development of business collaboration with Japan International Cooperation Agency (JICA) at local level. Since JICA has been an active player in the Region, it is highly expected that the collaboration will support wide range of JPO projects, which in turn will develop institutional alliance with IDB.

Special Mission to Japan – Business Seminar in Tokyo and Dialogue with Various Japanese Consulting Firms and NGOs, November, 2004

The JSF team participated to the IDB's outreach activity in Tokyo, the seminar of "The IDB Group and Business Opportunities in Latin America and the Caribbean", which attracted a large audience from Japan's private sector. The team made a presentation on how to reach to the business opportunities of the IDB's Japanese Trust Funds, with the introduction of case studies. The seminar was followed by a second day of individual consultations with officers from several Japanese

firms interested in addressing specific projects funded by the IDB group and/or in exploring and gathering additional information on other types of business opportunities available in the region. In addition, the team met with Japanese NGO groups to encourage their participation in Latin America and Caribbean region, introduce facility of JPO.

From IDB's Press Releases and Other Articles

The following JSF/JCF projects were mentioned in the IDB's Press Releases and others articles (see Appendix I):

IDB's News Release

1. Bolivia "Strategic Environmental Assessment Evaluation of the Northern Corridor of Bolivia" (JSF US\$750,000)

http://www.iadb.org/NEWS/Display/PRPrint.cfm?PR_Num=257_04&Language=English

2. Regional "Information and Indicators Program for Disaster Risk Management" (JSF US\$1,300,000)

http://www.iadb.org/NEWS/DISPLAY/PRPrint.cfm?PR_Num=04_05&Language=English

http://www.iadb.org/NEWS/Display/PRPrint.cfm?PR_Num=09_05&Language=English

IDB AMERICA's articles

3. Peru "Institutional Strengthening of the National Tax Administration (SUNAT)"

(JSF US\$2,200,000)

<http://www.iadb.org/idbamerica/index.cfm?thisid=2721&lanid=1>

IDB Web Story

4. Regional "Symposium on Strengthening Business Relations Between Latin America and Japan"

(JSF US\$230,000)

http://www.iadb.org/NEWS/DISPLAY/WSPrint.cfm?WS_Num=ws05904&Language=English

5. Regional "Information and Indicators Program for Disaster Risk Management"

(JSF US\$1,300,000)

http://www.iadb.org/NEWS/DISPLAY/WSPrint.cfm?WS_Num=ws00605&Language=English

6. Monitoring and Supervision

6.1. Brazil

Castello-Raposo Toll Road Project

Amount: US\$65,849

Fund: JSF

Sector: Transportation

Executing Agency: Private Sector Department (PRI) of IDB

IDB's Approval: December, 1998

Background

In 1996, São Paulo launched a concession program to privatize its highway system. They divided the highway in different lots based on the geographic location and categories from the amount of investment needed. This project constitutes Lot 12 (State Toll Road Concession), category D, the largest investment size. It consists of the construction, rehabilitation, upgrade, operation and maintenance for 20 years of the highway system that links São Paulo with Sorocaba and Aracoiaba de Serra. The investment required is approximately US\$483 million mostly in the first three years of the concession. The sponsors requested the IDB a US\$130 million A and B loan.

Objective

The objective of the TC is to assist the federal governments in the preparation of 10 State Projects for the improvement and expansion of secondary education. The studies associated with this TC are essential to support a thorough IDB due diligence process. Emphasis in this TC will be directed toward the analysis of economic and environmental/social aspects of this project, especially focusing the resettlement policies from rigorous IDB guidelines. The other objective goes for the conducting of traffic/engineering analysis.

The primary tasks for these two analyses are: (i) environmental and social review of all pertinent information relating to environmental issues, resettlement, other appropriate issues and reconnaissance of the project site, and (ii) economic study-identification of main economic costs and benefits, estimation of net economic benefit, and sensitivity analysis related to the capacity of the project to generate sufficient toll revenue.

Outcome

The outcome of the TC showed that the project had a very strong additionality and sustainability, giving a significant impact of understanding the environmental issues in the local community. The project company confirmed that the rigorous international technical requirement of the TC helped enhance the awareness of environment issues as well as implementing the information into daily life. As a main activity of the TC, the consulting company prepared "Environmental Management Plan (EMP)" which contained various educational campaigns to disseminate the issue of "how to handle the highway". The special working team was established to conduct the EMP efficiently, which consists of various specialists such as engineers, biologists, medical doctors (for contingency plan), and school instructors. The educational sessions were targeted not only to adults who drive on the highway but also to youth who reside along the highway. One successful example of EMP is the continuous workshop for young residents (age 7-12 year old) in order to enhance the understanding of security issues. To achieve the effective outcome, educational specialists were hired for the sessions, which were held on a weekly basis with a significant number of participants each time. The result has been successful since the younger generation was encouraged to understand the advantages and risks

of the highway. Another successful example is the resettlement plan of 75 families whose homes had to be relocated because of the highway construction. In order to achieve the effective resettlement, various studies and analysis were conducted including the monitoring of post-resettlement living conditions. The mission understood that this type of continuous educational efforts after the completion of the TC is a strong evidence of sustainability with active involvement of stakeholders. The following are the main concepts of the Environmental Management Plan that the project company conducted successfully:

- Environmental Liabilities Program
- Environmental Monitoring of Works
- Health and safety plan for construction phase
- Contingency plan during construction
- Environmental Licensing Program
- Vegetation conservation and protected areas program
- Historic and archeological heritage program
- Support to municipalities program
- Environmental education
- Social action plan / Resettlement plan
- Contingency plan for road operation

Finally, the project company mentioned the importance of disclosure of information (transparency) to the community in order to achieve the comprehensive Environmental Management Plan for all phases.

Secondary Education Improvement and Expansion

Amount: US\$750,000

Fund: JSF

Sector: Education

Executing Agency: Secretaria do Tesouro Nacional

IDB's Approval: October, 1999

Background

The number of young persons finishing primary school (grades 1st to 8th) has been increasing dramatically given that over the last ten years the Government of Brazil has concentrated on expanding that level of schooling. As a next step, secondary school education (grades 9th through 11th) must improve and expand to meet the new demands and prepare young Brazilians for joining the workforce or for going on to higher education. The TC is aiming at supporting the loan of BR-0300 to expand the capacity of the State Education Systems to meet the increasing demand for secondary education; to diversify the state delivery systems so as reach rural and low-income urban areas more effectively and improve the learning process and results.

Objective

The main objective of the TC is to support the design and preparation of the Program Culture and Citizenship for Social Inclusion (PCCSI); Factories of Culture, as a means to increase the levels of efficiency and efficacy of the SEC's social programs.

The main Project Components are; (i) Establishing the foundations for the SEC's institutional strengthening, which includes the development of a State's socially oriented cultural policy that will be the PCCSI driving force; (ii) Identifying the juxtapositions and gaps of the existing social interventions in the area, to ensure that the program's activities are provided where there are scarce social and cultural services, and to avoid overlapping of services; (iii) Developing district diagnostics and plans that will serve to prepare and monitor the PCCSI's interventions, and to ensure the best match between supply and demand of the cultural activities; (iv) Developing the preliminary activities needed to set up the monitoring and evaluation systems of the PCCSI; (v) Improve the

intervention model of the Committee for Violence Prevention of the State of São Paulo's, through strengthening its integral approach to the provision of social services.

Outcome

The project served at risk children and adolescents from the most vulnerable districts of São Paulo's periphery to encourage participation of social service by giving cultural methodology. The execution unit – the State Secretary of Culture - is well organized and has a capacity to control the schedule efficiently to perform the operation systematically. According to the project coordinator, the most important success factor for the TC is to develop and maintain the active dialogue with young residents in order to understand the subtle needs in the area. Another key element is the collaboration with NGOs since the execution of program requires an extensive level of monitoring in which it is difficult to maintain the high quality service without the strong support from various levels of NGOs. In this regard, the selected NGOs have already started to dialogue with young residents and thus far the the perception of the young residents has been very positive.

Dona Francisca Hydroelectric Power Plant

Project

Amount: US\$273,513

Fund: JSF

Sector: Energy

Executing Agency: Private Sector Department (PRI) of IDB

IDB's Approval: November, 1999

Background

The Consortium Dona Francisca was awarded a 35-year concession (the "Concession") to construct and operate a 125 MW (installed nominal capacity) hydroelectric power plant on the Jacuí River, state

of Rio Grande do Sul, in the south of Brazil.' The project entails the construction of a Hydroelectric Power Plant on a dam measuring 50m height and 610m length that its reservoir will consist of 19-km2 total areas. The project will also consist of two Francis type Turbines (2 x 62.5 MW) to be used on the hydroelectric powerhouse, an energy transmission substation, and 2 kilometers of transmission lines.

Objective

The purpose of the proposed studies is to assess the technical and economic feasibility of the Dona Francisca Project, as well as the environmental and social viability. The consultant has a responsibility to conduct additional studies requested by the IDB for its due diligence with strong social and public externalities and to update and review technical studies. The main scopes are; a) Economic Review: Update and review any earlier economic analysis made by Eletrobras -the regional public energy distributor by reviewing the current schedule for construction works until commercial operation of the plant; b) Environmental and Social Review: (i) Summarize the relevant characteristics of the Project related to environmental and social aspects based upon a review of existing information and a site investigation, (ii) Evaluate the adequacy of the proposed Project environmental and social assessment, and present conclusions and recommendations associated with identified deficiencies or issues; c) Information Review:



Review of all relevant environmental project documents and information (e.g., project environmental impact assessments, environmental licenses and associated applications, concession contract, any other additional environmental studies, etc.); d) Site Reconnaissance: A site investigation will be performed consisting of visual observation of relevant areas directly and indirectly affected by the project, meetings with relevant individuals/entities associated with the Project to discuss the environmental and social issues and obtaining any additional information required.

Outcome

This TC has achieved its objective, demonstrating a successful achievement of environmental specifications with a strong support from local community and state stakeholders such as FEPAM –(Environmental Regulatory Agency of the State of Rio Grande do Sul), CEEE (Electric Energy Company of the State of Rio Grande do Sul), and SEMA (Secretaria Especial do Meio Ambiente).

It was found that after the completion of the TC, the consulting firm, MBV, has been conducting very strong monitoring activities - joint inspection with FEDAM and CEEE, reviewing various aspects of environmental compliance and requirements including health and safety aspects. According to the Executive Director of MBV, the compliance status has been improving each year in which no serious issues were observed at this time.

The visibility of the project is high since the consulting firm played an active role in workshop or training programs, study tours, and technical publications. An important aspect of the project is the dissemination of environmental issues to the local community which targets the local authorities as well as residents, workers, students and teachers. Since April, 1998, the issue developed effectively

through the “Environment Educational Program”. The detailed outcomes of the program follows:

- The Environmental Education Team presented the program to over 6,500 community people during 68 site visits.
- A total of over 2,500 students from schools located in 7 municipalities near Donna Francisca Hydroelectric Power Plant (HPP) attended the workshops and lectures given by Environment Education Team.
- Several workshops were performed to teachers of schools located in 7 municipals along the site.
- A total of 11 Secretaries from 7 municipalities participated in the workshops carried by the Environment Education Program.

The sustainability of the TC is positive since the TC done by MBV enhanced the awareness environmental issues among officers in other local state governments located along the hydroelectric power plant. The company confirmed that the rigorous IDB environment standards, including thorough inspection and monitoring, helped to develop the capacity building for the understanding of environment issues which had not been easy before the implementation of the TC.

Mathematical Model for the Upper and Middle Tietê River Basin, in the Metropolitan São Paulo Area

Amount: US\$750,000

Fund: JCF

Sector: Environment

Beneficiary Agency: Companhia de Tecnologia de Saneamento Ambiental (CETESB)

IDB's Approval: March, 2002

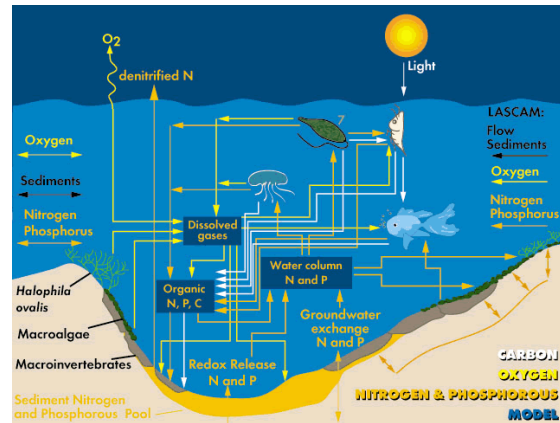
Background

Tietê River receives the majority of the wastewater generated by São Paulo Metropolitan Area and has

a very low dilution capacity. It is highly polluted due to untreated industrial effluence and sewerage. It supports no fish life, emits foul odors and serves as a sewerage dump. The city has done several actions to recover the environmental quality, mainly with IDB support (Tietê Phase I and II for US\$600 million). A simple mathematical model was used in both projects to define the percentage of organics and solids to be removed in the treatment plans. To decide the best investments of the future phase II, it is necessary to develop a more sophisticated mathematical model (qualitative and quantitative) for Upper and Medium Tietê Basins.

Objective

This TC has as its main objective to improve water resource management in the state of São Paulo, based on a hydrodynamic mathematical model of water quality in the Upper and Middle Tietê systems, with priority given to the Billings and Barra Bonita reservoirs, for the different conditions resulting from the operating rules currently in effect, and as a tool to aid in decision-making. In order to achieve the main objective, a mathematical model would be developed and preliminarily calibrated with existing data. The outcome would later be validated by simulating hydrological scenarios and situations characteristic of the locales. The project consists of the following main components: a) Selection of the model and design, including: (i) identification, analysis, and reconciliation of existing models; (ii) selection of the models to be used; and (iii) design of the structure; b) Preliminary calibration, encompassing: (i) assembly of the database, (ii) definition of the hydrological situations and load configurations; (iii) execution of this preliminary calibration; (iv) evaluation of the principal processes that affect water quality; (v) simulation and definition of scenarios and assembly of a database; c) Proposal for complementary studies for future refinement of the preliminary calibration of the model, including: (i) a



complementary survey of physical data; (ii) monitoring of hydraulic/hydrological data; (iii) intensive monitoring of water quality; d) Training in mathematical modeling, and publication of the results obtained including; (i) training in mathematical modeling of water quality in rivers and reservoirs; (ii) training in the use of the model and in use of the data bank and the interface for visualization of the results; and (iii) conduct of a workshop to demonstrate the model and its results to the scientific community and to those responsible for making decisions on water resources management in the ESP and other states that have similar problems.

Outcome

The execution of the TC has been well organized and orchestrated by CETESB, who maintains workload (time table), working with the designated consulting firms (NJS and COBRAPE) to monitor the progress of all activities. According to the project manager of COBRAPE, the selection of the model and design has already been completed. In addition, 75% of the preliminary calibration has been executed. The three first stages (settling the database, preparation of the input files and execution of the preliminary calibration) are in progress. The workload indicates that TC is expected to be completed by the end of the first quarter of 2005.

One of the key issues is how to sustain a good command of coordination between various stakeholders who are the main users of the model (see below list). Magalhães of SETESB mentioned that the coordination was not easy at the beginning stage, simply because of the lack of understanding about the project. However, due to the continuous communication efforts by presenting detail aspects of benefits of the project, this conflict was resolved. At this moment, the progress status of all participants is thoroughly monitored by SETESB to avoid any delay of implementing.

Another important aspect is the technical capacity at the executing agency. From the sustainability point of view, it is crucial to utilize the mathematical model effectively after the completion of the TC. The President of COBRAPE (consulting firm), stressed that the success of developmental impact of the TC relies on how effectively the model will be used in the long run since the model is a master plan of São Paulo State, which has a large potential to develop to other states as nationwide program. The winning Japanese consulting firm has already trained the Brazilian team about the load model. A project coordinator of the firm confirmed that technical capacity at CETESB is very high, receiving lots of active response with a great deal of interest for cutting-edge technology of the model, and it has a sufficient capability of understanding the 3D mathematical model. In order to help the Brazilian team to understand the modeling, a series of workshops are being conducted.

The visibility of the project is sound in that the TC contains key dissemination activities to promote the sophisticated tool (mathematical model) for the management of quantity and quality of water resources.

6.2. Paraguay

Development Program for Bahía de Asunción

Amount: US\$725,000

Fund: JSF

Sector: Urban Development

Executing Agency: Intendencia Municipal de Asunción (IMA), Ministerio de Obras Publicas y Comunicaciones (MOPC)

IDB's Approval: February, 1996

Background

Natural flooding by the Paraguay river inundates the Bañado Norte every year, severely affecting the people who live in this area. This natural phenomenon has intensified in recent years, in both frequency and unusual height of flood waters. In fact, unusually high flooding which normally occurs at 20-year Interval was recorded in 1983 and again in 1992.

In order to end the flooding problem once and for all, the IMA devised the Program for Developing and Constructing Coastal Embankment Protection for the Asunción Shorefront. As pointed out above, this program has primary objectives to improve the living standards of low-income groups living in the floodplains (Bañado Norte and Bañado Sur) along the Paraguay river, improve urban infrastructure and promote economic development of the shorefront area in Asunción by means of: (i) flood control projects; (ii) improved housing in the area by providing coceas to new housing and making improvements to existing units; (iii) environmental clean-up of the program area which is polluted with raw sewage, garbage and toxic waste, endangering the health of the area's inhabitants; and (iv) vocational and social development of the area's population through training programs, job retraining, and community participation projects.

Objective

The objective of this operation is to provide technical consulting services for execution of TC to carry out the feasibility studies for the first ("Bañado Norte") phase of the Program for Developing and Constructing Coastal Embankment Protection for the Asunción Shorefront (PR-0043).

The feasibility studies will make it possible to develop the technical, economic, financial, and institutional analyses for subsequent components of the program: (i) flood control works; (ii) basic urban infrastructure and housing; (iii) environmental protection and clean-up; and (iv) administrative and institutional organization of the program.

The preparation of the project's design and its implementation includes the following areas of activities:

(a) Flood control works. The following feasibility studies will be carried out: (i) feasibility of flood control, hydro morphology, and sedimentation; (ii) availability and feasibility of extraction of landfill material; (iii) feasibility of constructing a canal for the clean-up of Asunción Bay, and analysis of the environmental viability of interior lagoons; and (iv) alternative design for the flood control works (levees, jetties, and polders).

(b) Housing and basic urban infrastructure. The following feasibility studies will be carried out: (i) feasibility of resettlement project; (ii) feasibility of alternative solutions for provision of new minimum-cost housing units and improving existing units; (iii) feasibility of financing methods including an evaluation of the possibility of using the national housing subsidy program operated by CONAVI, according to the institutional framework of the program, its resources and the ability of poor families to pay; and (iv) physical design of the affected area, including urban plan for the

resettlement areas and an comprehensive land use plan.

(c) Environmental protection and clean-up. The following feasibility studies will be carried out. (i) feasibility of removing solid wastes from the program areas (the hazardous wastes must be removed under current international regulations and health standards); (ii) feasibility of cleaning up creeks that descend from Asunción and empty into the program area, in particular. Mburicao creek which carries hazardous waste (the clean-up must include plan for managing these creeks and preventing pollution caused by the industries situated along their banks); (iii) feasibility of installing storm sewers and analysis of alternatives for the disposal of domestic sewage according to current sartorial policies in Paraguay and programs for expansion of the sewerage system in the metropolitan areas of Asunción; (iv) plan for corrective measures to mitigate environmental damage during execution of the program; and (v) the study of the program's environmental impact.

Outcome

The TC achieved its objectives, providing strong frameworks of the Bank's strategy for Paraguay to improve quality of life for low-income groups, and promoting various environmental protection and conservation.

The result of consulting was successful with a solid quality of services which triggered an active involvement of various stakeholders with strong support such as executing agency, specialists, and local community members. The sustainability of the TC is secured since the result of the activities such as flood control works, basic urban infrastructure and housing feasibility studies established the fundamental structure for environmental protection activities with a positive influence to the future investment environment in the country.

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December 2, 2004

IDB APPROVES \$33 MILLION FOR NORTHERN CORRIDOR HIGHWAY PROGRAM IN BOLIVIA

Key project for the Peru-Brazil-Bolivia hub

The Inter-American Development Bank announced today the approval of a **\$33,148,000** loan to Bolivia for a program to improve the **Northern Corridor Highway** and to promote economic development in the northern region and its integration with the rest of the country.

This program is also considered **one of the key projects of the Peru-Brazil-Bolivia hub** of the Initiative for the Integration of Regional Infrastructure in South America (IIRSA)

Road improvement works will take place in the southern most segment of the highway connecting Rio Branco in Brazil with La Paz in accordance with Bolivia's 2000 Transport Master Plan.

The program will reduce the frequency of road closures and shorten travel times on the La Paz-Santa Barbara segment, and it will reduce the number of accidents. It will also reduce vehicle operating costs by guaranteeing permanent transit on the new road and its maintenance.

"Discussions among member countries of IIRSA signal that Bolivia is in a strategic position, given its privileged location at the center of the continent. The main physical regional integration routes necessarily pass through it," said IDB team leader Rafael Acevedo. "The Northern Corridor will provide interconnection between the state of Acre in Brazil and the departments of Pando in Bolivia and Madre de Dios in Peru, thereby opening up development prospects for a broad area in three countries."

Countries in the IIRSA group include Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela. The IDB supports this regional integration initiative together with the Andean Development Corporation and the Fondo Financiero para el Desarrollo de la Cuenca del Plata.

In addition to this operation, the IDB is conducting a **strategic environmental assessment** for the entire Northern Corridor with resources from **the Japan Special Fund** and the Fund for Special Operations. This study will provide strategic guidelines for development of the northern part of Bolivia and will identify priority investments needed to support the integration process.

IDB 40-year soft loan has a 10-year grace period with a 1 per cent interest rate during the first decade and 2 per cent thereafter. Local counterpart funds total \$8,287,000.

INFORMATION

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January 14, 2005

**IDB-SPONSORED SYSTEM OF RISK MANAGEMENT INDICATORS TO BE PRESENTED
AT INTERNATIONAL CONFERENCE ON NATURAL DISASTERS IN KOBE, JAPAN**

**New indices to help Latin America and the Caribbean better assess potential economic and social impacts of
catastrophes and manage risk more effectively**

An innovative system of risk management indicators sponsored by the Inter-American Development Bank will be presented next week at the World Conference on Disaster Reduction in Kobe, Japan.

The conference organized by the United Nations International Strategy for Disaster Reduction will take place Jan. 18-22. The meeting will seek to encourage countries to take actions on disaster prevention and mitigation to be able to achieve the U.N. Millennium Development Goals.

One of Latin America's leading experts on natural disasters, **Omar Darío Cardona**, will present the system of indicators at a session scheduled to start at 3 p.m. on Tuesday, Jan. 18, in the Kobe Portopia Hotel's Kitano Room. Cardona last year won the U.N. Sasakawa Award for Disaster Reduction.

With financial support from the IDB and **the Japan Special Fund**, Cardona led the group of experts from Latin America and Caribbean universities and research centers that designed a system of indicators that measures the potential impact of natural disasters in individual countries, their vulnerability to catastrophes and their capacity to manage such risks.

Unlike most existing risk indices, the new indicators can be easily interpreted by a wide range of decision-makers in different fields, rather than only by experts. The system, which draws on two decades of data from 12 nations* in Latin America and the Caribbean, also allows for comparisons between countries and their evolution over time.

Based on composite indicators, the system consists of four major measures:

- The **Disaster Deficit Index** gauges from a macroeconomic and financial standpoint the risks countries face due to possible catastrophes.
- The **Local Disaster Index** evaluates the social and environmental risks derived from the accumulated damage caused by recurrent, small-scale disasters than can undermine countries' potential to reduce poverty.
- The **Prevalent Vulnerability Index** surveys countries' exposure to human and economic losses, their socio-economic fragility and their capacity to absorb the impact and finance recovery from disasters.
- The **Risk Management Index** evaluates how well countries identify risks, what they do to reduce them, how they respond to and recover from disasters and what budget arrangements and financial protection they have in place to deal with the costs of catastrophic events.

** Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica, Mexico, Peru and Trinidad and Tobago.*

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January 27, 2005

LATIN AMERICAN AND CARIBBEAN COUNTRIES WEAK ON MANAGING NATURAL DISASTER RISKS, SAYS REPORT

New system of indicators for risk identification and reduction, response and recovery from catastrophes

Despite improvements made over the past two decades, Latin American and Caribbean countries still show low levels of effectiveness in managing risks of natural disasters, according to a report released at a recent international conference.

Omar Dario Cardona, a leading expert in natural disasters, presented the report *Indicators of Disaster Risk and Risk Management* at the World Conference on Disaster Reduction held Jan. 18-22 in Kobe, Japan. In his talk Cardona outlined a new [system of risk indicators](#) developed with financial support from the Inter-American Development Bank and [the Japan Special Fund](#).

One of the system's four main indices, the [Risk Management Index](#) (RMI), combines several measures to evaluate a country's capacity to identify and reduce risks of natural disasters as well as to respond to and recover from catastrophes.

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The RMI, like its three companion indicators, can be easily interpreted by a wide range of decision-makers, and not only by specialists in natural disasters. The goal of the system is to provide information to help countries prevent and mitigate disasters, as well as gauge their performance over time and relative to other nations.

The [Disaster Deficit Index](#) (DDI) considers from a macroeconomic standpoint the risks countries face due to possible disasters of different magnitude and probability, comparing them against their financial capacity to face up to such catastrophes. The index points up the budgetary implications of natural disasters and underscores the need to consider insuring public and private assets, establishing loss reserves, securing contingent credits and investing in prevention and mitigation.

The [Local Disaster Index](#) (LDI) evaluates the social and environmental risks stemming from recurrent small-scale disasters, looking at deaths tolls, numbers of affected people and damages to housing and crops. Unlike the DDI, this index takes into account events that often involve few victims and occur in remote areas, rarely attracting media coverage. However, the accumulation of losses caused by these recurrent disasters can hinder a country's development. The LDI can help guide decisions regarding land use, social safety nets and risk management at the local level.

The [Prevalent Vulnerability Index](#) (PVI) gauges a country's exposure to human and economic losses from natural disasters, its social and economic fragility and its capacity to absorb impacts and finance recovery. The three composite indicators that make up this index consider factors such as demographic growth, population density, poverty and unemployment levels, soil degradation caused by human action, social expenditures and insurance of infrastructure and housing.

IDB AMÉRICA

Magazine of the Inter-American Development Bank

*News about people
and ideas that are reshaping
Latin America and the Caribbean*

NEWSBEAT

The simpler, the better

Peru's tax reform program succeeds by making it easier for companies and individuals to pay

By Daniel Drosdoff

In a region famous for low levels of tax collection, Peru has dramatically increased tax revenues through a comprehensive program aimed at increasing efficiency and effectiveness.

With constant technological updating, personnel training, professional upgrading and a strong government commitment, the country has increased tax collections from around 6 percent of the gross domestic product in 1990 to 12 percent in 2002.



A SUNAT customer service center in Lima.

WILLIE HEINZ—IDB/AFID

The medium-term goal of the National Superintendency of Tax Administration (SUNAT) is to add two percentage points to the 2002 level of collection, raising it to 14 percent of the GDP. This level was briefly achieved in 1997, before a recession and a government decision to grant a series of tax exemptions to special groups.

Prior to the tax reforms of the 1990s, says Daniel Casella, an advisor to SUNAT, citizens carried a tax document “which didn't make clear whether or not they were paying.” Controls were “deficient” and “manual, unsupported by computer systems.”

The first phase of the reform focused on simplification, with 50 different taxes reduced to four. Employees were taxed at a flat rate, deducted by their employer, and banks were enlisted to help with collections.


“We concentrated on the largest taxpayers,” says Casella, referring to the 15,000 individuals and firms that account for more than 80 percent of Peru's taxes. The country has a total of 1.5 million taxpayers.

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The IDB supported the restructuring and modernization of Peru's tax system with financing of \$5 million in 1991, \$2.2 million in 1994 (from **the Japan Special Fund**), \$2.7 million in 1997 and \$8.86 million in 2003.

Date posted: April 2004

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May 11, 2004

Partnering Japan and Latin America

The IDB and the Japan Bank for International Cooperation (JBIC) hold a symposium in Tokyo.

Japan and Latin America and the Caribbean look to reinforce relationships when high-ranking officers from their public and private sectors meet at the *Japan – Latin America and the Caribbean Global Partnership* symposium this week in Tokyo.

The symposium aims to increase mutual knowledge and new forms of partnership at a time when Japan is exploring new global trade and investment opportunities, and Latin American is pursuing greater trade liberalization, regional integration and insertion into the global economy.

Latin American countries have been strengthening development partnerships in Asia as evidenced by last year's free trade agreement between Chile and Korea and between Mexico and Japan. There have also been enhanced cross-investment and increased trade relations between China and several countries in the region.

Latin America offers Japanese investors access to resources and markets that can support the growing needs of the Japanese economy. These opportunities include Latin America's wealth of natural resources; a young, trainable and low-cost labor force; appropriate macroeconomic and financial policies that promote a favorable foreign investment climate and market access; increasingly open economies committed to trade liberalization and regional integration initiatives; and democratic institutions that support participatory approaches for advancing sustainable development.

Jointly sponsored by the IDB and the Japan Bank for International Cooperation (JBIC), the symposium is the first of a series of events leading up to the IDB's Annual Meeting to be held in Okinawa in April 2005. Japan has been a non-borrowing member country of the Bank since 1976 and provides three Japan Trust Funds administered by the IDB.

"The IDB Group recognizes the great contribution that Japan has been making for many years, through allocating financial, technical and human resources, to advance the social and economic development of its member countries in Latin America and the Caribbean," stated Fausto Medina-López, deputy representative of the Bank's office in Japan.

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January 19, 2005

Measuring disaster risk, monitoring its management

A new set of disaster risk and risk management indicators supported by the IDB was presented at a World Conference on Disaster Reduction in Kobe, Japan.

One of Latin America's leading authorities on natural disasters, Omar Darío Cardona, led a group of experts from Latin America and the Caribbean in the development of a set of four indicators measuring the potential impact of natural disasters in 12 countries in the region, their vulnerability to catastrophes and their capacity to manage such risks.

The new indicators, developed with the help of IDB financing, are meant to be a tool for decision-makers in charge of policies throughout the region. The set of indicators relies on two decades of data from Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica, Mexico, Peru, and Trinidad and Tobago.

The indicators can help monitor the evolution of each country's risk management capacity over time. They also allow for comparisons between countries, and they should help steer financial, economic, environmental and social policies. The indicators can be used not only at country level, but adapt to the requirements of provinces, states, regions, cities and municipalities as well.

The system consists of four major indices:

Country	Risk Identification	Risk Reduction	Disaster Management	Financial Protection	Total
Chile	50	40	60	20	170
Costa Rica	50	40	40	30	160
Jamaica	50	30	40	30	150
Mexico	50	30	40	30	150
Colombia	50	30	40	20	140
Peru	50	30	40	20	140
Guatemala	30	20	40	30	120
El Salvador	30	20	40	30	120
Argentina	40	30	40	20	130
Ecuador	30	20	40	10	100
Dominican Rep.	10	20	20	10	60

The [Disaster Deficit Index](#) estimates the macroeconomic and financial exposure of countries in front of major natural disasters.

The [Local Disaster Index](#) evaluates regularity in magnitude and distribution of effects of small-scale natural disasters in terms of number of deaths, people affected and concentration of losses.

The [Prevalent Vulnerability Index](#) surveys demographic exposure, socio-economic fragility, and the weakness of institutions and infrastructure.

The [Risk Management Index](#) evaluates how well countries identify risks, what they do to reduce them, how they respond to disasters and what budgetary and financial protection they have arranged.

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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Acquisition of Building Materials for Housing damaged by Hurricane Gilbert and Institutional Strengthening for Rehabilitation Efforts	Jamaica	Other	12/14/1988	5,000,000
TOTAL (CY1988)			1	5,000,000
Coastal Conservation Preinvestment Project	Barbados	Other	7/12/1989	1,100,000
Municipal, Departmental and Regional projects data bank	Colombia	Modernization of the State	8/16/1989	1,000,000
Management and Conservation of the Bao River Basin	Dominican Rep	Infrastructure	11/15/1989	772,000
Emergency Social Fund Program - Second Stage -	Bolivia	Other	11/29/1989	3,860,000
Decentralization and Regionalization of the Public Health Care System	Haiti	Social	12/13/1989	2,540,000
Agriculture Roads Program -TC-	Haiti	Infrastructure	12/20/1989	850,000
Preparation of Architectural Drawing for the New Pasteur Hospital	Uruguay	Social	12/20/1989	2,200,000
TOTAL (CY1989)			7	12,322,000
TC for the Financing of Basic Studies on the Environmental Impact of the Guerreto-Oaxaca Forestry Development Project	Mexico	Environment	4/25/1990	450,000
Marine Cargo Terminal at Clifton Point, New Province	Bahamas	Infrastructure	10/17/1990	2,000,000
Program to Improve Conditions for the Development of Trading Company in Latin America	Regional	Productive	10/31/1990	1,583,000
TOTAL (CY1990)			3	4,033,000
Feasibility Study and Designs for Health Sector Rationalization Program, Stage 1	Barbados	Social	1/9/1991	1,750,000
Georgetown Water and Sewerage Master Plan Study	Guyana	Environment	2/13/1991	1,800,000
Feasibility Study for the Health Sector Reform Program	T & T	Social	2/27/1991	2,200,000
Global Program of Portable Water and Sewerage	Bolivia	Environment	5/1/1991	5,072,117
Social Emergency Fund	Peru	Social	9/18/1991	4,000,000
Urban Rehabilitation Project Feasibility Study	Guyana	Infrastructure	10/9/1991	1,100,000
Feasibility and Final Design Studies for the Preparation of the Urban Sanitation Program	Costa Rica	Environment	10/9/1991	4,870,000
Preparation of a Long-Term Solid Waste Management Plan, Feasibility Studies and Final Design	Barbados	Environment	11/13/1991	1,555,000
TOTAL (CY1991)			8	22,347,117
Natural Resources Conservation	Costa Rica	Environment	2/19/1992	1,937,000
Road Rehabilitation and Improvement Program	Guyana	Infrastructure	3/18/1992	781,000
Preparation of the Port Antonio Sanitation Project : Feasibility and Designs	Jamaica	Environment	7/29/1992	1,700,000
Technical Cooperation for Agricultural Sector : Policies and Preparation	Nicaragua	Productive	8/5/1992	2,800,000
Strengthening of Economic Unit for Ministry of Finance	Bahamas	Modernization of the State	10/14/1992	351,375
TOTAL (CY1992)			5	7,569,375
Improvement of Revenue Collection Systems	Bahamas	Other	1/13/1993	1,500,000

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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Caribbean Pine Plantation and Resin Extraction Feasibility Study and Pilot Project	Colombia	Environment	2/24/1993	1,940,000
Institutional Strengthening of Tax Administration Service	Honduras	Other	3/17/1993	1,150,000
Environmental Planning Program	Ecuador	Social	5/12/1993	1,049,000
TC for the Organization of a Seminar on Environment Law and Policy in Latin America	Regional	Environment	5/12/1993	40,000
Over-The-Counter Securities Market Feasibility Study	Mexico	Modernization of the State	7/27/1993	148,500
Credit and Technical Cooperation for a Communal Banks Program to Benefit Rural Women Microentrepreneurs (TC)	Guatemala	Productive	9/3/1993	150,000
Credit and Technical Cooperation for a Communal Banks Program to Benefit Rural Women Microentrepreneurs (Small Project)	Guatemala	Productive	9/3/1993	500,000
Rehabilitation of Priority Project (Sanitation and Health Sector)	Peru	Environment	10/6/1993	1,000,000
Institutional Development of the Legislature	Peru	Modernization of the State	10/6/1993	2,700,000
Non-Traditional Export Promotion	Ecuador	Other	10/13/1993	800,000
National Network of Public Sector Investment Project Banks	Colombia	Modernization of the State	11/24/1993	1,100,000
Feasibility and Environmental Impact Studies for Export Corridors Project	Paraguay	Infrastructure	12/22/1993	989,000
TOTAL (CY1993)			13	13,066,500
Strengthening of Tax Administration	Guatemala	Modernization of the State	3/30/1994	977,000
Agricultural Diversification and Generation and Transfer of Technology	Paraguay	Productive	5/18/1994	1,500,000
Institutional Strengthening of the Ministry of Economic and Finance	Peru	Modernization of the State	5/24/1994	2,000,000
Preparation of a Feasibility Study for the Forestry Conservation and Management Project and Support for Pilot Agroforestry and Forest Protection Activities	Nicaragua	Productive	5/25/1994	745,000
Latin America Regional Conference on Issues in Public and Economic Development : The Experience of East Asia	Regional	Modernization of the State	6/1/1994	149,500
Strengthening of the General Administration - III stage	Uruguay	Other	6/15/1994	1,100,000
Pacific Coast Sustainable Development Program	Colombia	Environment	7/14/1994	532,000
Credit and Technical Cooperation for Microentrepreneurs in Belize, to be executed by the National Development Foundation of Belize Belize (TC)		Productive	7/18/1994	150,000
Credit and Technical Cooperation for Microentrepreneurs in Belize, to be executed by the National Development Foundation of Belize Belize (Small Project)		Productive	7/18/1994	500,000
Investment, Credit and Technical Assistance Program for Small Agricultural Producers to be Executed by the Fundacion Integral Campesia (TC)	Costa Rica	Productive	10/20/1994	105,000
Investment, Credit and Technical Assistance Program for Small Agricultural Producers to be Executed by the Fundacion Integral Campesia (Small Project)	Costa Rica	Productive	10/20/1994	500,000

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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Credit and Technical Assistance Program for Small Agricultural Producers and Rural Microentrepreneurs to be executed by the Asociacion Costarricense para Organizaciones de Desarrollo (TC)	Costa Rica	Productive	10/20/1994	125,000
Credit and Technical Assistance Program for Small Agricultural Producers and Rural Microentrepreneurs to be executed by the Asociacion Costarricense para Organizaciones de Desarrollo (Small Project)	Costa Rica	Productive	10/20/1994	500,000
Institutional Strengthening of the National Tax Administration (SUNAT)	Peru	Modernization of the State	11/9/1994	2,200,000
Feasibility Study for the Galapagos Environmental Management Program	Ecuador	Environment	11/11/1994	600,000
Feasibility Studies for Solid Waste Water Management	Bahamas	Environment	11/28/1994	600,000
TOTAL (CY1994)			16	12,283,500
Wayuu Irrigation and Economic Development Project	Colombia	Social	1/11/1995	285,000
Harnessing Asia Pacific Relationship for Strengthening the Civil Society in Latin America	Regional	Modernization of the State	3/14/1995	150,000
Credit and Technical Cooperation Program for Microentrepreneurs in Panama (TC)	Panama	Productive	5/4/1995	130,000
Credit and Technical Cooperation Program for Microentrepreneurs in Panama (Small Project)	Panama	Productive	5/4/1995	250,000
Project Chile, Phase 2	Chile	Infrastructure	5/18/1995	620,000
Technical Studies for the Northern Coastal Highway Improvement Project	Jamaica	Infrastructure	5/26/1995	500,000
Technical Cooperation for Subsector Irrigation Program	Peru	Productive	6/1/1995	750,000
National Rural Transportation Infrastructure Program	Peru	Infrastructure	6/27/1995	650,000
Community Based Marine Conservation Program in Brazil	Brazil	Environment	6/29/1995	550,000
Youth in Development	Regional	Other	7/12/1995	38,000
Studies for the Environment Program of the Guatemala Metropolitan Area-PAMG	Guatemala	Environment	8/24/1995	744,960
Technical Studies for Priority Trunk Road	T&T	Infrastructure	8/24/1995	680,000
Credit and Technical Assistance Program for Small Microentrepreneurs to be executed by " El Instituto de Promocion Uruguay Economico Social de Uruguay" (TC)		Productive	9/1/1995	100,000
Credit and Technical Assistance Program for Small Microentrepreneurs to be executed by " El Instituto de Promocion Uruguay Economico Social de Uruguay" (Small Project)		Productive	9/1/1995	500,000
Conference on "Policy Based Finance and Alternatives for Financial Market Development : Application of Lessons from East-Asia to Latin America"	Regional	Modernization of the State	9/28/1995	150,000
Preservation and Environment Protection of the National Park of Serra da Capivara	Brazil	Environment	10/4/1995	1,700,000
Technical Studies for the Electricity Sector Hybrid Program	Guyana	Infrastructure	11/6/1995	750,000
Technical Studies for the Preparation of a Program for the Economic and Social Improvement of Depressed Western Bolivia Mining Area	Bolivia	Social	12/19/1995	200,000
Family Island Infrastructure	Bahamas	Infrastructure	12/26/1995	600,000
TOTAL (CY1995)			19	9,347,960

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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Environmental Institutional Strengthening	Peru	Environment	1/17/1996	1,800,000
Institutional Strengthening of the Multisector Investment Bank (BMI)	El Salvador	Other	1/19/1996	340,000
El Valle de Anton Geothermal Field in Panama	Panama	Infrastructure	2/7/1996	1,400,000
Development Program for Bahía de Asunción	Paraguay	Infrastructure	2/23/1996	725,000
Youth from IDB member countries : Venezuela, in particular	Regional	Other	2/28/1996	58,337
Inter-American Institute for Social Development training program for opinion makers in Latin America and Caribbean	Regional	Social	4/10/1996	1,500,000
Technical Studies for First year Road & Bridge	Jamaica	Infrastructure	5/8/1996	750,000
Development of Economic and Trade Policies for Uruguay MERCOSUR Negotiations	Uruguay	Modernization of the State	5/21/1996	749,000
Establishment of a Network of Wildlife Sanctuaries	Brazil	Environment	5/30/1996	480,000
Training Agronomists in Sustainable Agriculture of the Humid Tropics	Regional	Social	6/12/1996	1,000,000
Conference on Development Thinking and Practice	Regional	Other	7/16/1996	400,000
Rimac River Watershed Management Program	Peru	Environment	8/1/1996	740,000
Preparation of the Alternative Development	Colombia	Social	8/5/1996	350,000
Bridge Rehabilitation and Replacement Program	Guyana	Infrastructure	8/28/1996	750,000
Forum on Modernization of the State and Strengthening of Civil Society	Regional	Modernization of the State	10/4/1996	150,000
Feasibility Study on Interoceanic Corridors	Chile	Infrastructure	10/17/1996	650,000
Designs of Berthing Facilities (Bridgetown Port Expansion Project)	Barbados	Infrastructure	10/23/1996	750,000
Decontamination of Critical Areas (ES-0074) : Design and feasibility studies	El Salvador	Environment	11/6/1996	749,698
Studies on Waste Water Treatment Plants for Pereira	Colombia	Environment	12/4/1996	750,000
Solid Waste Management Project	Belize	Environment	12/20/1996	566,720
TOTAL (CY1996)			20	14,658,755
Technical Studies for the Rio Grande de Tarcoles Watershed Management Program	Costa Rica	Environment	7/7/1997	748,770
Water Supply to the Metropolitan Zone of the Valley of Mexico	Mexico	Environment	8/1/1997	282,000
The Privatization of Solid Waste Management Service in San Pedro de Sula	Honduras	Environment	12/5/1997	500,000
Los Vilos -La Serena Toll Road-	Chile	Infrastructure	12/16/1997	123,200
TOTAL (CY1997)			4	1,653,970
Japanese Language Program	Regional	Social	1/9/1998	45,000
Tibitoc Water Treatment Facility	Colombia	Environment	1/14/1998	123,000
Miravalles 3 Geothermal Power Plant	Costa Rica	Infrastructure	1/14/1998	175,000
System of Inventory and Follow-up of Public Investment Projects	Dominican Rep	Infrastructure	3/9/1998	750,000
Regional Biodiversity Strategy for the Tropical Andes	Regional	Environment	3/9/1998	740,000
Urban Infrastructure Program in States with Tourism Potential	Venezuela	Infrastructure	4/22/1998	750,000
Wastewater treatment program for nine cities in the State of Chihuahua	Mexico	Environment	4/27/1998	746,641

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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Tegucigalpa Comprehensive Municipal Modernization Program	Honduras	Infrastructure	5/1/1998	742,500
San Pedro de Sula Comprehensive Municipal Modernization Program	Honduras	Infrastructure	5/1/1998	500,500
Water and Sanitation Program in Marginal Rural Areas	Mexico	Environment	5/8/1998	136,000
Secondary Education Program	T&T	Social	5/8/1998	750,000
Rosario-Victoria Bridge	Argentina	Infrastructure	5/11/1998	200,609
Program of Consolidation of Water and Sanitation Reform	Dominican Rep	Environment	5/13/1998	675,000
Lake Gatun Water Plant Project	Panama	Environment	6/3/1998	300,000
Air Transport Sector Reform	Guyana	Infrastructure	6/10/1998	300,000
Support Program for Civic Coexistence	Colombia	Modernization of the State	6/18/1998	700,000
Rodonorte Toll Road (Lot 5)	Brazil	Infrastructure	6/22/1998	100,000
Symposium on Financial and Business Cooperation between Latin America and Japan	Regional	Other	6/23/1998	740,000
Productive Infrastructure Development and Tenure Regularization in Rural Trinidad	T&T	Productive	6/29/1998	510,000
Design of the Safety and the Natural Resources Components of the Program to Reactivate the Productive Agrofood Sector of Guatemala	Guatemala	Productive	6/29/1998	100,000
Modernization and Reform for Primary Health Care: Province of Salta	Argentina	Social	6/29/1998	199,260
GIS-Based Planning Support System for Highway Planning and Management	Argentina	Infrastructure	7/9/1998	700,000
GIS-Based Decision Support System for Transportation Planning and Infrastructure Management	Bolivia	Infrastructure	7/9/1998	720,000
GIS-Based Decision Support System for Transportation Planning and Infrastructure Management	Chile	Infrastructure	7/9/1998	725,000
Rimichaca Riobamba Toll Road Project	Ecuador	Infrastructure	7/10/1998	100,000
Childcare Program for Children under Five Years Old through In-Home Nurseries -Wawa Wasi-	Peru	Social	7/14/1998	600,000
Sustainable Development Program of the Darian	Panama	Environment	7/29/1998	750,000
Bridge Rehabilitation Project Request for Additional Funding	Guyana	Infrastructure	7/31/1998	45,000
Socio-environmental pilot program in an area of extreme poverty	Colombia	Social	9/1/1998	350,000
Formulation of the National Environmental Strategy for Panama	Panama	Environment	9/14/1998	430,000
Modernization of the State-Owned Telecommunications Utility	Suriname	Infrastructure	9/17/1998	700,000
Caribbean Community	Regional	Modernization of the State	9/23/1998	975,000
Strategic Initiatives for Health Sector Reform	Nicaragua	Social	10/13/1998	481,400
Environmental Conservation in Tocantins	Brazil	Environment	10/14/1998	750,000
Eastern Development Program	Guatemala	Social	10/14/1998	1,000,000
Japanese Language Program	Regional	Other	10/16/1998	44,500
Support for Health Reform	Suriname	Social	11/4/1998	750,000

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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Support for Preparation of the Community Development Fund	Suriname	Social	12/10/1998	708,000
Instrument Development for Health System Reform in Panama	Panama	Social	12/18/1998	456,136
Castello-Raposo Toll Road Project	Brazil	Infrastructure	12/21/1998	65,849
Proposal on Maternal and Child Health Care for Indigenous Population in Mexico	Mexico	Social	12/22/1998	554,300
TOTAL (CY1998)			41	20,188,695
Social Indicators Integrated System (SIISE)	Ecuador	Social	1/20/1999	1,000,000
Studies in Support of Educational Reform in Nicaragua	Nicaragua	Social	1/21/1999	230,000
Social Infrastructure and Capacity Building Projects	Dominican Rep	Social	2/5/1999	749,500
Preparation of the Terms of Reference for the Azfural Geothermal Feasibility Study	Colombia	Infrastructure	2/12/1999	14,560
Street Children Awareness Campaign	Regional	Infrastructure	5/11/1999	77,000
Disaster Mitigation in Central America	Regional	Productive	6/9/1999	1,110,000
Feasibility Study for the Prediction and Amelioration of Socioeconomic Impacts of El Nino Southern Oscillation (ENSO) in L.A. and Caribbean	Regional	Environment	7/14/1999	998,000
Development of Financial Sector Restructuring Strategy and Instruments	Ecuador	Modernization of the State	8/1/1999	575,000
Financial Sector Adjustment Program	Peru	Modernization of the State	8/2/1999	534,100
Comprehensive EA Review towards Improved Environmental Management Capacity (1)	Regional	Environment	8/13/1999	400,000
Comprehensive EA Review towards Improved Environmental Management Capacity (2)	Regional	Environment	8/13/1999	140,000
Education Reform Phase 2	Guatemala	Social	8/30/1999	500,000
Support for Development of Renewable Energy Markets in Brazil	Brazil	Infrastructure	9/1/1999	898,950
Emergency attention to boys/girls and adolescents affected by hurricane Mitch in the city of Managua	Nicaragua	Social	9/16/1999	550,000
Water Supply and Sanitation of Cuenca	Ecuador	Environment	9/23/1999	750,000
Energia Norte Power Project	Brazil	Infrastructure	9/29/1999	285,000
Evaluation and Design of the Mahaica-Rosignol Road	Guyana	Infrastructure	10/12/1999	525,300
Secondary Education Improvement and Expansion	Brazil	Social	10/18/1999	750,000
Primary Education Support Project : Project Preparation and Master Plan Development	Jamaica	Social	10/25/1999	750,000
Dona Francisca Hydroelectric Power Plant Project	Brazil	Infrastructure	11/11/1999	273,513
Support to Secondary Education (1)	Dominican Rep	Social	11/30/1999	423,800
Regional Tourism Program Preparation for the Mundo Maya Organization(OMM)	Regional	Social	12/1/1999	791,600
TOTAL (CY1999)			22	12,326,323
Japanese Language Program	Regional	Social	2/3/2000	39,690
Consolidation of the Institutional and Regulatory Framework for Sustainable Energy-Efficiency Services for the Industrial Sector	Peru	Infrastructure	2/22/2000	750,000
La Chorrera Power Plant, Panama	Panama	Infrastructure	3/2/2000	340,075
Preparation of Municipal Infrastructure and Reform Program for Panama City	Panama	Infrastructure	3/30/2000	432,500

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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Sustainable Use of Tropical Forest in Acre	Brazil	Environment	5/17/2000	750,000
Program for the Reduction of Family Violence	Peru	Social	5/17/2000	400,000
Preparation of Investment Project in Basic Education in Suriname	Suriname	Social	5/24/2000	150,000
GIS Strengthening to Support Regional Transportation Studies and Highway Planning and Privatization	Peru	Infrastructure	5/26/2000	750,000
Education Innovations in the Independencia District	Peru	Social	6/19/2000	504,144
Procedures for Atraumatic Resrative Treatment (PRAT)	Regional	Social	6/28/2000	870,200
Education and Know-how in Panama	Panama	Infrastructure	7/20/2000	190,000
Design of Social Protection Program	Colombia	Social	7/20/2000	545,410
Integrated Water Resources Planning and Management in Paraiba	Brazil	Environment	7/21/2000	745,000
Local Government Training Program	Honduras	Social	7/26/2000	750,000
Sewerage Master Plan for Quetzaltenango	Guatemala	Environment	7/31/2000	595,000
Solid Waste Management and Disposal in the Coffee Belt Region of Colombia	Colombia	Environment	8/2/2000	740,000
Tools for AIDS Prevention and Disease Management/Treatment	Jamaica	Social	8/18/2000	338,325
EDE Sur and EDE Norte Project	Dominican Republic	Infrastructure	10/2/2000	450,000
Sustainable Development Strategy of the Panama Canal Watershed	Panama	Environment	11/1/2000	1,000,000
National Land Use Planning Strategy	Honduras	Environment	11/13/2000	652,000
Santiago-Valparaiso-Vina del Mar Toll Road Project	Chile	Infrastructure	12/19/2000	554,590
TOTAL (CY2000)			21	11,546,934
Capital Expenditures for Rural Electricity Distribution	Guatemala	Infrastructure	1/3/2001	750,000
Technical Assistance for the Launch of the Seguro Materno - Infantil - SMI	Peru	Social	1/24/2001	429,000
Rural Roads Rehabilitation and Maintenance Pilot Program	Ecuador	Infrastructure	1/31/2001	750,000
Implementation of National Public Investment System	Peru	Modernization of the State	3/2/2001	750,000
Integrated Management of the Patos Lagoon Estuary	Brazil	Environment	3/9/2001	750,000
Environmental Strategy	Nicaragua	Environment	3/14/2001	650,000
Sustainable Urban Transportation System in Parana	Brazil	Infrastructure	3/28/2001	750,000
Reforming Technical Education in Upper Primary and Secondary School	Honduras	Social	5/11/2001	448,400
Support to the Infrastructure Fund in Argentina	Argentina	Other	6/1/2001	750,000
Sustainable Cultivation and Harvesting of the Sempre-Vivas Flower Species in Brazil	Brazil	Productive	6/19/2001	149,000
Program to Support the modernization of Secondary Education and Teacher Training	Uruguay	Social	7/6/2001	597,000
Support for an Indigenous Bilingual and Intercultural Basic Education Pedagogy Bachelor's Program	Colombia	Social	7/20/2001	739,505
Spatial Information System for National Infrastructure Management and Planing	Uruguay	Infrastructure	7/27/2001	750,000
Reform of Drug Treatment Center	Colombia	Social	8/1/2001	322,500

Annex II
JSF Projects Approved by the Bank
(CY1988-2004)

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Design of a Sustainable Development program for the Lower Rio Lempa	El Salvador	Environment	8/20/2001	298,650
Model program for the Prevention, Detection and Treatment of Domestic Violence in the Health and Early Childhood Education Sectors	Colombia	Social	8/27/2001	748,000
Sustainable Development Strategy for Bocas del Toro Province	Panama	Environment	9/10/2001	450,000
Support to Housing Policy for Low-Income Population	Dominican Rep	Social	9/28/2001	746,820
Coastal Resource Management Program Phase II - Feasibility Studies -	Ecuador	Environment	10/30/2001	550,000
Support for the Implementation and Monitoring of the Reconstruction Program	El Salvador	Social	11/21/2001	750,000
Consultation and Project Design, Socioenvironmental Component of the Mesoamerican Biological Corridor	Regional	Environment	12/3/2001	745,000
Strengthening the Trinational System of the Program for Sustainable Development in the Upper Rio Lempa River	Regional	Environment	12/3/2001	700,000
Comprehensive Project for at Risk Infants and Adolescents of the Uruguayan Family	Uruguay	Social	12/17/2001	500,000
TOTAL (CY2001)			23	14,073,875
Support to the Preparation of Youth Development Program	Jamaica	Social	2/19/2002	403,000
Establishment of a Caribbean Regional Technical Assistance Center	Regional	Modernization of the State	2/28/2002	650,000
Urban Crime and Impunity in Colombia	Colombia	Modernization of the State	3/4/2002	350,400
San Pedro Sula Water and Sewerage Project	Honduras	Environment	3/15/2002	148,830
Institutional Development for Information Technology	Dominican Rep	Modernization of the State	5/8/2002	200,000
Mainstreaming Domestic and Social Violence Prevention into Primary Education Policy	Regional	Social	6/7/2002	750,000
Science and Technology Program : Program Preparation	Peru	Infrastructure	6/12/2002	620,000
Program to Combat Desertification in Brazil and Neighboring Countries	Regional	Environment	6/12/2002	1,000,000
Information and Indicators Program for Disaster Risk Management (1)	Regional	Environment	6/12/2002	795,000
Information and Indicators Program for Disaster Risk Management (2)	Regional	Environment	6/12/2002	505,000
Developing a National Sustainable Market for Clean Rural Energy Services	El Salvador	Infrastructure	6/24/2002	750,000
Girl's Education in Latin America	Regional	Social	7/15/2002	600,000
Corporate Restructuring of ISSSTE	Mexico	Social	8/12/2002	750,000
Design of Low-Income Housing Program	Nicaragua	Social	9/20/2002	327,550
Design and Formulation of the Country Environmental Strategy for Sustainable Development in ES	El Salvador	Environment	10/24/2002	348,700
Design and Implementation of the Strategic Plan for the National Program for Microenterprise Financing	Mexico	Productive	11/15/2002	600,000
Support for the preparation of the Integrated program for Citizens Security	Guatemala	Modernization of the State	11/19/2002	380,000
TOTAL (CY2002)			17	9,178,480

Annex II
JSF Projects Approved by the Bank
(CY1988-2004)

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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Support for Coordination between the Special Indigenous Judicial System and the National Judicial System	Colombia	Social	1/22/2003	650,000
Developing a Coordinated Water Action Plan for Latin America and the Caribbean	Regional	Environment	2/13/2003	600,000
Modernization of Expenditure and Taxation and Investment Fund for Growth and Competitiveness	Costa Rica	Modernization of the State	4/18/2003	325,000
National Strategy for Environmental Management	Costa Rica	Environment	4/21/2003	470,000
Slum Upgrading Program	Costa Rica	Social	5/29/2003	500,000
Support for the Program of Culture and Citizenship for Social Inclusion	Brazil	Social	6/5/2003	450,080
Support for the Preparation of Mundo Maya Program	Regional	Infrastructure	6/6/2003	750,000
Sustainable Development of the Huetar Atlantica Region	Costa Rica	Environment	7/7/2003	600,000
Analysis of the Social Strategy	Mexico	Social	8/7/2003	377,000
Analisis of Housing market and Initial Development of Financing Mechanisms for Low-income Households	Colombia	Infrastructure	10/1/2003	390,574
Integrity Indexes for Public Institutions	Colombia	Modernization of the State	11/7/2003	600,000
Strategic Environmental Assessment Evaluation of the Northern Corridor of Bolivia from La Paz to Guayaramerin	Bolivia	Infrastructure	11/26/2003	750,000
Support for the Preparation of the Citizens Security Program	Nicaragua	Modernization of the State	12/12/2003	300,000
TOTAL (CY2003)			13	6,762,654
Caribbean Education Sector HIV/AIDS Response Capacity Building Program	Regional	Social	2/11/2004	565,000
Support for a Social Rental Housing Program	Brazil	Infrastructure	4/1/2004	465,000
Symposium on Strengthening Business Relations Between Latin America and Japan	Regional	Productive	4/22/2004	230,000
Technical Cooperation for the Privatization of four international airports	Honduras	Infrastructure	5/11/2004	123,000
Strengthening the Territorial Public Investment System	Dominican Rep	Social	5/14/2004	452,813
Enhancing Ecuador's Demographic and Mother-Child Health Information	Ecuador	Social	6/22/2004	270,000
TOTAL (CY2004)			6	2,105,813
TOTAL			239	178,464,951

Annex III
JPO Projects Approved by the Bank
(CY2001-2004)

JPO Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Social Indicators for the Monitoring of Poverty Alleviation	Mexico	Social	5/22/2001	569,000
National System for Monitoring Poverty Indicators (SINASIP)	Honduras	Social	7/5/2001	150,000
Support of a Social Reform Program	Colombia	Social	8/8/2001	227,575
Program to Elaborate a Poverty Reduction Strategy for the Dominican Republic	Dominican Rep	Social	9/4/2001	610,400
Preparation of the Poverty Reduction Strategy	Guatemala	Social	9/12/2001	750,000
Reorganization of Health Services Networks in Colombia	Colombia	Social	10/1/2001	209,000
TOTAL (CY2001)			6	2,515,975
Development of Organization of Older Adults	Regional	Social	1/28/2002	750,000
Support the Population of Active and Disabled Lobster Divers in the Honduran Moskitia	Honduras	Social	7/12/2002	350,000
Management of Environmental Risk in Low Income Human Resettlement in Central America's Urban Areas	Regional	Environment	8/19/2002	210,000
Support for the Preparation of a Vulnerable Neighborhood Intervention Program	Chile	Social	10/7/2002	745,000
Women in Rural Area	Mexico	Social	11/20/2002	749,000
Design of a Subsidy Program for the Water and Sanitation Sector	Colombia	Environment	12/18/2002	191,000
Strengthening Civil Society Organization Networks through Information Technology	Chile	Modernization of the State	12/20/2002	500,000
TOTAL (CY2002)			7	3,495,000
Support to the Design and Implementation of the Sector Program of Fiscal and Social Reform	Peru	Social	3/20/2003	748,000
Instruments and Methodologies for Targeting Children, Adolescents and Women who Depends on the Streets and Garbage Dumps for their Survival	Honduras	Social	7/10/2003	625,000
Support the Upgrading and Completion of the Poverty Elimination Strategy and Action Plan in Belize	Belize	Social	8/8/2003	300,000
Accelerating Rural Energy Coverage in Panama	Panama	Infrastructure	9/30/2003	400,000
Regional Ethno-Tourism Project Targeting Areas of Extreme Poverty in Central America	Regional	Infrastructure	12/16/2003	750,000
TOTAL (CY2003)			5	2,823,000
TOTAL			18	8,833,975

Annex IV
JCF Projects Approved by the Bank
(CY1995-2004)

JCF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Support in the Preparation of a National GIS System Project	Bahamas	Environment	10/28/1996	40,000
TOTAL (CY1996)			1	40,000
Technical Cooperation for the Donor Coordination Unit	Bolivia	Other	4/14/1997	134,760
The Conference of the Challenge for the Industry of technological change and innovation	Chile	Other	4/18/1997	6,000
The Conference of the Development of Securities Markets in Emerging Markets: Obstacles and Reconditions for Success	Regional	Modernization of the State	9/30/1997	6,000
Development of National Geographical Information System	Bahamas	Other	11/5/1997	992,000
TOTAL (CY1997)			4	1,138,760
Ground Water Recharge Project for the Ecological Conservation Zone in Mexico City	Mexico	Environment	2/11/1998	960,000
Renewal Manizales City	Colombia	Infrastructure	4/1/1998	12,000
Adolescent Reproductive Health Education	Bahamas	Social	7/22/1998	1,240,800
Hiring of Consulting Services to Support the MIF Program	Regional	Other	11/11/1998	90,000
Business Plan for the City of Knowledge in Panama	Panama	Infrastructure	11/20/1998	750,000
TOTAL (CY1998)			5	3,052,800
Support for Developing a Sustainable Public Transit System in a Pilot City, Cuenca	Ecuador	Infrastructure	1/6/1999	750,000
Training Reform Transition	Haiti	Social	5/5/1999	750,000
Sustainable Municipal Forestry Management	Guatemala	Productive	9/7/1999	149,000
Decentralization and Effective Citizen Participation : Lessons Learned	Regional	Modernization of the State	11/8/1999	605,000
Design of Maternal and Child Health Insurance in Peru	Peru	Social	12/23/1999	150,000
TOTAL (CY1999)			5	2,404,000
Environmental Management and Water Quality Improvements in Coal Mining Operations in Santa Catarina	Brazil	Environment	1/19/2000	750,000
Feasibility Study for a Portable and Wastewater Treatment Facility on Caye Caulker	Belize	Environment	1/19/2000	195,250
Feasibility Studies of the Azufral Geothermal Field -Phase 1-	Colombia	Infrastructure	3/1/2000	1,500,000
Feasibility Studies of an Expansion of the Electricity Transmission Network	Ecuador	Infrastructure	10/3/2000	750,000
Pre-feasibility Study for Hydrological Works on the Puyang-Tumbes River	Regional	Infrastructure	10/4/2000	687,000
Promotion of Stock Exchange Transaction and Capital Market in Central America, Panama & Dominican Republic (MIF)	Regional	Modernization of the State	10/20/2000	120,000
SME Development through Entrepreneurship Enhancement	Regional	Productive	10/27/2000	355,000
TOTAL (CY2000)			7	4,357,250
Program for the Improvement of Surveys and the Measurement of Living Conditions in Guatemala	Guatemala	Social	2/6/2001	640,000

Annex IV
JCF Projects Approved by the Bank
(CY1995-2004)

JCF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Integration of INE and Cadastral Spatial Data Base to Support Rural Infrastructure Planning and Management	Uruguay	Infrastructure	10/4/2001	350,000
Developing a Sustainable Urban Transportation System for Arequipa	Peru	Infrastructure	10/17/2001	1,000,000
Plan for the Development of the Artisan Fishery Sector of the Vth Region of Chile	Chile	Productive	10/31/2001	200,000
Pilot Project for the Educational Connectivity Program and Preparation of an Expansion Strategy	Uruguay	Social	12/19/2001	748,200
TOTAL (CY2001)			5	2,938,200
Mathematical models for Billings and Barra Bonita Reservoirs and comprised Tiete River sketches within the state of Sao Paulo	Brazil	Environment	3/1/2002	750,000
Support to the Preparation of Information and Communication Technology Project	Guyana	Infrastructure	6/3/2002	400,000
Hydrologic Modeling and Pollution Control Study for the Cocepcion and San Vicente Bays	Chile	Environment	9/4/2002	1,200,000
Municipal Benchmarking System for Central America	Regional	Infrastructure	9/13/2002	640,000
Technical Assistance for the Preparation and Implementation of the Information and Communication Technology Loan Project	Jamaica	Infrastructure	11/11/2002	400,000
TOTAL (CY2002)			5	3,390,000
Urban Transportation Planning in La Paz	Bolivia	Infrastructure	1/13/2003	750,000
Policy Studies and Environmental Management for Groundwater in Asuncion Metropolitan Area	Paraguay	Environment	2/24/2003	750,000
Review and Modernization of the Drainage Master Plan for the Urban Area of La Paz	Bolivia	Environment	12/9/2003	750,000
TOTAL (CY2003)			3	2,250,000
Design of the Wastewater Interception, Treatment and Disposal System for Panama City	Panama	Environment	4/21/2004	1,500,000
Regional Transportation Planning Information System	Brazil	Infrastructure	8/9/2004	750,000
Support the Water Resources Management in El Salvador	El Salvador	Environment	9/17/2004	600,000
TOTAL (CY2004)			3	2,850,000
TOTAL			38	22,421,010

Annex V
JSF Projects with Bank Approval by Country

(Thousand of US Dollars)

Country	1988-1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total	%
Group A	599	2,250	480	282	4,203	2,207	1,495	2,968	2,099	827	465	17,875	9.5%
Argentina					1,100			750				1,850	1.0%
Brazil		2,250	480		916	2,207	1,495	1,649		450	465	9,912	5.3%
Mexico	599			282	1,437				569	2,099	377	5,363	2.9%
Venezuela					750							750	0.4%
Group B	16,472	2,305	4,290	123	2,498	549	4,244	3,426	2,406	2,389	-	38,702	20.7%
Chile		620	650	123	725		555		1,245			3,918	2.1%
Colombia	4,572	285	1,100		1,173	15	1,285	2,247	541	1,641		12,859	6.9%
Peru	11,900	1,400	2,540		600	534	2,404	1,179	620	748		21,925	11.7%
Group C	29,093	2,760	3,649	749	5,529	750	2,451	2,297	403	2,295	-	49,976	26.7%
Bahamas	4,451	600										5,051	2.7%
Barbados	4,405		750									5,155	2.8%
Costa Rica	8,037			749	175					1,895		10,856	5.8%
Jamaica	6,700	500	750			750	338		403			9,441	5.0%
Panama		380	1,400		1,936		1,963	450		400		6,529	3.5%
Suriname					2,158		150					2,308	1.2%
T & T	2,200	680			1,260							4,140	2.2%
Uruguay	3,300	600	749					1,847				6,496	3.5%
Group D	28,685	1,695	3,132	500	5,414	5,303	2,447	6,454	2,506	1,975	846	58,957	31.5%
Belize	650		567							300		1,517	0.8%
Bolivia	8,932	200			720					750		10,602	5.7%
Dom.Rep	772				1,425	1,173	450	1,357	200		453	5,830	3.1%
Ecuador	2,449				100	2,325		1,300			270	6,444	3.4%
El Salvador			1,090					1,049	1,099			3,238	1.7%
Guatemala	1,627	745			1,100	500	595	1,500	380			6,447	3.4%
Guyana	3,681	750	750		345	525						6,051	3.2%
Haiti	3,390											3,390	1.8%
Honduras	1,150			500	1,243		1,402	598	499	625	123	6,140	3.3%
Nicaragua	3,545				481	780		650	328	300		6,084	3.2%
Paraguay	2,489		725									3,214	1.7%
Regional	1,773	338	3,108	-	2,544	3,517	910	1,445	5,260	2,100	795	21,790	11.6%
Total	76,622	9,348	14,659	1,654	20,188	12,326	11,547	16,590	12,674	9,586	2,106	187,300	100.0%

Annex VI
JCF Projects with Bank Approval by Country

(Thousand of US Dollars)

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total	%
Group A	-	-	-	960	-	750	-	750	-	750	3,210	12.3%
Argentina												
Brazil						750		750		750	2,250	8.6%
Mexico				960							960	3.7%
Venezuela												
Group B	-	-	6	12	150	1,500	1,200	1,200	-	-	4,068	15.6%
Chile			6				200	1,200			1,406	5.4%
Colombia				12		1,500					1,512	5.8%
Peru					150		1,000				1,150	4.4%
Group C	-	40	992	1,991	-	-	1,098	400	-	1,500	6,021	23.0%
Bahamas		40	992	1,241							2,273	8.7%
Barbados												
Costa Rica												
Jamaica								400			400	1.5%
Panama				750						1,500	2,250	8.6%
Suriname												
T & T												
Uruguay							1,098				1,098	4.2%
Group D	2	81	204	-	1,649	986	640	400	2,250	600	6,812	26.0%
Belize						195					195	0.7%
Bolivia			135						1,500		1,635	6.3%
Dom.Rep												
Ecuador					750	750					1,500	5.7%
El Salvador										600	600	2.3%
Guatemala	2	81	69		149		640				941	3.6%
Guyana								400			400	1.5%
Haiti					750						750	2.9%
Honduras						41					41	0.2%
Nicaragua												
Paraguay									750		750	2.9%
Regional	567	449	558	714	992	1,344	106	901	276	133	6,040	23.1%
Total	569	570	1,760	3,677	2,791	4,580	3,044	3,651	2,526	2,983	26,151	100.0%

Annex VII
JSF Auditor's Report and Financial Statements



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REPORT OF INDEPENDENT AUDITORS

To the Inter-American Development Bank,
Administrator of the Japan Special Fund
Established by the Government of Japan:

We have audited the accompanying balance sheet of the Japan Special Fund Established by the Government of Japan (the Fund), administered by the Inter-American Development Bank (the Bank), as of December 31, 2004, and the related statements of changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2004, and the changes in its fund balance and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Washington, D.C.
March 15, 2005

Annex VII
JSF Auditor's Report and Financial Statements

JAPAN SPECIAL FUND
ESTABLISHED BY THE GOVERNMENT OF JAPAN
(Administered by the Inter-American Development Bank)

BALANCE SHEET

	December 31, 2004
ASSETS	
Cash	\$ 909,381
Investments	90,911,206
Total assets	\$ 91,820,587
 LIABILITIES AND FUND BALANCE	
Due to Administrator	\$ 871,667
Undisbursed grants	24,332,364
Fund balance	66,616,556
Total liabilities and fund balance	\$ 91,820,587

STATEMENT OF CHANGES IN FUND BALANCE

	For the year ended December 31, 2004
ADDITIONS	
Contributions	\$ 2,613,119
Income on cash and investments	1,458,375
Total additions	4,071,494
 DEDUCTIONS	
Grants, net	3,557,160
Direct and indirect expenses	110,115
Administrative commissions	45,730
Total deductions	3,713,005
Change in Fund balance before translation adjustments	358,489
Translation adjustments	(23,508)
Change in Fund balance after translation adjustments	334,981
Fund balance, beginning of year	66,281,575
Fund balance, end of year	\$ 66,616,556

The accompanying notes are an integral part of these financial statements.

Annex VII
JSF Auditor's Report and Financial Statements

JAPAN SPECIAL FUND
ESTABLISHED BY THE GOVERNMENT OF JAPAN
(Administered by the Inter-American Development Bank)

STATEMENT OF CASH FLOWS

	<u>For the year ended</u> <u>December 31, 2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Fund balance before translation adjustments	\$ 358,489
Adjustments to reconcile Change in Fund balance before translation adjustments to Net cash used in operating activities:	
Net unrealized gains on investments	(815,639)
Increase in Due to Administrator	463,246
Decrease in Undisbursed grants	<u>(8,619,032)</u>
Net cash used in operating activities	<u>(8,612,936)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Net decrease in Investments	<u>8,028,489</u>
Net cash provided by investing activities	<u>8,028,489</u>
 Net decrease in Cash	 (584,447)
Cash, beginning of year	<u>1,493,828</u>
Cash, end of year	<u><u>\$ 909,381</u></u>
 Supplemental disclosure of noncash activities	
Increase resulting from exchange rate fluctuations:	
Undisbursed grants	\$ 23,508

The accompanying notes are an integral part of these financial statements.

Annex VII
JSF Auditor's Report and Financial Statements

JAPAN SPECIAL FUND
ESTABLISHED BY THE GOVERNMENT OF JAPAN
(Administered by the Inter-American Development Bank)

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE A - NATURE OF THE FUND

On April 26, 1988, the Government of Japan (the Government) and the Inter-American Development Bank (the Bank) signed an agreement (the Agreement) to establish the Japan Special Fund (the Fund), which is funded by the Government and administered by the Bank.

The purpose of the Fund is to provide grants to help developing member countries of the Bank accelerate the process of economic and social development.

Resources are contributed by the Government to the Fund in Japanese yen and are immediately converted into United States dollars. As of December 31, 2004, the Government has contributed ¥25,573,515,000 (equivalent to approximately \$211,146,576).

In 1998, the Bank approved the establishment of the Japan Program. The objectives of the Japan Program are to create opportunities for providing expertise, knowledge, and best practices of Asia to the countries of Latin America and the Caribbean and vice-versa, and to the Bank in the formulation of economic and social development strategies, priorities, and policies. The Japan Program also promotes partnerships and supports comparative studies between entities interested and involved in economic and social development in Latin America, the Caribbean and those in Japan and the rest of Asia, such as public agencies, universities, non-governmental organizations, and research institutes.

The Japan Program serves as an umbrella for activities funded in accordance with the above-mentioned objectives. In order to finance the Japan Program, a special window of the Fund was established in 1999, for which the amount of \$29.7 million was transferred from the Japan Special Main Account to cover approximately \$2.0 million per year in non-reimbursable grants.

In 2001, the Government approved the establishment of the Japan Poverty Reduction Program (JPO Program) under the framework of the Fund and set aside \$30 million for this purpose. The JPO Program was established in order to increase the focus of the Fund towards the financing of poverty reduction initiatives to support the Bank's initiatives in this respect.

The specific objectives of the JPO Program are to: (a) support well-targeted poverty reduction and social development activities that would have a direct impact on the population affected by poverty and those vulnerable

Annex VII
JSF Auditor's Report and Financial Statements

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groups that are socially and/or economically disadvantaged, (b) stimulate the capacity of the poor to help themselves; (c) stimulate widespread stakeholder participation at the community level, and (d) provide a systematic impact on operations and programs in the Bank's borrowing member countries towards sustainable poverty reduction. Pursuant to the agreement establishing the JPO Program, funding will be provided for grants approved over the period from 2001 to 2005.

The accompanying Appendix I presents separately the operations of the Japan Program and the JPO Program from the remaining operations of the Fund, which are reflected in the Japan Special Main Account.

Pursuant to the Agreement, as amended in 1991, the Bank is authorized to charge an administrative commission of 1.75% of funds contributed by the Government during each year. During 2004, administrative commissions were charged to the Fund in the amount of \$45,730.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund are prepared in conformity with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from the fund balance during the reporting period. Actual results could differ from these estimates.

Investments

Investments are carried and reported at fair value. Realized and unrealized gains and losses are included in Income on cash and investments in the Statement of Changes in Fund Balance.

Grants

Technical cooperation grants are recorded as deductions from the fund balance when approved. Cancellations of the undisbursed portion of grants approved are recorded as an offset to Grants in the period in which they occur.

Translation of currencies

The United States dollar is the functional currency of the Fund. Assets and liabilities denominated in Japanese yen, if any, are translated to United States dollars at market rates of exchange prevailing at the Balance Sheet date. The adjustments resulting from the translation of assets and liabilities into United States dollars are shown in the Statement of Changes in Fund Balance as Translation adjustments.

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Fair values of financial instruments

The following methods and assumptions were used in estimating the fair value of financial instruments:

Cash: The carrying amount reported in the Balance Sheet for cash approximates fair value.

Investments: Fair values for investments are based on quoted market prices, where available; otherwise they are based on quoted market prices of comparable instruments.

NOTE C - INVESTMENTS

The Bank invests the Fund's resources in the same type of securities in which it invests its own funds under its investment authority. The Fund's resources are invested in high quality securities through an investment pool managed by the Bank. Investments may include government, agency, corporate and bank obligations, including time deposits, and asset- and mortgage-backed securities with credit quality equivalent to ratings ranging from A+ to AAA.

The Bank limits the Fund's activities of investing in securities to a list of authorized dealers and counterparties. Credit limits have been established for each counterparty and the Bank, as the Administrator of the Fund, does not anticipate non-performance by any of its counterparties.

Net unrealized gains on investments, held at December 31, 2004, in the amount of \$815,639 were included in Income on cash and investments. The average return on investments, including realized and unrealized gains and losses, during 2004 was 1.51%.

NOTE D - UNDISBURSED GRANTS

The following is a summary of changes in Undisbursed grants for the year ended December 31, 2004:

Undisbursed grants as of January 1, 2004	\$ 32,927,889
Grants approved.	3,861,782
Cancellations.	<u>(304,622)</u>
Grants, net.	3,557,160
Disbursements.	(12,176,193)
Translation adjustments.	<u>23,508</u>
Undisbursed grants as of December 31, 2004	<u>\$ 24,332,364</u>

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NOTE E – CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. At December 31, 2004, the Fund had cash in a Japanese financial institution with operations in the United States of \$909,381. The Bank, as the Administrator of the Fund, does not anticipate nonperformance by any of its counterparties. The amount of credit risk shown, therefore, does not represent expected losses.

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Appendix I

JAPAN SPECIAL FUND
ESTABLISHED BY THE GOVERNMENT OF JAPAN
(Administered by the Inter-American Development Bank)

SUPPLEMENTARY BALANCE SHEET BY PROGRAM

	December 31, 2004			
	Japan Special Main Account	Japan Program	Poverty Reduction Program	Total
ASSETS				
Cash	\$ 299,805	\$ 362,698	\$ 246,878	\$ 909,381
Investments	37,887,668	25,757,442	27,266,096	90,911,206
Total assets	<u>\$ 38,187,473</u>	<u>\$ 26,120,140</u>	<u>\$ 27,512,974</u>	<u>\$ 91,820,587</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to Administrator	\$ 612,692	\$ 262,978	\$ (4,003)	\$ 871,667
Undisbursed grants	15,986,191	4,174,209	4,171,965	24,332,364
	16,598,883	4,437,187	4,167,962	25,204,031
Fund balance	<u>21,588,590</u>	<u>21,682,954</u>	<u>23,345,012</u>	<u>66,616,556</u>
Total liabilities and fund balance	<u>\$ 38,187,473</u>	<u>\$ 26,120,140</u>	<u>\$ 27,512,974</u>	<u>\$ 91,820,587</u>

SUPPLEMENTARY STATEMENT OF CHANGES
IN FUND BALANCE BY PROGRAM

	For the year ended December 31, 2004			
	Japan Special Main Account	Japan Program	Poverty Reduction Program	Total
ADDITIONS				
Contributions	\$ 2,613,119	\$ -	\$ -	\$ 2,613,119
Income on cash and investments	634,650	401,493	422,232	1,458,375
Total additions	<u>3,247,769</u>	<u>401,493</u>	<u>422,232</u>	<u>4,071,494</u>
DEDUCTIONS				
Grants, net	1,960,191	1,618,663	(21,694)	3,557,160
Direct and indirect expenses	110,115	-	-	110,115
Administrative commissions	45,730	-	-	45,730
Total deductions	<u>2,116,035</u>	<u>1,618,663</u>	<u>(21,694)</u>	<u>3,713,005</u>
Change in Fund balance before translation adjustments	1,131,734	(1,217,170)	443,926	358,489
Translation adjustments	(23,508)	-	-	(23,508)
Change in Fund balance after translation adjustments	1,108,226	(1,217,170)	443,926	334,981
Fund balance, beginning of year	20,480,364	22,900,124	22,901,087	66,281,575
Fund balance, end of year	<u>\$ 21,588,590</u>	<u>\$ 21,682,954</u>	<u>\$ 23,345,012</u>	<u>\$ 66,616,556</u>

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JCF Auditors Report and Financial Statements



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REPORT OF INDEPENDENT AUDITORS

To the Inter-American Development Bank,
Administrator of the Japanese Consultants Fund
Established by the Government of Japan:

We have audited the accompanying balance sheet of the Japanese Consultants Fund Established by the Government of Japan (the Fund), administered by the Inter-American Development Bank (the Bank), as of December 31, 2004, and the related statements of changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2004, and the changes in its fund balance and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Washington, D.C.
March 15, 2005

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JAPANESE CONSULTANTS FUND
ESTABLISHED BY THE GOVERNMENT OF JAPAN
(Administered by the Inter-American Development Bank)

BALANCE SHEET

	December 31, 2004
ASSETS	
Cash	\$ 281,979
Investments	14,691,729
Total assets	\$ 14,973,708
 LIABILITIES AND FUND BALANCE	
Due to Administrator	\$ 977
Undisbursed grants	7,664,268
Fund balance	7,308,463
Total liabilities and fund balance	\$ 14,973,708

STATEMENT OF CHANGES IN FUND BALANCE

	For the year ended December 31, 2004
ADDITIONS	
Contributions	\$ 2,112,880
Income on cash and investments	234,374
Total additions	2,347,254
 DEDUCTIONS	
Grants, net	2,966,221
Administrative commissions	42,258
Accountant fees	9,700
Total deductions	3,018,179
Change in Fund balance	(670,925)
Fund balance, beginning of year	7,979,388
Fund balance, end of year	\$ 7,308,463

The accompanying notes are an integral part of these financial statements.

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JAPANESE CONSULTANTS FUND
ESTABLISHED BY THE GOVERNMENT OF JAPAN
(Administered by the Inter-American Development Bank)

STATEMENT OF CASH FLOWS

	<u>For the year ended December 31, 2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Fund balance	\$ (670,925)
Adjustments to reconcile Change in Fund balance to Net cash provided by operating activities:	
Net unrealized gains on investments	(128,334)
Decrease in Due to Administrator	(23,619)
Increase in Undisbursed grants	<u>888,245</u>
Net cash provided by operating activities	<u>65,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net increase in Investments	<u>(81,754)</u>
Net cash used in investing activities	<u>(81,754)</u>
Net decrease in Cash	(16,387)
Cash, beginning of year	<u>298,366</u>
Cash, end of year	<u>\$ 281,979</u>

The accompanying notes are an integral part of these financial statements.

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**JAPANESE CONSULTANTS FUND
ESTABLISHED BY THE GOVERNMENT OF JAPAN**
(Administered by the Inter-American Development Bank)

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE A - NATURE OF THE FUND

On February 15, 1995, the Government of Japan (the Government) and the Inter-American Development Bank (the Bank) signed an agreement (the Agreement) to establish the Japanese Consultants Fund (the Fund), which is funded by the Government and administered by the Bank.

The purpose of the Fund is to finance: (i) the fees and related travel expenses of individual Japanese consultants performing medium-term assignments (up to one year, with a possibility of further extension) in support of the Bank's activities; and (ii) the professional fees and related travel expenses for short-term consulting services performed at Bank headquarters or in the Bank's borrowing member countries by Japanese nationals, acting as individual consultants, or on behalf of specialized institutions and consulting firms (all such consulting services referred to collectively as the Consultancy Services).

Resources are contributed by the Government to the Fund in Japanese yen and are immediately converted into United States dollars. As of December 31, 2004, the Government has contributed ¥3,488,388,000 (equivalent to approximately \$30,263,798).

Pursuant to the Agreement, the Bank is authorized to charge an administrative commission of 2% of funds contributed by the Government during each year. During 2004, administrative commissions were charged to the Fund in the amount of \$42,258.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund are prepared in conformity with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from the fund balance during the reporting period. Actual results could differ from these estimates.

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Investments

Investments are carried and reported at fair value. Realized and unrealized gains and losses are included in Income on cash and investments in the Statement of Changes in Fund Balance.

Grants

Technical cooperation grants are recorded as deductions from the fund balance when approved. Cancellations of the undisbursed portion of grants approved are recorded as an offset to Grants in the period in which they occur.

Foreign currencies

The financial statements are expressed in United States dollars, which is the functional and reporting currency of the Fund.

Fair values of financial instruments

The following methods and assumptions were used in estimating the fair value of financial instruments:

Cash: The carrying amount reported in the Balance Sheet for cash approximates fair value.

Investments: Fair values for investments are based on quoted market prices, where available; otherwise they are based on quoted market prices of comparable instruments.

NOTE C – INVESTMENTS

The Bank invests the Fund's resources in the same type of securities in which it invests its own funds under its investment authority. The Fund's resources are invested in high quality securities through an investment pool managed by the Bank. Investments may include government, agency, corporate and bank obligations, including time deposits, and asset- and mortgage-backed securities with credit quality equivalent to ratings ranging from A+ to AAA.

The Bank limits the Fund's activities of investing to a list of authorized dealers and counterparties. Credit limits have been established for each counterparty and the Bank, as Administrator of the Fund, does not anticipate non-performance by any of its counterparties.

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Net unrealized gains on investments, held at December 31, 2004, in the amount of \$128,334 were included in Income on cash and investments. The average return on investments, including realized and unrealized gains and losses, during 2004 was 1.52%.

NOTE D - UNDISBURSED GRANTS

The following is a summary of changes in Undisbursed grants for the year ended December 31, 2004:

Undisbursed grants as of January 1, 2004.	\$ 6,776,023
Grants approved.	2,983,971
Cancellations.	<u>(17,750)</u>
Grants, net.	2,966,221
Disbursements.	<u>(2,077,976)</u>
Undisbursed grants as of December 31, 2004.	<u>\$ 7,664,268</u>

NOTE E - CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. At December 31, 2004, the Fund had cash in a Japanese financial institution with operations in Japan and in the United States of \$281,979. The Bank, as the Administrator of the Fund, does not anticipate nonperformance by any of its counterparties. The amount of credit risk shown, therefore, does not represent expected losses.



Inter-American Development Bank
Financial Support Services Subdepartment