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**A SECURE
INVESTMENT
DESTINATION
FOR INDIA INC.**

Founder Chairman
Late Shri R.K. Prasad

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Dear Reader,

Greetings. More and more Indian companies are showing interest in doing business with Latin America as they seek exposure to growing markets across the world. The reputed Wall Street Journal, quoting R. Viswanathan, India's Ambassador to Argentina, Uruguay and Paraguay, said that investment by Indian companies in Latin America has touched \$9 billion so far and some of them have begun to expand through mergers and acquisitions across the region. The cover story of the current issue of Indo-LAC Business carries a report on the lure of Latin America as a secure investment destination for Indian companies. We also highlight the importance of an up-coming summit on corporate governance at which the BRIC (Brazil, Russia, India and China) economies top the agenda. We present a report sharing the optimism expressed by Finance Minister Pranab Mukherjee, whose budget for 2010-11 projects 9.0 percent GDP growth for the Indian economy. In the Focus section, we present a study by the Inter-American Development Bank (IDB), estimating the cost of rebuilding the earthquake-devastated Haiti at a whopping \$14 billion. In a touching tribute to the courage and undaunted spirit of Jose Musica, a one-time guerrilla, who has now become the President of Uruguay, Ambassador Viswanathan says the democratic journey of the South African leader should be an eye-opener to the dogmatic Indian Maoist militants. We also carry a report on how the IDB is working closely with the governments and private sector companies of the Latin American and Caribbean region by providing them additional financing and policy advice in order to lessen the impact of the recent global financial crisis. The approvals of the Andean Development Corporation (CAF) went up by 17 percent to touch a record \$9.2 billion in 2009 despite the year being a difficult one due to the global economic crisis. We carry a report. We present a study by the Export-Import Bank of India (Exim Bank) on how the recession-hit leather industry is recovering. In another analytical study, the Exim Bank says that the Indian gem and jewellery exports have risen despite recessionary conditions in the major markets of the US and Europe. The decade 2010-20 belongs to Brazil, one of the fastest developing nations of the world. Brazil, the cradle of football, will be hosting the 2014 World Cup soccer. In 2016, Rio de Janeiro, an exciting Brazilian city, will be hosting the summer Olympic Games. Both events are expected to give a big boost to Brazilian tourism. We carry a feature. There is the regular Spanish section besides plenty of news and other features.

Wish you happy reading

A handwritten signature in blue ink, appearing to read 'Satya Swaroop'.

Satya Swaroop
Managing Editor
satya@newmediacomm.biz



The Lure of Latin America A Secure Investment Destination for India Inc.

More and more Indian companies are looking to do business in Latin America as they seek exposure to growing markets and a more secure investment destination, according to the Wall Street Journal.

Indian companies have invested around \$9 billion in Latin America during the last several years, the New York-based, leading US financial daily said citing R. Viswanathan, India's ambassador to Argentina, Uruguay and Paraguay, and "that number is just going to keep on growing".

As markets stabilized in the last few months of 2009, a series of Indian companies affirmed their plans to increase their exposure to Latin America, the Journal said.

Tata Consultancy Services Ltd., which already has sizable operations throughout the region, said in September that it was eyeing several acquisition targets.

And Tech Mahindra Ltd. Chief Executive Sanjay Kalra said at the World Economic Forum in Davos, Switzerland, his firm is "very interested" in mergers and acquisitions in Latin America.

Information-technology companies see plenty of opportunity in the region using service centres to tap local customers and also to serve clients in a slowly rebounding US economy, the Journal said.

Interest, however, has been picking up more aggressively on the commodities front, it said citing Ravi Bhagavan, partner at Galileo Global Advisors, a New York consultancy that has helped Indian companies to expand operations abroad.

The emphasis has been on becoming a serious player in Brazil, but "our feeling is that Indian companies



should be looking well beyond Brazil and look at places like Colombia and Chile", which many companies have tended to overlook, Bhagavan was quoted as saying.

The largest-ever investment by an Indian company in Latin America came in 2007 when Jindal Steel & Power Ltd. spent \$2.1 billion to develop an iron-ore mine in Bolivia. The next step in this trend is the agri-business

side, the Journal said citing market watchers.

Encouraging growth prospects are luring many of these South Asian corporations into Latin America. Pharmaceutical companies such as Dr. Reddy's Laboratories Ltd. and Ranbaxy Laboratories Ltd. both see rapid growth for their generic-drug portfolios in the region.

Indo-Brazilian Trade to Touch \$10bn

Speaking to reporters in the eastern city of Kolkata recently, Brazil's ambassador to India Marco Brandao said bilateral trade between India and Brazil would touch \$10 billion in the next three to four years.

"We hope to take the bilateral trade to \$10 billion mark in the coming three to four years from more than \$5 billion at present," Ambassador Brandao said at the press meet organized by the Indian Chamber of Commerce.

Commodities like sugar, biofuel and fertilizers are the most traded between the two countries.

Brandao said most of the investment from India is in the pharmaceutical sector. He, however, invited Indian companies to invest in the hospitality sector ahead of the World Cup in 2014 and Olympics in 2016 in Brazil.

Talking about the sugar sector, he said Indian sugar



companies are expanding in Brazil. "Indian sugar producer Shree Renuka entered Brazil last year," Brandao said.

Shree Renuka acquired Brazil's Vale Do Ivaí SA Açúcarcool at a cost of Rs.1,112 crore in November. This gave the Indian sugar maker ownership of eight sugar mills in Brazil with an aggregate crushing capacity of 35,000 tonne a day.



India-Mexico FTA Talks in May

Earlier, speaking in the same city, Ambassador of Mexico to India Jaime Nualart said his country will hold open talks for a full free trade agreement (FTA) in May.

"Negotiations for FTAs take time and we are at a preliminary stage. A high-level committee on economic and trade relations will meet with its Indian counterparts in May. FTA is one of the major issues to be discussed at the meeting in Mexico," he said on the sidelines of an interactive session organized by the Indian Chamber of Commerce.

This will be the second meeting on FTA with India. In 2007, Mexico signed two agreements with India a bilateral investment promotion and protection pact

and a memorandum of understanding to set up a high-level group (HLG) of top public officials and experts to look around for areas of synergy.

"We will also conduct a feasibility study to find out the pros and cons of the FTA with India," he said. According to Ambassador Nualart, Mexico is keen on foreign direct investment from India in the mining sector. "We seek Indian FDI in the mining sector in our country," he said.

A technical team from the Mexican industry ministry will be visiting India in March-April to make a presentation to prospective investors.

Bilateral trade between India and Mexico crossed \$2.95 billion in 2008 and is expected to touch \$5 billion by 2010.

NIIT to Give BPO Training to Colombians

Meanwhile, in a development that may bring more and more Latin Americans to India, the National Institute of Information Technology (NIIT), an IT training major in the country, is poised to help Colombians write professional mails, talk over telephone and conduct business in English.

"We will help them develop English soft skills. The aim is to improve their English proficiency to conduct business better," NIIT spokesman Prateek Chatterjee said in New Delhi recently.

Chatterjee said NIIT will help in bettering English soft skills like voice and accent training, professional e-mail writing, telephone etiquettes and other such fields.

The company has already signed an agreement with the government-run Servicio Nacional de Aprendizaje (SENA) in Bogota on this issue.

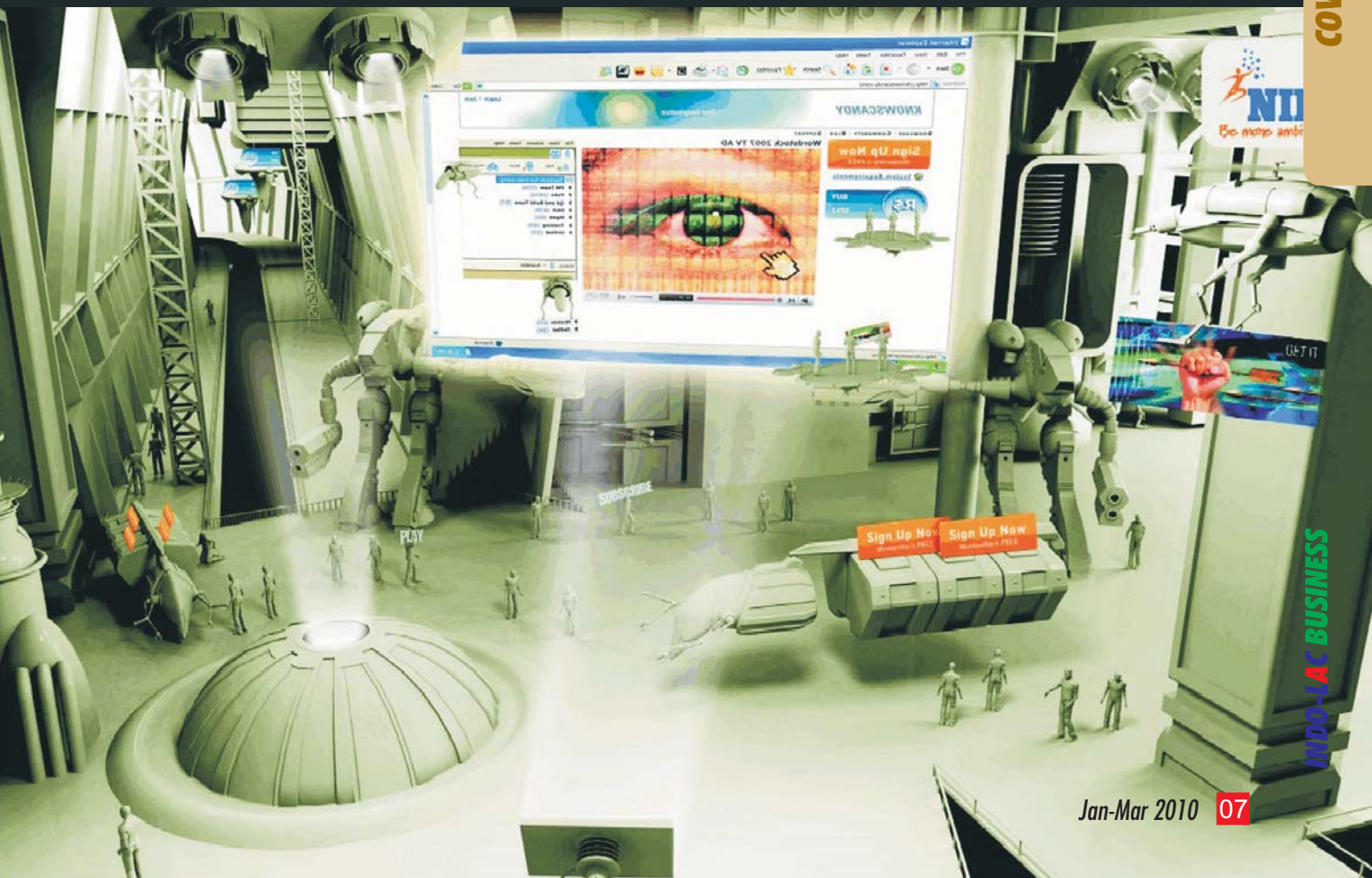
SENA is the leading

government technical education institute in the South American country providing free education and professional training to millions of people.

Under this cooperation, NIIT will provide content for Business Process Outsourcing (BPO) courses and training, procurement of content for English Language training courses and training, and 'Train the Trainer' for BPO courses.

The company said this "international cooperation general agreement" marks a long-term commitment on part of NIIT and SENA to jointly develop human capacity in Colombia.

This will be followed by closer association in the near future, wherein NIIT will provide SENA training on various IT applications, soft skill training, access to e-learning, and launch its India Education Programme. ■



BRIC Economies Form Global Business Summit Agenda



The role of BRIC (Brazil, Russia, India and China) economies in the new global order tops the agenda of this year's global summit on corporate governance being held in Toronto, Canada, in June, 2010.

The three-day summit will be held from June 7, the organizer International Corporate Governance Network (ICGN) said recently.

With over 450 leaders in corporate governance in 45 countries as its members, the ICGN aims to raise standards of corporate governance worldwide. Most of its members are institutional investors with management of funds to the tune of \$9.5 trillion under them.

Under 'The Changing Global Balances', the summit will debate the importance of good corporate governance after the global meltdown triggered by corporate greed.

It will also focus on the role of India, China, Russia and Brazil in promoting good corporate in the emerging world economic order.

"This year's summit will bring together the world's top thought leaders on corporate governance issues to look at new trends we're seeing in the global capital markets - including the emergence of the BRIC countries - and its impacts on fostering good corporate governance from a global perspective," said David Beatty, co-chairperson of the conference.

"We are looking beyond the traditional corporate governance lens of a public company and focusing on the evolution of capital markets and the questions it raises for corporate governance," said Beatty who is also founding managing partner of the Canadian Coalition for Good Governance.

"As we have seen from the recent global financial crisis, which sparked volatility across the industry, restoring equilibrium in capital markets and good corporate governance are integral to stability and growth in the financial markets," he said.

Added Christianna Wood, chairman of the ICGN, "Regulatory evolution alone is not enough to ensure global capital market stability. Thoughtful discussion on this topic is urgently needed with all parties at the table - including rising powers from China and India as well as influential players such as Sovereign Wealth Funds or hedge funds."

Over 60 speakers from 30 leading markets will speak on subjects ranging from the influence of BRIC economies and its impact on Western style governance, the evolution of capital markets and threats to good corporate governance, a new model for shareholder stewardship and the efficiency of regulatory solutions to market-led problems.

The summit will also have a joint session with the World Economic Forum on the new global economic balance.

Indian Budget Aims to Sustain 9pc GDP Growth, Boost Infrastructure Development

Indian Finance Minister Pranab Mukherjee, in his Budget for fiscal 2010-11 unveiled on 26 February 2010 in Parliament outlined plans to speed infrastructure development and unveiled increased spending for farmers and the poor in the first budget since the Congress-led government was re-elected convincingly in May, 2009.



Following are the highlights

- The first challenge is to return the GDP growth rate of 9.0 percent per annum at the earliest.
- The second challenge is to deepen and broaden the agenda for inclusive development."
- There are signs of revival in domestic industry and foreign investors have also returned to Indian markets in the last couple of months.
- It is possible that the two worst quarters since the global financial meltdown in September 2008 are behind us.
- While the global financial condition has shown improvement over the recent month, uncertainty relating to the revival of the global economy remains. We cannot, therefore, afford to drop our guard.
- We have to continue our efforts to provide further stimulus to the economy.
- 2008/09 GDP growth seen at 6.7 pct
- To return to fiscal responsibility targets "at the earliest"
- Plans institutional reforms to control fiscal deficit
- It is important to recognize that almost three quarters of our oil consumption makes through imports. Domestic prices of petrol and diesel have to be brought in sync with the global prices of these items.
- Government will set up an expert group to advise for a viable and sustainable system of pricing petroleum products.
- The public sector undertakings are the wealth of the nation and part of this wealth should rest in the hands of the people.
- While retaining at least 51 percent government equity in our enterprises, I propose to encourage a people's participation in our disinvestment programme.
- Here I must state clearly that public sector enterprises such as banks and insurance companies will remain in the public sector and will be given all support including capital infusion to grow and remain competitive.
- To create an environment for private investment
- To raise in a phased manner the limit for non-founder holdings in all companies
- To ensure more flexibility to India Infrastructure Finance Co Ltd
- Have asked states to remove bottlenecks on infrastructure projects
- Allocates 5 bln rupees (\$104 million) for Mumbai flood project
- Liquefied natural gas infrastructure to be expanded
- To raise allocation for National Highways development by 23 percent
- To raise allocation for urban poor schemes to 39.73 billion rupees in 2009/10
- Targeting agriculture credit of 3.25 trillion rupees
- To pay additional interest subvention of 1 percent to farmers who pay short-term farm loans on schedule
- To provide additional 10 billion rupees over interim budget for

irrigation

- To extend agriculture debt waiver by six months
- Plans to move towards nutrient-based subsidy regime for fertilizers
- To offer direct subsidy to farmers
- To extend interest subvention to exporters in seven sectors till March 2010
- To give relief to exporters hit by global financial crisis
- To allocate 40 billion rupees to encourage lending to small firms
- To set aside 1 billion rupees for banking services in unbanked areas

BUDGET 2010

- To allocate of 391 billion rupees for rural jobs programme in 2009/10 , 144 percent more than in 2008/09
- To raise allocation for rural roads scheme by 59 pct in 2009/10
- To raise allocation to Bharat Nirman infrastructure programme by 45 percent
- To allocate 70 billion rupees for rural electrification scheme
- To allocate 20 billion rupees for rural housing under National

Housing Bank

- To set up two handloom clusters, one power loom cluster

Venezuela Steps Up Equity in CAF by \$390m

CAF President & CEO Enrique Garcia, Alf Rodríguez Araque, Minister of Economy and Finance of Venezuela, and Alejandro Andrade Cedeño, president of the National Bank of Economic and Social Development (BANDES), signed two agreements to increase Venezuela's capital in the financial organization by \$390 million to be paid by 2017.

The signing of the agreements is in response to the Board's decision to increase CAF capital by US\$2.50 billion, reflecting the shareholders' commitment to the multilateral bank. The objective of the increase is to strengthen the Corporation's financial capacity to meet

the demand for loans arising from the world crisis and to continue supporting the long-term development of the region.

García said this signing with the Venezuelan authorities, "reflects the confidence that the Venezuelan government has placed in the institution and its commitment to Latin American and Caribbean integration." With the contributions of the shareholders, reinvestment of profits and permanent presence on international financial markets, CAF has become a reliable and growing source of funds for partner countries, he added.

The CAF chief reaffirmed the multilateral bank's commitment to meeting the priority development needs of Venezuela. "CAF has closely accompanied the development of Venezuela over the last 39 years. The funds we have placed at the disposition of the country are aimed at helping achieve sustainable and socially inclusive development."

In 2010 new operations totaling over US\$1.00 billion are planned for Venezuela to finance projects in the electricity sector, mass transport and social infrastructure, among others. In addition, \$1.10 billion will be disbursed over several years during the execution period of the projects.

Relations with Venezuela

In the last five years CAF has approved about US\$3.00 billion in favor of the Bolivarian Republic of Venezuela, of which 96 percent has gone to the area of economic, social and environmental infrastructure and the rest to micro-, small- and medium-sized enterprises, along with non-reimbursable funds in the areas of governance, environment, competitiveness, social capital, culture and sport, among others.



Mujica's Journey of Magical Realism, a Lesson for Maoists

From the Bottom of a Pit to the Heights of Presidential Office

How Mujica, the guerilla fighter, climbed out of his prison well to become the President of Uruguay... The emerging democratic paradigm in Latin America has a particular relevance to the struggle of Maoists, says India's Ambassador to Argentina, Uruguay and Paraguay R. Viswanathan.



Jose Mujica, the former leftist Tupamaro guerrilla fighter who was elected as President of Uruguay on 29 November 2009, was held in the bottom of a well for two years as part of his 14 years of imprisonment. He learned to speak to the frogs and to hear the cry of the ants. He held dialogues with his inner self in order to avoid going mad in the well which was mercifully dry. He survived, abjured violence and embraced democratic ideals. He will now move into the Presidential office in the top floor of the Executive Tower building in Montevideo.

Mujica could not contain his tears at his emotional victory speech. Even the sky burst with rain and drenched him and his supporters with a heavy downpour. It was a symbolic washing down of the past of Mujica, heralding a new era in the history of Uruguay and Latin America.

Taking Up Arms

In the 1960s and 70s, Latin America was filled with young idealist revolutionaries, who took up arms to change the status quo and establish utopian socialist states. They assassinated, kidnapped and killed persons of authority and robbed banks for the cause of their ideology. Some of the revolutionaries were killed, thrown into sea from planes, jailed, tortured, exiled or simply made to “disappear”, as an Argentine General put it in a kind of magical realism, “They are not alive, nor dead... but have just disappeared”. The word “Desaparecido” still haunts the society, literature and arts of the region. Che Guevara, the revolutionary icon, was killed by the Bolivian army. Few of the revolutionaries were lucky to survive the bullets and get a second chance to come to power through the ballot. Jose Mujica is one of them.

Mujica joined the Tupamaro armed militant group and participated in the brief takeover of Pando, a town close to the capital Montevideo in 1969. He was captured and jailed on four occasions and once managed to escape from the prison. He was eventually re-captured in 1972, shot

by the police six times. After the military coup in 1973, he was held in a military prison for 11 years and tortured. In 1985, when democracy was restored, Mujica was freed under a general amnesty. Mujica, along with his comrades, founded a new political party, Movement of Popular Participation. He won the 1994 elections to become a deputy and later a senator and used to go to the Parliament on a motorbike. His party was the largest component of the centre-left Frente Amplio coalition, which won the election in 2004 and formed the first Leftist government in Uruguay's history. This government led by President Tabare Vazquez was popular in the last five years with its Inclusive Development Agenda and at the same time for being market-friendly. Mujica was Minister of Agriculture in Vazquez's government. He gained nomination as the Coalition candidate in the 2009 elections and won with 53 percent votes.

Mujica has promised continuity of

the pragmatic policies of the coalition government of the last five years. He has said that he would govern like President Lula of Brazil, who has become the role model for the Latin American Leftists. In one of his campaign speeches, Mujica vowed to distance the Left from “the stupid ideologies that come from the 1970s I refer to things like unconditional love of everything that is State-run, scorn for businessmen and intrinsic hate of the United States.” He said, “I’ll shout it if they want: Down with isms! Up with a Left that is capable of thinking outside the box! In other words, I am more than completely cured of simplifications, of dividing the world into good and evil, of thinking in black and white. I have repented!”

Unpretentious Couple

In 2005, Mujica married Lucia Topolansky, a fellow Tupamaro fighter and current Senator, after many years of co-habitation. The presidential couple would continue to stay in their modest farm house in a working-class community with dirt roads and small plots on the edge of the capital.

The other guerrilla leader who became President in Latin America was Daniel Ortega of Nicaragua. He was part of the Sandinista movement which waged an armed struggle and overthrew the Somoza dictatorship. He won the elections in 1984 and was President from 1985 to 1990. He was defeated in the elections in 1990, 1996 and 2000 but succeeded in 2006 and is the current President. His wife Rosario Murillo was also a guerrilla fighter.

Alvaro Garcia Linera, the Vice President of Bolivia, was a cofounder the insurgent Tupak Katari Guerrilla Army. He was arrested and charged with insurrection and terrorism. While imprisoned, he studied sociology and became a university professor after his release from prison. He was elected Vice President as the running mate to Evo Morales in the 2005 Presidential elections.

Ali Rodriguez Araque, the Finance Minister of Venezuela, was active in the Marxist guerrilla movement and was known as “Commander Fausto”, allegedly acting as an explosives expert. He was one of the last guerrilla fighters to put down arms. After the State pardon, he took to parliamentary politics. He has served as oil minister, foreign minister and Vice President of the country as well as OPEC Secretary General.

Nilda Garre, the Defence Minister of Argentina, was said to be part of the militant Leftist movement of Montoneros which fought against the military dictatorship. Her husband and brother-in-law were allegedly involved with the Montoneros. Her husband was exiled and her brother-in-law was killed in a shoot out. In an ironic justice, Nilda Garre is now the boss of the Generals who once considered her as public enemy of the State.

Dilma Rousseff, the chief of staff of President Lula and the candidate for the elections to be held in October 2010 was a member of a clandestine Brazilian guerrilla group. She was thrown into jail between 1970 and 1972 and was tortured. After her release from jail, Dilma took to politics and started working with Lula in the Workers Party. Both her two ex-



husbands were also part of the underground insurgent groups.

All the major armed guerrilla groups of Latin America have now renounced arms and have taken the democratic route. The only major group still fighting is the FARC of Colombia, whose story needs a separate analysis.

The Latin American democracies, which were reborn in the 1980s after the end of military dictatorships, do not any longer face the threat of anti-establishment armed guerrilla groups. The region is also free from terrorism and religious fundamentalism which have become threats in all the other regions. There are, of course, crime, violence, kidnapping and drug trafficking. But these are law and order problems and do not pose a serious challenge to the new democratic paradigm of Latin America.

(The author's views expressed here are personal and do not reflect those of the Government of India.) ■

Rebuilding of Quake-Hit Haiti To Cost \$14bn



New IDB study raises estimates to between \$8 billion and \$14 billion, making the January 12 earthquake proportionately the most destructive natural disaster of modern times.

The cost of rebuilding Haiti's homes, schools, roads and other infrastructure could soar to nearly \$14 billion, according to a new study by economists at the Inter-American Development Bank (IDB).

The study offers a preliminary estimate of the potential damages resulting from the January 12 earthquake, using simple regression techniques employing data from past natural disasters and their damage estimates. It takes into account several variables including the magnitude of the disaster, the number of fatalities, and the affected country's population and per capita GDP.

A detailed accounting of the cost of reconstruction will emerge in coming months as a full Post Disaster Needs Assessment is completed. But the new IDB Study indicates the cost is likely to be larger than anticipated. The study calculates damages assuming either 200,000 or 250,000 people dead or missing (as of February 11, the Haitian government had reported 230,000 dead).

IDB economists Andrew Powell, Eduardo Cavallo and Oscar Becerra calculated a base estimate of \$8.1 billion for a 250,000 dead-or-missing toll, but they estimate this figure is likely to be at the low-end and conclude that an estimate of US\$13.9bn is within the statistical margin of error.

While the results are subject to many caveats, the study confirms that the Haitian earthquake is likely to be the most destructive natural disaster in modern times, when viewed in relation to the size of the Haiti's population and its economy. Indeed, in this respect the Haiti earthquake was vastly more destructive than the Indonesian Tsunami of 2004 and the cyclone that hit Myanmar in 2008. It caused five times more deaths per million inhabitants than the second-ranking natural killer, the 1972 earthquake in Nicaragua (see table).

Deadliest natural disasters since 1970
As a proportion of population

Rank	Country	Year	Description	Killed	Deaths per million inhabitants	Damages (US Millions, 2009)	Damages (% of GDP)
	Haiti	2010	Earthquake	150,000 - 250,000	15,000 - 25,000	7,200 - 8,100	104% - 117%
1	Nicaragua	1972	Earthquake	10,000	4,046	4,325	102.0%
2	Guatemala	1976	Earthquake	23,000	3,707	3,725	27.4%
3	Myanmar	2008	Cyclone Nargis	138,366	2,836	4,113	n.a.
4	Honduras	1974	Cyclone Fifi	8,000	2,733	2,263	59.2%
5	Honduras	1998	Cyclone Mitch	14,600	2,506	5,020	81.4%
6	Sri Lanka	2004	Tsunami*	35,405	1,839	1,494	7.0%
7	Venezuela	1999	Flood	30,005	1,282	4,072	3.5%
8	Bangladesh	1991	Cyclone Gorki	139,252	1,232	3,038	6.4%
9	Solomon Is	1975	Tsunami	200	1,076	n.a.	n.a.
10	Indonesia	2004	Tsunami*	165,825	772	5,197	2.0%

*Indian Ocean Tsunami caused a total of 226,000 deaths over 12 countries.

n.a. Not available

Source: Authors' calculations based on EM-DAT and WDI databases.

Powell, Cavallo and Becerra conclude that the scale of the damages in Haiti will require unprecedented coordination among the multiple bilateral, multilateral and private donors. To ensure the efficient use of billions of dollars in reconstruction

funds, for example, individual donors may need to surrender the kind of control and conditionality they typically demand of projects they finance. This will in turn require extraordinary mechanisms to ensure transparency and accountability.

Moreover, a separate forthcoming study by Cavallo and others indicates that countries hit by disasters on this scale suffer an economic setback that can take decades to reverse. In several such countries, investigators found that even with big inflows of outside aid, GDP per capita was up to 30 percent lower 10 years after the disaster than it would have been if the country had been spared.

“Of course this does not necessarily mean that aid does not work, perhaps the negative growth effect would have been even worse if aid had not increased,” the study notes. “However, this does underline the challenge ahead for Haiti and for the international community attempting to support the country.”

Reconstructing Haiti: Social Services

Kei Kawabata, manager of the Social Sector at the IDB,



recently returned from a four-day fact-finding trip to Port-au-Prince. He says, “A big part of what we discussed with the government is what to do about the estimated 500,000

people who have left Port-au-Prince and moved back to the towns or villages where they came from. The government feels that this is an opportunity to address the overcrowding that has afflicted the capital city, which has grown in an uncontrolled and unsustainable way. The challenge is to ensure that these secondary cities where people are now congregating can offer sufficient economic opportunities and social infrastructure. Because if we don't, people may start returning to Port-au-Prince once the reconstruction gets going.

The good news is that the Bank has a number of projects that are already focused on these secondary cities, and we are working with the government to make sure that the relevant components of these projects to continue. So we want to help Haiti rebuild in a way that balances the needs of Port-au-Prince with the new expanded population in the rest of the country.”





Reconstructing Haiti: Water

The request seemed simple enough: find several tons of granulated chlorine and ship it to Port-au-Prince, where it was urgently needed to disinfect drinking water for survivors of the January 12 earthquake.

“More than anything else,” said Corinne Cathala, a water and sanitation specialist at IDB headquarters who is helping with the Haiti response, “what the Haitian government is asking from us is to help with logistics, coordination and communications.”

Keeping Remittances Flowing

The earthquake forced banks to shut their doors, but the money kept coming, thanks to a major effort involving the Inter-American Development Bank's IDB's FOMIN, Fonkoze and the U.S. Government.

For the Haitians who lost everything after the January 12 earthquake, they needed the basics; food, water and shelter. But they also needed money.

The story about getting remittances that Haitians in the United States were sending to their relatives in Haiti includes a heroic feat by Fonkoze - an alternative bank for the poor that specializes in micropayments - negotiations deep into the night and cash drops by U.S. Soldiers.

To guarantee the flow of funds, Fonkoze relied on the logistical and management support of the FOMIN - the IDB Group's Multilateral Investment Fund and the U.S. government, acting through the State Department, the Department of the Treasury and the U.S. Armed Forces. The result was the delivery of funds to 34

remote villages in Haiti so that Fonkoze, the country's third-largest remittance operator, could make good on remittance payments to the poor.

Remittances are central to life in Haiti. The money that Haitians abroad send to their families every year is equivalent to 26 percent of the country's GDP, or about \$1.5 billion, according to FOMIN figures. More than a third of the country's adults receive regular remittance payments, mostly from the US. This money flows to more than a million individuals with annual incomes below \$500.

The earthquake made these funds even more critical. Fonkoze's participation in delivering the remittances is especially important because its services reach rural areas.

“Haiti's microfinance industry serves people with very low incomes, and it is present in areas of the country that traditional banking doesn't reach,” says FOMIN general manager Julie T. Katzman. “With so many people going to the provinces, Fonkoze the only microfinance organization that pays remittances will have a central role in providing access to money for numerous Haitian families, so that they can pay for water, food and shelter.”

Until January 11, Fonkoze was a microfinance organization experiencing healthy growth. It managed 200,000 savings accounts and made some 60,000 remittance payments a month. It is the largest payment agent in Haiti for the US company MoneyGram.

Fonkoze has been working with FOMIN for several years to expand these services. FOMIN gave Fonkoze grants to create a very low-fee remittance service (\$6 per transaction for any amount), open new branch offices and implement technology to expedite transactions. Prepaid debit cards, also financed by FOMIN, helped create strong ties with the US-based Haitian diaspora.

“Many people who receive remittances live outside the main cities of Haiti, where the banks are, and so it was always important for us to support institutions such as Fonkoze, which can provide low-cost services

in rural areas that are not served by traditional, large-scale operators,” says FOMIN remittance specialist Gregory Watson. “If you really want to deliver remittances to most people, the rural networks are incredibly important, because you eliminate the opportunity cost of a long trip to the city to pick up the money.” But then came January 12 and the world turned bleak.

Fonkoze's headquarters in Port-au-Prince was practically destroyed by the earthquake. Three days later, 23 rural branches that had not been damaged by the quake reopened to provide some services. They had little cash on hand because the banks that provided Fonkoze with funds on a daily basis were closed.

By the fourth day after the quake, most of Fonkoze's branches had Internet access and could pay the remittances sent through MoneyGram, CAM and other transfer companies. On the sixth day, nearly 30 offices were operating and Fonkoze had been informed by the transfer companies that they would cut all their fees to enable Haitians abroad to send money more easily.

This was good news, but it also brought its own problems. “Everyone wanted money, which meant that our cash on hand was being depleted more and more each day,” says Fonkoze executive director Anne Hastings, who had escaped unharmed from the organization's headquarters, along with the founder and its executives.

Fonkoze has had to squeeze its reserves to the limit. On-time payments by clients in rural areas not affected by the earthquake helped preserve the affiliate offices' liquidity. However, payment of remittances became more difficult with every passing day, because the banks were still closed 10 days after the earthquake.

Fonkoze took urgent measures. One extraordinary decision was to open new accounts in gourdes (Haiti's currency) to pay part of the remittances. Many of those who received remittances in excess of \$600 agreed to receive a portion in cash and the rest as a deposit into an account. Still, at that point, the entire network had no more than

\$40,000 in reserves and cash. Fonkoze had to look for money outside the country, and fast.

The rescue operation begins

On January 19, Hastings contacted Watson to discuss Fonkoze's urgent issues. Hastings and Watson discussed two ideas: how to quickly transfer \$2 million of Fonkoze's own funds in US banks to an associated bank to be converted into cash, and then how to get that money to Haiti.

Watson consulted with FOMIN general manager Katzman, and in a 90-minute late night telephone call, they agreed on a plan with Hastings. “Seeing the difficulties that Fonkoze and the entire microfinance sector were experiencing in terms of availability of funds, we felt the need to help come up with a solution,” Katzman says.

Because the U.S. government is the IDB's main source of funds, FOMIN suggested convincing the Treasury Department on the urgent need to support a plan to transfer these funds to Haiti.

The initial money would allow liquidity to be maintained until the banks reopened their doors in Haiti. Hastings, Katzman and Watson also decided that the money should be distributed in 10 centers that, in turn, would send the funds to the 34 rural offices that Fonkoze had already succeeded in making operational again.

At 4:52 p.m. on 22 January, less than three days after the first steps were taken, the logistical operation to save the delivery of remittances got its final vote of support in a memo from the United Nations to the U.S. Agency for International Development (USAID), which



gave approval to the US Air Force to transport the money to Haiti from south Florida. "The military personnel were incredible: efficient, committed and, above all, polite," Hastings says.

On Saturday the 23rd, at 2 a.m., a C-17 landed at the Port-au-Prince airport with the cargo: bags of \$1, \$5 and \$10 bills, all money in low denominations, for immediate use. Hastings had already coordinated with the managers of Fonkoze's 10 distribution centers so that they would be ready to distribute the money as soon as possible. The executives at the other branches were told where they could pick up their funds.

At 6:30 am, 10 helicopters guarded by Marines flew from the base at Port-au-Prince to their destinations. By noon, all of Fonkoze's distribution centers had the money and were fully operational.

After the earthquake, Fonkoze's officials had estimated that the bank's client base had expanded, and that payment of remittances would double quickly. For FOMIN's Katzman, the achievement is still greater. "This was a fantastic example of what we can do when donors, microfinance organizations, governments and international institutions work together," she says. "We, as FOMIN, are doubly proud, because we have been involved in the process since it started, contributing our knowledge and resources, and approaching the participants to execute the plan."

IDB in Haiti

- The IDB is Haiti's largest multilateral donor, with a portfolio of more than 25 programs for a total of about \$770 million as of the end of last year.

- In 50 years of operations the IDB has approved almost \$1.5 billion in concessional loans, grants and guarantees for Haiti.

- Since 2007, IDB financing for Haiti has been exclusively in the form of grants, totaling \$222 million through the end of 2009. Haiti is the only country that enjoys grant-only status at the IDB.

- In 2009, the IDB more than doubled the allocation for grants to Haiti to \$122 million. For 2010 the allocation was increased further, to \$128 million. These increases were approved prior to the earthquake as part of an effort to help the country recover from external shocks such as spikes in food and fuel prices and natural disasters, including the four hurricanes of 2008.

- During the April 2009 Haiti Donors Conference at the IDB, MDBs and bilateral donors pledged more than \$350 million in new commitments. The IDB has also worked closely with UN Special Envoy for Haiti, President Bill Clinton, to attract foreign investment to key areas like garments, biofuels and agribusiness. An investor conference co-sponsored by the IDB in Port-au-Prince last year drew more than 600 participants.

IDB and Haiti after the earthquake

- After the earthquake, the IDB offered the Haitian government to redirect resources from existing operations to emergency relief and reconstruction efforts. Around \$50 million could be reassigned to priority reconstruction projects.

- Management expects to propose to the Board of Executive Directors and Board of Governors, where all 48 IDB member countries are represented, additional resources for the grant facility that finances operations for Haiti.

- The IDB has remained operational in Haiti even after its office in Port-au-Prince was damaged. The Bank kept staff on the ground and is helping



transfer emergency materials through chartered flights.

- IDB staff on the ground is coordinating closely with Haitian authorities and other organizations on a variety of relief and reconstruction issues like housing, helping business restore production and helping the government regain its financial and administrative capacity.

- IDB President Luis Alberto Moreno appointed Ciro de Falco, a former IDB Executive Vice President, to head a Special Task Force to coordinate with other bilateral and multilateral agencies involved in the reconstruction of Haiti. De Falco will also prepare the Bank's strategy and work program to provide fast and efficient assistance for the country.

Haiti's debt

- The IDB is considering a mechanism for the further alleviation of Haiti's \$441 million debt to the IDB, given the magnitude of the destruction caused by the Jan. 12 earthquake. The IDB has been Haiti's biggest multilateral source of debt relief.

- In 2009, the IDB provided \$511 million in debt relief, clearing the way for the Government to undertake vital public investments. As approved by the Bank's Governors, the cancelled amount covered all debt outstanding at the end of 2004.

- \$181 million of the country's outstanding US dollar debt with the IDB consists of concessional loans the country took in 2005 and 2006. These are 40-year loans with 10-year grace periods and interest rates capped at 2 percent. The country is not yet servicing this portion of the debt because it is within the grace period.

- The remainder comes from loans that had been approved before the end of 2004 but disbursed after the cut-off date. These loans for roads, electricity, schools, hospitals, agriculture and other key development sectors were not eligible for debt cancellation.

- Haiti's debt service payments to the IDB from mid-2009 through 2011 are covered by resources from a US-supported trust fund. Thus, Haiti's debt to the IDB



is not causing any outflow of funds from the country.

IDB's Strategy & Priorities before the Earthquake

- About 60 percent of the IDB's portfolio of projects aimed to strengthen foundations for economic growth, particularly in infrastructure and agriculture.

- Nearly 20 percent aimed to improve access to and coverage of basic services like water, sanitation, education, and health.

- Another 20 percent was earmarked to support economic governance and building institutional capacity.

Private sector. The IDB Group supports to the private sector in Haiti through the Multilateral Investment Fund (MIF) and the Inter-American Investment Corporation (IIC). In 2009, MIF approvals reached \$4.9 million. The IIC became an active player in Haiti through the approval of an \$18 million loan to Distributeurs Nationaux, S.A. (Dinasa), a Haitian-owned company that is a leading marketer and distributor of fuel, as well as a \$300,000 loan to Carifresh, a major supplier of quality agricultural products for export and domestic markets. ■

Exports Projected to Cross \$7 bn by 2013-14

Recession-Hit Indian Leather Industry on Path of Recovery

- Exim Bank Study

The Indian leather industry, an important segment of the economy, is recovering from the impact of the global recession and is poised to gain the lost ground in the next few years with exports expected to cross \$7bn by 2013-14, says a by the Export Import Bank of India (EXIM Bank).

The Indian leather industry is spread over the formal as well as informal sectors and produces a wide range of products from raw hides to fashionable shoes and luxury goods such as leather garments. The industry comprises firms in all capacities starting from small artisans to prominent global manufacturers and exporters. The industry holds a prominent place in the Indian economy. This sector is known for its consistency in high export earnings and is among the top 10 foreign exchange earners for the country. With an annual turnover of over US\$7billion, exports of leather and leather products increased manifold over the past few years and touched US\$3.5 billion in 2008-09.

The leather industry in fact, is bestowed with an affluence of raw materials as India is endowed with 21 percent of world cattle and buffalo and 11 percent of world goat and sheep population. Added to this are the strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and the dedicated support of the allied industries.

Though India is the second largest producer of footwear and leather garments in the world, India accounts for a share of close to 1.2 percent in the global leather import which is to the tune of US\$ 360.35 million (2008-09).



The major production centers of leather and leather products are located in Chennai, Ambur, Ranipet, Vaniyambadi, Trichy, Dindigul in Tamil Nadu; Kolkata in West Bengal; Kanpur, Agra and Noida in Uttar Pradesh; Mumbai in Maharashtra; Jalandhar in Punjab; Bangalore in Karnataka; Hyderabad in Andhra Pradesh; Ambala, Gurgaon, Panchkula and Karnal in Haryana; and Delhi.

Export Scenario of Leather

Footwear is the engine of growth of the leather industry, currently accounting for an export value of US\$1.5 billion, holding a major share of 42 percent in India's total leather trade. The European Union and the United States are the major markets for Indian footwear accounting for 62 percent and 10 percent share respectively in India's total footwear export. The major markets for Indian footwear are Germany 18 percent, UK 15 percent, Italy 16 percent, France 8.0 percent, Spain 8.0 percent, Netherlands 5.0 percent, UAE 3.0 percent and Denmark 2.0 percent.

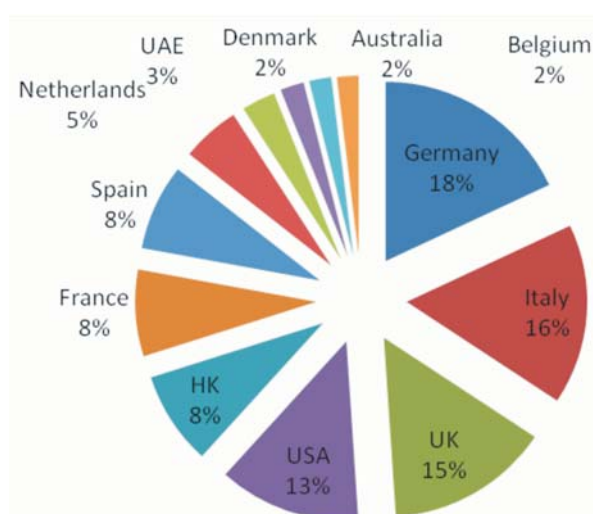
India's Export of Leather and Leather Products

Value in US\$ Mn

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Finished Leather	555.71	607.73	636.27	724	807.19	673.37
Footwear	767.73	910.77	1045.2	1236.9	1489.4	1533.7
Leather Garments	301.08	329.44	333.3	309.91	345.34	426.15
Leather Goods	539.21	585.72	660.17	706.28	800.46	873.3
Saddlery & Harness	52.71	61.71	77.52	82.33	106.18	92.15
Total	2216.45	2495.37	2752.5	3059.4	3548.5	3598.6
% Growth	18.20%	12.58%	10.30%	11.15%	15.99%	1.41%

Source: DGCIS

Country-wise share in Total Leather & Leather Products Exports (2008-09)



Source: UN Comtrade

Outlook

The industry is on the path of recovery from the slowdown of 2008. Between April and November 2009 leather exports stood at US\$1.53 billion, which was almost 23 percent lower than the previous year's US\$2.01 billion in the same period. According to the Leather Export Council, the leather industry expects to end 2009-10 with a 10 percent decline in exports over the previous year's US\$3.6 billion. However, with a pickup in demand from the markets in the West, with factories getting a healthy order inflow from December 2009, the next financial year may bring back healthy revenue and thereby bring down the decline in growth.



Export Projections for 2009-10 to 2013-14

The Government of India has also identified the leather sector as a Focus Sector in its Foreign Trade Policy 2004-09 in view of its immense potential for export growth prospects and employment generation. Accordingly, the Government is also implementing various Special Focus Initiatives under the Foreign Trade Policy for the growth of the leather sector. With the implementation of various industrial developmental programmes as well as export promotional activities, and keeping in view the past performance, and industry's inherent strengths, the Indian leather industry is aiming to augment the production, thereby enhancing exports to US\$7.03 billion by 2013-14, and resultantly create additional employment opportunities for more than one million people. The Government has recently approved for the development of a leather park under the Indian Leather Development Programme (ILDLP) and earmarked Rs300 crore for the same. ■

Value in US\$ Mn

Product	2009-10	2010-11	2011-12	2012-13	2013-14
Leather	890.35	1023.9	1101.91	1245.16	1407.03
Footwear	1865.5	2194.07	2534.4	2926.13	3376.87
Leather Garments	423.98	438.81	495.86	498.06	492.46
Leather Goods including	1059.9	1218.93	1377.39	1556.45	1758.79
Total	4239.8	4875.72	5509.56	6225.8	7035.15

Source: DGCIS

Indian Gems & Jewellery Exports Rise 40pc despite Recession

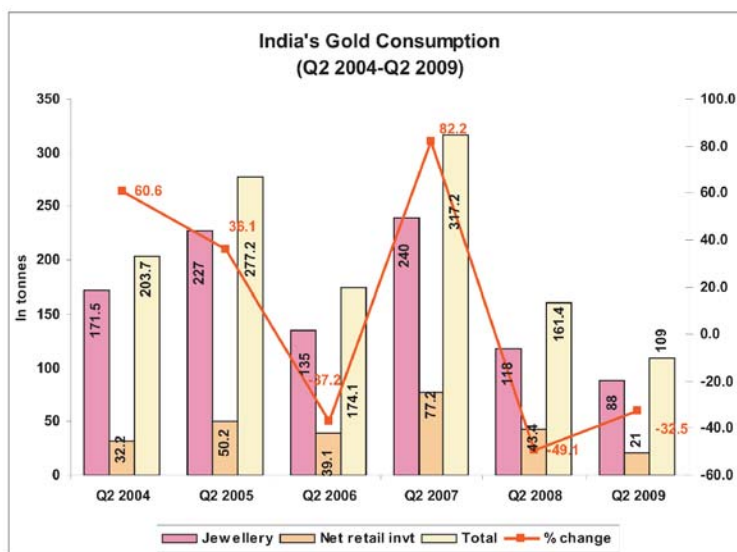
- Exim Bank Study

India's exports of gems and jewellery showed a year-on-year growth of 40.7 percent in 2008-09 compared to 23 percent witnessed in the previous year, despite a global economic slowdown, according to a study made by the Export-Import Bank of India (Exim Bank).

The Indian Gems and Jewellery industry is one of the important sectors of the Indian economy. The gems and jewellery industry in India comprises sourcing, processing, manufacturing and selling of precious metals, diamonds, pearls, precious and semi-precious gemstones and artificial jewellery. India is one of the fastest growing jewellery markets in the world and is the largest consumer of gold in the world. India is also one of the largest diamond processors in the world, with more than 90 percent in terms of pieces, around 80 percent in terms of carats and around 55 percent in terms of volume being processed in India.

India is also the largest consumer of gold

in the world (over 700 tonnes in 2008), accounting for around 24 percent of world gold consumption, majority of them going into production of jewellery. Over the years, India is also emerging as largest trading centre for gold. However, during the second quarter of 2009, the consumption of gold had shown a decline mainly due to the rising prices and global slowdown.



Source: World Gold Council



Despite global economic slowdown, in the year 2008-09, the exports of gems and jewellery from India showed a y-o-y growth of 40.7 percent as compared to a y-o-y growth of 23 percent witnessed during 2007-08 (Table 1).

Table: 1 Indian Exports of Gems and Jewellery

Time Period	US \$ Million	% Change
2006-07	15,966.25	-
2007-08	19,688.31	23.3
2008-09	27,704.98	40.7

Source: DGCIS, Ministry of Commerce

Demand for gems and jewellery are income elastic and is likely to remain moderate in the near future. The continuation of demand slowdown in the US and Europe might slow down the exports of gems and jewellery as also the domestic retail market.

One of the major trends witnessed in the gems and jewellery industry due to the economic slowdown has been the recycling of gold or in other terms gold scrap. Key focus has been the surge in the levels of gold scrap coming back to the market. With mine production on a declining trend and the outlook relatively benign, scrap levels are likely to remain as the primary supply of gold due to uncertainty over the short to medium term. Selling old gold jewellery has provided consumers with access to the much-needed funds during these very difficult economic times. In the price sensitive markets, the profit-taking motive behind recycling activity has been very strong, highlighting the intrinsic value of jewellery and the strength of the savings/investment aspect of gold jewellery purchases. Increase in recycling activity has been both a western and non-western phenomenon, although volumes in the non-western markets have continued to dominate. In western markets, the primary motivation behind recycling of gold has been distress selling, while in the more

traditional non-western markets, the primary motive has been profit-taking.

Research by World Gold Council suggests that jewellery buyers across the world recognize that gold jewellery is both a store of value as well as a means of adornment. Nevertheless, the investment and adornment motives tend to overlap most strongly in traditional markets such as the Middle East (including Turkey) and India, largely due to the very strong cultural values underpinning jewellery ownership; bar and coin demand in these regions comprise a relatively modest proportion of total demand for gold.

The prospects in growing economies in India, Middle East, Hong Kong and China are expected to help the sector to regain its glitter. Changing lifestyle and urbanization are also expected to fuel the growth of the industry, mainly in branded jewellery. According to industry estimates, the branded jewellery segment is expected to grow over 40 percent in the coming years. Consumers being exposed to western lifestyles show increased preferences to products which are popular abroad, and this in turn will help in maintaining the demand and growth of the industry. One of the major advantages of the Indian gems and jewellery industry is the low cost of labour involved in the production of finished diamonds. India has one of the best skilled manpower to design and make high volumes of exquisite jewellery at relatively low labor cost.

It is reported that, the cost per carat for cutting and polishing diamond is US\$ 10 in India as compared to US\$ 17 in China and US\$ 150 in Belgium. India also has the largest resource hub in diamond cutting and processing. The long-term outlook for Indian gems and jewellery is expected to be positive. India's competitive advantage is likely to be centered on its skilled labour combined with a ready adoption of leading technology.

Peruvian Biofuel Project Gets \$65m

CAF has granted a US\$65 million loan to Maple Etanol SRL to finance a biofuel project located in Piura department in northern Peru.

Maple Etanol SRL will execute the construction and operation of an agro-industrial complex, with capacity to produce 35 million gallons annually of anhydrous ethanol derived from sugarcane, which will be exported for use as fuel, mainly to the European market.

CAF President & CEO Enrique García said the loan would partially finance the agricultural and industrial infrastructure, and other expenditure associated with the project. "Part of CAF strategy is to stimulate clean alternative energy and energy efficiency, which explains our decided interest in supporting the start of this project", he said.

The scope of the project covers the development of approximately 10,700 hectares suitable for sugarcane production and the industrial facilities for ethanol production. A 37.5 MW co-generating plant will also be developed to use the bagasse, a byproduct of the sugarcane crushing process, as a source of energy, along with a 60kv transmission line to transport the surplus power for sale to the national system.

With the installation of a water transport and storage system, the water resources of the Chira River will be used to convert un-worked arid land into one of the sugarcane plantations with the highest level of productivity in the world.

In addition to the US\$65 million from CAF, the project is receiving cofinancing from two other multilateral organizations and a private commercial bank: the Inter-American Development Bank (IBD), the Dutch Business Development Bank (FMO), and Interbank,

each contributing US\$25 million.

It is estimated that execution of the project will create approximately 1,000 jobs during the construction phase and 500 permanent jobs in the operational base, in addition to increasing local demand for transport, security, food and other services.

Maple is an independent integrated energy company with assets and operations in Peru since 1994. The company is present in many areas of the energy industry, including exploration and production of crude oil and natural gas, refining, commercialization and distribution of hydrocarbon products, as well as the ethanol project. Maple is listed on the Lima and London stock exchanges.

Funds for Biodiversity Projects

CAF will provide non-reimbursable funds for development of projects which contribute to sustainable development and environmental conservation in Colombia. The announcement was made in Bogota recently by CAF director representative in Colombia Victor Traverso during the signing of agreements with various beneficiary entities in the Ministry of Environment, Housing and Territorial Development.

Traverso said, "The funds approved for entities and organizations in the environment sector in Colombia, through the Bio-CAF program, is in line with our interest in supporting the conservation and sustainable use of natural resources and eco-systems, incorporating criteria and principles of sustainability in the long term." The multilateral institution believes it is very important to promote biodiversity conservation projects given that this sector has great potential for the sustainable development of the

country, as well as generating economic and social benefits for vulnerable population groups, he added.

CAF support for various initiatives in Colombia related to biodiversity and bio-trade has recently made possible leverage of funds from other sources, such as approximately US\$2 million from the Global Environment Facility (GEF) for Colombia, executed through the Bio-trade Fund, which uses financial instruments to support projects that contribute to conservation and use of biodiversity.

The projects which received the non-reimbursable finance granted by CAF include technical assistance for the Ministry of Environment, Housing and Territorial Development. In this respect, Vice Minister of Environment Claudia Mora said, "Taking into account the urgent need to move ahead with the execution of environmental policies in the forestry area, the Ministry will steer investments into reforestation, and with CAF support structure a Program to Strengthen Forest Management for Conservation, Ecological Restoration and Competitiveness, as well as considering aspects of the National Development Plan, the Millennium Goals, and updating the National Biodiversity Policy, proposed in the framework of the International Year of Biodiversity."

CAF will also support the Administrative Unit of National Natural Parks in declaring the inclusion of Serranía de San Lucas in the National System of Protected Areas. The measure will help conservation in this area located in the middle and lower basin of the Magdalena River, which is now under extreme pressure from colonization, mining practices and exploitation of biological hydro-biological resources on the verge of extinction.

CAF also supports the Natura Colombia Foundation in implementing a strategy to promote good silvopastoral practices in 30 cattle ranches in conservation corridors in Boyacá and Santander departments. This project should improve the productivity of cattle farming by offering better opportunities and economic conditions for producers in the area, and reducing environmental deterioration of forest and water resources. The results will be decisive for steering investments into conservation and sustainable development in various regions of the country.



As part of its objective of promoting regional integration, CAF also supports an initiative by the Regional Natura Foundation for dialogue by local actors on sustainable development in border areas, under the name "Colombia and Ecuador, strategic partners in sustainable development." The objective is to prepare an agenda for binational cooperation on sustainable development, proposed by civil society, the productive sector, and local governments; and support the collective preparation of a binational Environmental Management Plan for the indigenous people of Los Pastos in Nariño department (Colombia) and El Carchi province (Ecuador).

CAF reaffirmed its commitment to environmental management in Colombia with the announcement that it would continue supporting with non-reimbursable cooperation funds - initiatives by entities and organizations of civil society aimed at creating synergies and adding value to government efforts to encourage conservation of biodiversity and water resources, risk prevention and mitigation of the effects of climate change, as part of strategies for inclusion of more vulnerable communities. ■

IDB Hikes Lending, Boosts Trade to Combat Fiscal Crisis

The ongoing crisis is eroding economic growth in Latin America and the Caribbean, threatening to reverse recent poverty gains as well as economic and fiscal advances.

The Inter-American Development Bank is working closely with countries in the region to provide additional financing and policy advice to governments and the private sector. The objective is to lessen the impact of the global financial crisis.

To help countries, the IDB has been providing support in these areas:

Increase in Lending

The IDB has dramatically increased lending to Latin America and the Caribbean. Approvals programmed for later years were brought forward to provide much needed financing for a wide range of projects such as expansion of conditional cash transfer programs, infrastructure improvements and budget support for governments

To boost lending in the short-term, the Bank eliminated its policy-based lending authority, increasing lending capacity by \$2 billion. The decision brought the IDB in line with other multilateral development banks. In addition, Canada, one of the IDB's 48 member countries, temporarily increased its "callable" capital by \$4 billion, thus temporarily increasing the IDB's lending capacity by an equal amount.

The Bank increased approvals of loans, credit guarantees and grants by 77 percent in the first nine months of 2009 to \$9.6 billion compared with the same period a year earlier. In 2008, the bank approved a record \$11.2 billion in new financing, an 18 percent increase from a year earlier.

The increased lending has been accompanied by record disbursements. In the first nine months of 2009, the IDB disbursed \$6.5 billion to the region, 63 percent more than the same period last year.

The poorest nations in the region are receiving special attention from the IDB during the crisis. In May of 2009, the Bank increased concessionary funds available for Bolivia, Guyana, Honduras and Nicaragua, allowing for lending to expand to the four nations by 39 percent during 2009 and 2010, to \$485 million per year.

In addition, the IDB doubled its special grant facility for Haiti to \$100 million for 2009 and the Bank cancelled \$511 million in loan repayments from the country, part of an international debt relief effort. For 2010, the IDB plans to provide Haiti



with another \$120 million in grants.

In October 2008, the IDB created a fast-disbursing \$6 billion emergency facility to support commercial lending. The funds are provided to governments, which in turn make the funds available to commercial banks. These financial institutions can then use the resources to finance lending to companies.

Safety Nets for the Poor

The IDB supports the creation and expansion of social safety nets in the region to protect the most vulnerable. Conditional cash transfer programs such as Oportunidades in Mexico and Bolsa Família in Brazil have provided millions with the opportunity to break the cycle of poverty from one generation to the next.

The Bank has been financing the implementation and expansion of such programs throughout the region. These programs help address the root causes of poverty: poor nutrition and education. The programs provide the poor with income while ensuring children attend school and get adequate health care.

Empirical studies show that the first benefits of cash transfers to the poor are increased expenditure on food and more diverse diets. Eighteen countries of the Bank's 26 borrowing members have conditional cash transfer programs in place. The Bank works or finances 16 such programs.

Recently, the IDB financed conditional cash transfer programs in Mexico, Honduras and Guatemala. The Bank has also supported efforts to improve the efficiency of the programs in Paraguay and Mexico.

Trade as Key Tool of Growth

The IDB considers increased trade a key tool for economic growth and development in the Latin America and the Caribbean.

The global financial crisis has reduced access to trade finance and increased borrowing costs for countries in the region. The IDB has expanded the scope of its trade finance program with banks to help companies preserve their export markets.

The Bank's Trade Finance Facilitation Program (TFFP) now offers loans in addition to guarantees. The funds available for the program were increased to \$1 billion from \$400 million



and the credit line now supports non-dollar denominated trade finance transactions. The change addresses the growing demand of transactions denominated in other currencies, especially in euros. ■

\$40m Investment in Peruvian Infrastructure Fund Approved

CAF approved a US\$40 million capital investment in the Peruvian Infrastructure Fund, a private capital fund to be managed by Sociedad Gestora de Fondos de Inversión Brookfield AC Capitales S.A. The funds will be invested in projects in the sector, contributing to meeting the country's infrastructure needs.

The Peruvian Infrastructure Fund is part of the coordination activities, which the Peruvian government agreed to implement with the Inter-American Development Bank (IDB) and CAF in the Memorandum of Understanding - signed March 31, 2009 - on structuring mechanisms to facilitate financing for infrastructure projects with private sector participation.

CAF President & CEO Enrique García said Peru had achieved important economic development despite the recent financial crisis. The country has a very dynamic infrastructure sector with a substantial flow of projects considered critical by the Peruvian government, which has stimulated private investment in this area.

García added, "The presence of the government, through the Ministry of Economy and Finance, together with the CAF and IDB investments, demonstrates Peru's commitment to infrastructure development. Our capital investment of US\$40 million is intended to activate the Fund. We believe

this support will have a catalytic effect on other similar private initiatives, representing an important investment opportunity for channeling funds from pension fund managers (AFPs) and other institutional investors."

Infrastructure Fund

The Peruvian government's awareness of the importance of private participation in the financing of infrastructure projects has resulted in this first initiative for promoting a capital fund with contributions from government, IDB and CAF, but managed with private profitability criterion, and applying the best international practices of the business, with a view to the participation of private domestic savings and foreign capital.

The consortium formed by Brookfield (international) and AC Capitales (local) was selected on September 28, 2009 to manage the Peruvian Infrastructure Fund, whose objective is to exploit long-term opportunities which appear on the horizon, many of which will require great skill in structuring and assembling by the fund manager.

With an estimated total capital of US\$500 million, the Fund will support development of projects and companies, mainly in the sectors of transport, energy, water and sanitation, communications and logistics. ■

\$458mln for Ecuadorian Road, Health & Sanitation Projects

The Andean Development Corporation (CAF) has recently approved a US\$258 million loan for the Republic of Ecuador to finance works on road projects currently in execution in the country. The executing body for these programs is the Ministry of Transport and Public Works (MTO).

CAF President & CEO Enrique García said, "with this financing CAF continues its support for the sustainable development of the road system and the Ecuadorian government's efforts to promote investments which favour the population and contribute to the physical integration of the country."

The CAF loan will cover components of civil works and environmental remediation along the Bella Unión-Limón, Pedernales-Cojimíes, Rocafuerte-Tosagua, Tosagua Chone, and Vilcabamba-Bellavista-Zumba-La Balsa highways, among others, together with 20 bridges on the Amazon trunk road in the provinces of Carchi, Napo, Sucumbíos and Morona Santiago.

The financing for the Road Projects Supplementary Works Program reaffirms the importance of transport policy for the Ecuadorian government.

In another development, Ecuadorian Finance Minister María Elsa Viteri and CAF Vice President and Deputy CEO Luis Enrique Berrizbeitia signed agreements in Caracas totaling US\$200 million to execute projects

aimed at improving the quality of life of Ecuadorian citizens. The signing ceremony was attended by Ecuadorian ambassador in Caracas Ramón Torres, and as representative of the Corporación Financiera Nacional (CFN), Diego Figueroa, deputy manager of the institution.

The first loan for US\$100 million will partially finance the Environmental Sanitation Program for Community Development (PROMADEC), to be executed by Banco del Estado in coordination with the Ministry of Urban Development and Housing (MIDUVI), while the second operation is a US\$100 million rotating line of credit to be executed by CFN.

Benefit to Nearly Two Million People

After the ceremony Luis Enrique Berrizbeitia said, "with this program, PROMADEC will improve the quality of life and health conditions of poorest and most neglected rural and urban marginal populations of the country, through a sustained increase in coverage, quality and efficiency of basic services of potable water, sewerage, and solid waste collection and disposal."

The Execution of PROMADEC will benefit about 1,800,000 inhabitants. "This is in line with CAF's commitment to support an integrated development agenda, aimed at improving human and social capital in rural areas," the CAF vice president added.

Minister Viteri emphasized the excellent relations between CAF and Ecuador. "It is important to conserve these ties for the Ecuadorian people because we believe they are a clear demonstration of a government which wishes to maintain development and growth, and we have demonstrated this in terms of important and constructive projects."

For the first phase of this



program, CAF approved a US\$200 million loan, of which US\$100 million was approved in November 2007 and US\$100 million in today's signing. PROMADEC has a total cost of US\$240 million, with the CAF loan equivalent to 83 percent, and the remaining 17 percent to be financed by matching contributions from Banco del Estado and the beneficiary municipalities.

Funds for employment and reactivation of the productive sector

"The financial situation is evidence of the anti-cyclical action of CAF which makes facilities available to its shareholders to mitigate the negative effects of the world financial crisis," Berrizbeitia said in relation to the US\$100 million loan which Figueroa signed for CFN with the CAF vice president.

The funds will be go to the productive sector of the country through CFN which will provide credit directly and/or through the Ecuadorian banking system. This finance is part of the government's National Development Plan whose objective is to generate employment and reactivate the Ecuadorian

productive base.

CFN is an autonomous public financial institution, with legal personality and indefinite duration, which promotes investment, economic development and competitiveness in the country's productive and service sectors. Its objective is to become the main source of financing for the country's productive sector, as executing body for the national government.

The Andean Development Corporation (CAF) is a multilateral financial institution whose mission is to promote the sustainable development of its shareholder countries and regional integration. Its current members are 18 countries in Latin America, the Caribbean, and Europe, namely: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Jamaica, Mexico, Panama, Paraguay, Peru, Portugal, Spain, Trinidad & Tobago, Uruguay and Venezuela, along with 14 private banks from the Andean region. With headquarters in Caracas, Venezuela, the CAF has representative offices in Buenos Aires, La Paz, Brasilia, Bogota, Quito, Madrid, Panama City and Lima. ■

\$16.75mln Loan for Colombian Port Development

The Andean Development Corporation (CAF) has approved a long-term loan for US\$16.75 million for Santa Marta International Terminal Company (SMITCO) to co-finance its expansion and modernization programme in Colombia between 2010 and 2012.

CAF President & CEO Enrique García said the operation would contribute to meeting the Colombian state's objective of modernizing the country's port infrastructure. The loan granted was in line with the multilateral financial organization's interest in promoting and financing sustainable and integration infrastructure, he added.

The program, which requires a total investment of US\$50 million, comprises the expansion and total reconstruction of the container cargo terminal, located in Santa Marta port, and acquisition and installation of new cargo equipment.

The terminal's current capacity of 120,000 TEU

(standard unit for measuring container handling capacity) will rise to 300,000 TEU at the end of the expansion program. As a result, the port will be able to offer higher value added services, increasing the reliability of operations, cutting waiting time, and improving the efficiency of handling refrigerated containers.

SMITCO, company which receives the loan, was set up on March 30, 2009 as a result of the joint venture between Sociedad Portuaria Regional de Santa Marta, concession operator of Santa Marta port, and SSA Holdings International, Colombian subsidiary of Carrix Inc., the world's largest private operator of maritime terminals. The company's objective is to significantly increase the level of container cargo which is imported and exported from Santa Marta port by increasing and modernizing storage spaces, installing equipment and systems, with the participation of specialized staff. ■

CAF Approvals Up 17% at Record \$9.2bn in '09 despite Recession

Announcing the results for 2009 recently at Caracas recently, CAF President & CEO Enrique García has said it had been a difficult year in which the world economy went through the deepest economic crisis since the Great Depression. Despite this, CAF achieved record approvals of over US\$9.20 billion, welcomed the entry of five new full members: Argentina, Brazil, Panama, Paraguay and Uruguay, and Portugal as shareholder, and approved a new capital increase of US\$2.50 billion, in addition to the US\$1.50 billion already in process of execution.



García said the global economy seemed to have touched bottom given that there are clear signs of recovery. "These signs can be seen in the financial markets which have begun to recover their level of activity, in a lower perception of risk on credit markets, in the recovery of raw material prices, and the apparent stabilization of home prices in the United States, among others."

The CAF president however said recovery in advanced countries would be slow and - in the medium term - would not repeat the dynamism of recent years. "China has been a decisive factor in helping to overcome this crisis," García said in reference to the rapid recovery of the emerging economies, mainly stimulated by that country's public policies.

Although the crisis affected the Latin American region much more than expected, García said, "prospects are moderately positive thanks to the adoption of anti-cyclical policies, recovery of raw material prices, and resumption of capital flows into the region, all of which has led to a lower cost of external credit, recovery of stock markets, and stronger Latin American currencies."

However, so far recovery has been mainly limited to financial markets, while rates of reactivation are incipient in the productive sector. The CAF chief executive referred to the challenges facing the region in view of the "loss of importance at global level" in

relation to the Asian continent and other regions. "We have to consider not only the macroeconomy but also the microeconomic dimension of development, which is what accelerates growth."

In his opinion, Latin America needs a transformation to make its economies "more productive, create more quality employment and involve excluded sectors more actively, to counteract the effects of poverty and inequality."

A Bridge between Latin America & the World

After Portugal's recent adhesion, CAF now has 18 shareholders. García emphasized the decision to increase the paid-in capital by US\$2.50 billion, in addition to the ongoing capitalization process of US\$1.50 billion, following the full membership of Argentina, Brazil, Panama, Paraguay and Uruguay. As a result the CAF capital will increase by over US\$4.00 billion over the next few years.

CAF continued to play an important role as link between Latin America and other regions of the world; especially the range of activities and agreements with China, Russia, Italy and India among other countries, with the aim of complementing between their economies and Latin America.

Approvals in 2009 Up 17 percent

According to García, "in a very difficult global economic environment, CAF provided decisive anti-

cyclical and opportune support for member countries in the crisis, at the same time as obtaining highly satisfactory financial and operating results.”

In 2009 approvals exceeded US\$9.20 billion, growth of almost 17 percent in the year and 96 percent in the last five years, while lending grew 13 percent in 2009, doubling the rate of the previous year.

Of total approvals in 2009, 36 percent were destined for financing projects related to economic and integration infrastructure, and social development, with 15 percent of the total going to develop the region's energy capacity both public and private. “CAF is now the main source of multilateral financing for infrastructure in Latin America.”

Also in 2009 CAF approved a record amount of over US\$37 million in cooperation funds, mainly non-reimbursable, destined for institutional strengthening, promotion of sustainable development, social inclusion and cultural identity of the region, as well as programs related to competitiveness, research and public policies which stimulate quality and inclusive economic growth.

Opportune Steps in the Midst of Crisis

In relation to the anti-cyclical measures adopted by CAF in response to the crisis, the CAF CEO highlighted approvals of over US\$2.00 million for freely usable and rapid disbursement operations. This support was

channeled through contingent lines of credit, wide-approach sectoral programs, intensification of financing for financial systems and development banks, which also contributed to improving the financial conditions and debt profiles of partner countries.

García also mentioned the strengthening of the Compensatory Financing Fund, through which CAF lowers interest rates applicable to operations for marginal sectors, integration projects and reducing asymmetries between countries.

The CAF president reported the issue of over US\$1.30 billion in bonds in 2009, including a bond for US\$1.00 billion in the US, the largest in the Corporation's history. He referred to the net profit of over US\$200 million which builds confidence on international capital markets, a key factor for consistent improvement in risk ratings which is necessary for continued competitive participation on international markets.”

“These results - García concluded - are due to various factors, especially the backing from shareholder countries as reflected in the timely payment of capital subscriptions and debt service, reinvestment of profits to increase capital, the confidence placed in the CAF administration, and recognition of the institution's catalytic role and valuable contribution to sustainable development and regional integration.”■



Brazilian Civic Body Gets \$28mln to Improve Roads

Caxias do Sul, Brazilian municipality in the State of Rio Grande do Sul, will execute its Municipal Infrastructure and Basic Services Development Program with a CAF loan of US\$28.8 million backed by a guarantee from the Brazilian Government.

After signing the loan agreement, CAF director representative Moira Paz-Estenssoro said, "With this Program, CAF is promoting the development of the municipality through the paving and upgrading of the secondary roads which connect the heavily populated urban areas of the municipality with the paved trunk roads."

The works to be executed will improve the connections of Caxias do Sul Prefecture, which has over 400,000 inhabitants, to the other localities of Rio Grande do Sul and the region. The Program will facilitate transport in the rural area of the municipality, benefiting various communities which will be able to increase their production because of better access to markets, the CAF executive added.

The works will result in the social inclusion of a large part of the population of the municipality by facilitating access to education centers in the urban area. The total cost of the program is US\$72 million, of which 39 percent is financed by CAF, and 61 percent contributed directly by Caxias do Sul Prefecture.



Pact 'Americas Council' to Foster Talks on Key Issues

CAF President & CEO Enrique García signed with Susan Segal, president of Americas Society/Council of the Americas (AS/COA) a framework cooperation agreement to promote development issues in Latin America, foster dialogue and debate on public policies, exchange of information and cooperation, and organize conferences on economic, political and social issues.

"For CAF this signing is an excellent opportunity to deepen relations with Americas Society/Council of the Americas, with a view to promoting the integration and sustainable development of Latin America," the CAF president said.

Susan Segal, president and CEO of AS/COA said, "This agreement is the result of the cooperation existing between our two organizations and the generous contribution and confidence which CAF has shown. We are very pleased and honored by today's signing because we are expanding our relations for the

benefit of Latin America."

In the activities which Americas Society/Council of the Americas is organizing in 2010, CAF will participate in the "Latin American cities" cycle of conferences with the objective of creating a space for exchanges between representatives and officials from sectors which are at the center of the debate and formation of public opinion in Latin America, as well as in the "Energy Action Group" project which aims to make a decisive contribution to the world debate on energy and climate change.

America Society/Council of the Americas is an institution with 45 years experience, set up to promote dialogue and debate on the main political, social and economic issues facing Latin America, the Caribbean and Canada, leading to integrated development, rule of law, opening of markets and strengthening of democracy on the continent. ■

Friendship Soccer Festival for 'Saving the Dolphins'



A football fiesta - with goals, hullabaloo and rejoicing - marked the final session of the XXVII CAF Friendship Cup. The championship was played from 25 to 31 January with the participation of 5,000 children and young people in 300 teams, in various venues in the Peruvian capital OF Lima under the organization of the Cantolao Sports Academy with CAF support for the third year running.

During the closing ceremony - held in the National Sports Villa (Videna) - CAF executive Marcela Benavides, representing the CAF director, presented the medals and cups to the winning teams in the 2001 category, Premier division.

The champion in this category was the team from the Cantolao San Juan de Miraflores Academy, after its victory over Metropolitan School Ecuador. Third and fourth places went to the Rocafuerte Football School of Ecuador and Cantolao B.

For category 97, Premier division, Real Libertad de Trujillo was declared champion after a tough fight against Buscando una Estrella of Ica which fought hard until the end, but went down 3 to 2. While Deportivo La Punta had to be satisfied with third place after winning 3-1 against Cantolao Los Olivos.

In the Special Division, Cantolao "A" took the title after a dramatic clash with the South American Academy of La Libertad (8-7), while Country Club Villa came third

after scoring 5-1 against Cantolao Chiclayo.

In another contest, César Vallejo University of Trujillo was proclaimed king of category 98' Premier with a resounding 3-0 victory against Wanka Nation of Junín, while Semillero Cueto-La Rosa took third place after beating Cantolao A 4 to 3.

Premier Category 99' went to a foreign team: Metropolitan B School of Ecuador won 3 to 2 against Cantolao "A" and conquered the title. Third place was taken by UCV Aragua School of Venezuela.

The foreign teams playing in this "XXVII CAF Friendship Cup" were Corinthians of Brazil, Club Monaguillos of Colombia, Andean School of Chile, EMELEC and Rocafuerte Football School of Ecuador, Golden Soccer of the United States, Cruz Azul of Mexico, and Isla Margarita School of Venezuela.

The cooperation provided by CAF for the holding of the championship is part of the larger "Let's save the dolphins" initiative, executed by the Corporation since late 2007, which supports children and young people from socially underprivileged sectors of El Callao in risk situations.

This support includes psychological, teaching and nutritional care for 50 children from low-income sectors of El Callao, as well as promotion of football as a tool for rescuing children and young people with problems.

The "Let's save the Dolphins" project is part of the sports training promoted by CAF with the aim of helping organizations similar to the Cantolao Academy in Colombia, Bolivia, Venezuela and Ecuador. ■



\$37mln for Argentine Energy Sector Studies Scheme

Considering the importance of timely investment in Argentine public services, CAF approved US\$37.7 million for the Energy Sector Studies Program, to be executed by the Secretariat of Energy of the Ministry of the Federal Planning, Public Investment and Services.

CAF President & CEO Enrique García said, "The government of Argentina has established among its priorities investments to guarantee public services. Energy is one of the most important sectors for public investment, which is why we are supporting this program whose aim is to finance the pre-investment studies needed to adequately structure projects in the sector."

The Program, whose total cost is US\$42 million, will fund preparation of feasibility and engineering studies for execution of electricity generating projects, and support the country's energy saving program. García added, "75 percent of the amount of the program will be used specifically for engineering studies for hydroelectric developments, some of them binational on the border with Brazil."

The Program is expected to provide feasibility studies which will assist decision-making by the governing entities of the sector, provide financial structuring for execution of the works, and promote private sector investment.

It is hoped the Program will mark the start of a wider facility through which the Secretariat of Energy finances studies with the aim of building a bank of mature projects in the energy sector, in an effort to facilitate physical execution of works for the supply of electricity on the best conditions of quality, reliability and cost. ■



Innovative Funding of Micro-Finance Institution

CAF confirmed its support for SICSA (Investment Corporation for Microfinance in Central America and the Caribbean) with the approval of investment capital of US\$400,000 destined to expand the range of innovative financial services for the microenterprise sector in its shareholders countries in Central America and the Caribbean.

CAF supports SICSA as a means of contributing to the sustainability and growth of microfinance institutions and contributing to the generation of equitable economic growth in the region.

SICSA is incorporated under the legislation of Panama, and authorized to operate in Central America and the Caribbean. Its objective is to become an alternative

for the financial strengthening of the region's microfinance institutions and for the microfinance industry, by improving institutional capacities and increasing the industry's visibility, presence and weight in the Latin American context.

There are also plans for SICSA to develop initiatives such as the Natural Disaster Emergencies Fund (FEDEN) to support microfinance institutions affected by this type of event. SICSA marks an important milestone in the history of the region's microfinance institutions since - by its nature - it differs from previous efforts, and has the characteristics and potential to become an important source of finance for development of microfinance institutions in Central America and the Caribbean. ■

Connecting Latin America with Japan & China

The Andean Development Corporation (CAF) has been intensifying efforts at being a catalyst and bridge between Latin America and the rest of the world. Recently CAF has fortified its relations with Japan and China.

CAF President & CEO visited Tokyo, accompanied by a delegation from the organization, with the objective of deepening investment and commercial relations between CAF and Japan, in favor of Latin America.

The working agenda included meetings with Kioshi Takemasa, Secretary of State for Foreign Relations; Rintaro Tamaki, vice minister of International Affairs of the Japanese Ministry of Finance; and Hiroshi Watanabe, president of Japan Bank for International Cooperation (JBIC), among others.

During the visit, a loan agreement for US\$100 million was signed to finance foreign trade operations between CAF shareholder countries.

Garcia said, "CAF's catalytic role attracts additional funds to promote the sustained development of Latin America, and move



toward the strengthening of economies stimulated by competitive advantages."

The Latin American institution "is committed to supporting the countries of Latin America in opening new horizons in Asia and building a long-term agenda for integrated development."

JBIC President Watanabe emphasized the excellent relations with CAF and his bank's interest in continuing to deepen them by supporting initiatives which contribute to the sustainable development of Latin America. "This is an opportunity to reaffirm Japan's commitment to the region, promotion of investments and trade, and preservation of the environment," he said.

CAF began its relations with Exim Bank Japan (now JBIC) in 1975. Since then, six loan agreements have been signed. The first five totaled JPY 23 billion and the latest US\$100 million. All the funds have been used for a range of projects which support the integrated development agenda for Latin America promoted by CAF.

In another major development, CAF President & CEO Enrique García, signed agreements with Export Import Bank of China (China Exim) and China Development Bank (CDB), as part of the strategy by the financial institution to deepen trade and investment relations between Latin America and China.

García said, "There is no doubt about the role China is playing in the current international economic and financial situation and its contributions to mitigating the effects of the global crisis."



He emphasized the importance of the complementarity of the Asian and Latin American economies and the positive impact of China's rapid growth on the investments and exports of the region.

The objective of the Memorandum of Understanding signed with the Export Import Bank of China, represented by its vice president, Liu Liange, was joint progress of activities in favor of the economic, financial and social development of CAF partner countries.

China Eximbank was set up in 1994 as an entity which operates under the Chinese government and the direction of the Council of State. Its mission is to implement State policies in support of industry, foreign trade, the economy and finance. Its functions include promotion of export and import of Chinese products, and support for Chinese companies, offering them comparative advantages to execute construction contracts on high seas and investment projects abroad. The bank also plays an important role in strengthening China's relations with foreign countries aimed at improving the international

economy and trade cooperation.

New Fund-Flow from China to Latin America

A second cooperation agreement was signed by Enrique García and Chen Yuan, president of CDB in its Beijing headquarters, covering economic, financial and social development actions in CAF partner countries.

The two institutions confirmed their excellent level of relations and successful joint work, which has improved their mutual knowledge. The agreement signed will define new lines of credit; move forward with agreement on cofinancing operations for small-, medium and large enterprises; set up a trust fund; and promote exchange of staff.

CDB is a financial entity of the Chinese state, founded in 1994. Its function is to support the development of the national economy by actively participating in the long-term financing of key infrastructure projects in Chinese industry, pillars of the country's economic growth. ■

Meet on Corporate Governance

The Fourth Annual Conference of Development Finance Institutions (DFI) on Corporate Governance was held recently in Rio de Janeiro, Brazil. The meeting was coordinated by CAF on behalf of the Working Committee formed by the African Development Bank (AfDB), European Bank for Reconstruction and Development (EBRD), Dutch Development Bank (FMO), International Finance Corporation (IFC), and Islamic Development Bank (IsDB). This year, the event took place with the special

participation of the Brazilian Development Bank (BNDES).

As part of CAF's efforts to disseminate and implement Good Corporate Governance Practices, the Conference focused on defining the role of Development Finance Institutions in the global crisis, by promoting Good Corporate Governance Practices as an effective vehicle for confronting the international situation.



The objective of the meeting was to follow up the points contained in the Joint Declaration on Corporate Governance, signed in 2007 by a group of 31 DFIs committed to development. The occasion was ideal for sharing experiences and checking progress on implementation of the principles of Good Corporate Governance Practices in Africa, America, Asia and Europe. Once again, the event brought together again over 50 authorities and representatives of the multilateral organizations. The next conference will be held in Jeddah, Saudi Arabia. ■

Reviving the Spirit of *Soccer & Samba*



SOCCER - TOURISM

INDO-LAC BUSINESS

The decade 2010-20 belongs to Brazil, one of the fastest developing countries of the world. Brazil, the cradle of football, will be hosting the 2014 World Cup soccer. In 2016, Rio de Janeiro of Brazil, will host the 2016 Summer Olympic Games. The Brazilian authorities have begun preparations on a massive scale to please the world and to make the country one of the most hospitable places on Earth. In October last year, when the International Olympic Committee announced that the 2016 Olympics will be held in Rio de Janeiro, an emotional Brazilian President Luiz Inacio Lula da Silva dabbed his eyes with a handkerchief several

times during a news conference held soon after. "Our hour has arrived," he said. "It has arrived." In Rio, jubilation erupted at the world-famous Copacabana beach, where thousands of people gathered to hear the announcement. Rio organizers promised to start working immediately to make the games a success. For Rio, a major appeal was bringing the Olympics to South America for the first time. IOC President Jacques Rogge said in the news conference afterward that in addition to its excellent bid, Rio had the "extra added value of going for the first time to a continent that's never had the games."

It is the first time the World Cup is being held in South America since Argentina hosted, and won, the 1978 tournament. Brazil have won the tournament a record five times and hosted the World Cup once before, in 1950, when they lost 2-1 in the final to Uruguay.

fans from all over the world can look forward to a month of carnival style celebrations during the 2014 World Cup tournament with the added bonus of a fanatical home support for the boys in yellow as they search for yet another World Cup title, this time on



Brazil is setting aside around £550m to update its stadiums, including the Maracana in Rio de Janeiro which hosted the 1950 World Cup final. That money will be spent in several areas as FIFA's inspection report has identified 18 grounds with more than 40,000 capacity that could host games. These will be whittled down to nine or 10 in time for the big kick off in 2014.

FIFA President Joseph S Blatter said he had been impressed by Brazil's plans for 2014, despite the fact they were the only bidders following Colombia's withdrawal.

"There was an extraordinary presentation by the delegation and we witnessed that this World Cup will have such a big social and cultural impact in Brazil. This is the country that has given to the world the best football and the best footballers, and they are five-times world champions."

With Brazil hosting the games, football



home soil.

More than half of Rio's Olympic venues are built, including state-of-the-art facilities constructed for the 2007 Pan and Parapan American Games: the magnificent Joao Havelange Stadium (the proposed 2016 venue for athletics), the Maria Lenk Aquatic Center, the Rio Olympic Arena (which will host gymnastics and wheelchair basketball), the Rio Olympic Velodrome, the National Equestrian Center and its close neighbor, the National Shooting Center. Rio will hold the games from 5-21 August 2016 and its theme will be "Live your passion." According to Rio's bid, the games will be held in four zones with varying socioeconomic characteristics:

- Barra, the heart of the games, is an expanding area



of Rio that will require "considerable infrastructure and accommodation development." It will house the Olympic and media villages and some venues.

- Copacabana, a world-famous beach and major tourist attraction, will host outdoor sports in temporary venues.
- Maracana the most densely populated of the zones, will contain an athletic stadium and the Maracana Stadium, which will host the opening and closing ceremonies. Major redevelopment is planned for the zone.
- Deodoro has little infrastructure, but the highest proportion of young people. It will require construction of Olympic venues. The city's bid was helped by a strong economy and guaranteed funding. Brazil's economy is the 10th largest in the world and predicted to be fifth by 2016.

The areas around it will be renovated, with improved access and transportation links. The entire neighborhood will be reborn, the Rio committee said,

to host the final of the 2014 FIFA World Cup.

Brazilian President Lula da Silva was joined by soccer legend Pelé as they advertised the benefits of a Rio games. He said, "Among the 10 major economies of the world, Brazil was the only country that had not received the Olympic and Paralympic Games. For us, it will hardly be our last Olympics. For us, it will be an opportunity to be equal. It will increase self-esteem for Brazilians, will consolidate recent conquests."

The two most important global sporting events of the decade have put the Brazilian tourism and hospitality industry on its toes to promote the country. This message is reaching out to every corner of the globe.

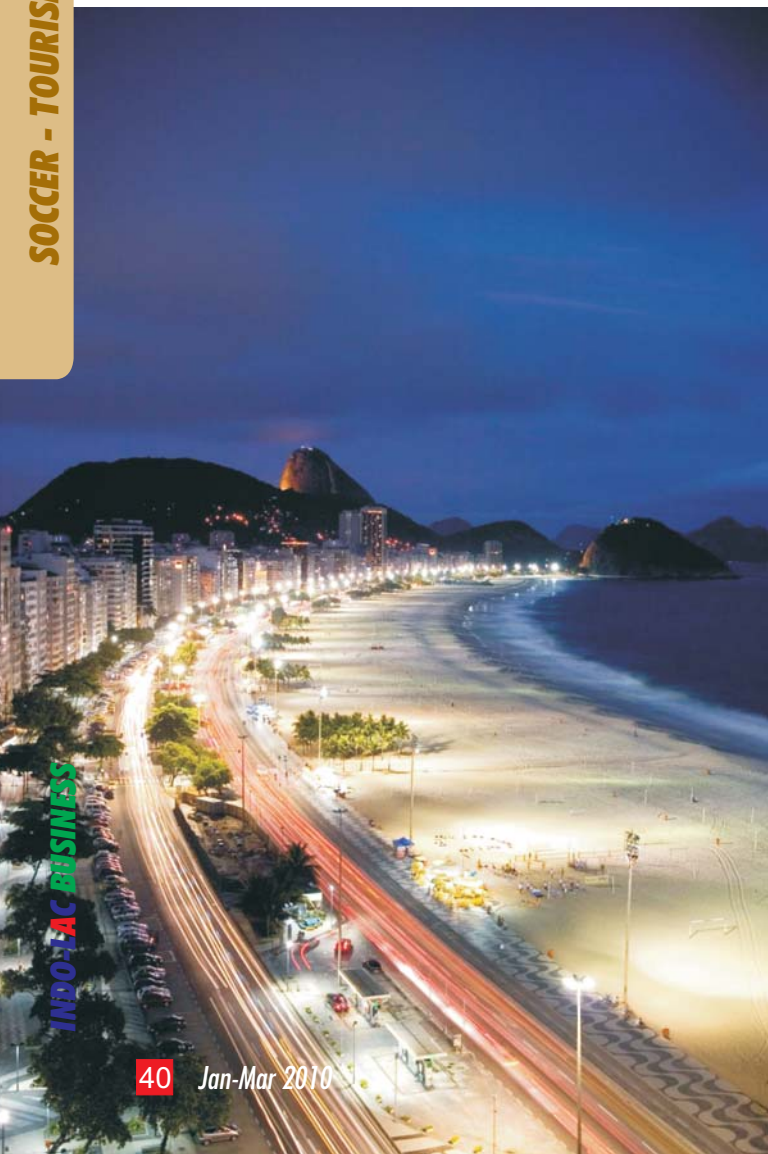
Speaking to reporters in the eastern city of Kolkata recently, Brazil's Ambassador to India Marco Brandao invited Indian companies to invest in the hospitality sector ahead of the World Cup in 2014 and Olympics in 2016 both sporting events to be held in his country.



The Federation of International Football Associations (FIFA) has selected 12 Brazilian cities to host matches at the 2014 World Cup finals. These are:

- Rio de Janeiro • Sao Paulo • Manaus • Belo Horizonte • Natal • Fortaleza • Curitiba • Salvador • Brasilia • Cuiaba • Recife • Porto Alegre.

Rio de Janeiro: Rio de Janeiro is famous for its natural settings, its carnival celebrations, samba, Bossa Nova and hotel-lined tourist beaches, such as



Copacabana, Ipanema and Leblon. Some of the most famous landmarks in addition to the beaches include the giant statue of Christ, known as Christ the Redeemer ('Cristo Redentor') atop Corcovado mountain, named one of the New Seven Wonders of the World; Sugarloaf mountain (Pão de Açúcar) with its cable car; the Sambódromo, a giant permanent parade avenue lined with grandstands which is used during Carnival; and Maracanã stadium, one of the world's largest football stadiums. Rio de Janeiro will host the 2016 Summer Olympics, and will be the first South American city to host the event.[6]

The city also boasts the largest and second largest urban forests in the world: Floresta da Tijuca, or "Tijuca Forest." [7] and (almost connected to the first) the forest in Parque Estadual da Pedra Branca, or White Stone State Park.

Carnival: Carnival, or Carnaval, from Latin "Carnevale", is an annual celebration in the Roman Catholic tradition that allows merry-making and red meat consumption before the more sober 40 days of Lent penance which culminates with Holy or Passion Week and Easter. The tradition of Carnival parades was probably influenced by the French or German courts and the custom was brought by the Portuguese or Brazilian Imperial families who had Bourbon and Austrian descents. Up until the time of the



marchinhas, the revelry was more of a high class and Caucasian-led event. The influence of the African-Brazilian drums and music was more noticeable from the first half of the 20th century. Rio de Janeiro has many Carnival choices, including the famous samba school (Escolas de Samba) parades in the sambadrome exhibition center and the popular blocos de carnaval, street revelry, which parade in almost every corner of the city.

In 1840, the first Carnival was celebrated with a masked ball. As years passed, adorned floats and costumed revelers became a tradition amongst the celebrants. Carnival is known as a historic root of Brazilian music.

Copacabana Beach: Every December 31, 2.5 million people gather at Copacabana Beach to celebrate New Year's in Rio de Janeiro. The crowd, mostly dressed in white, celebrates all night at the hundreds of different shows and events along the beach. It is the second largest celebration only next to the Carnival. People celebrate the New Year by sharing chilled Champagne with total strangers. It is considered good luck to shake the Champagne bottle and spray around at midnight. Chilled Champagne adds to the spirit of the festivities. [Largest New Years celebration in Brazil takes place on Copacabana beach. Entrance is free, peace is absolute, and security is guaranteed. There are four kilometers of fireworks exploding in the sky. The people, mostly dressed in white, coming from the four corners of the world, bid farewell to the year that is ending and toast the arrival of the new year. They boast one of the largest fireworks displays in the world lasting about 22 minutes and illuminating the beauty of Copacabana Beach in various colors.

Rio has an extensive nightlife scene. Clubs like



Baronneti, Hideaway, Icy, Nuth, Zero Zero, The Week and Catwalk are some of the country's and world's best known and frequented by celebrities such as Madonna, Ronaldo, Calvin Klein, Mick Jagger, and Naomi Campbell.

Sao Paulo: São Paulo is South America's largest city. The industrial growth and cultural variety of the city have made this place home to several well-cultured and well-educated people of the country. The

and Solimões rivers. It is the most populous city of Amazonas and is a popular ecotourist destination.

Manaus is a cosmopolitan city, and, because of its location next to the Amazon rain forest, it attracts a substantial number of Brazilian and foreign tourists, who can find plenty of boat and land trips into the surrounding jungle. A great diversity of wildlife can be found even in the surroundings of Manaus. It is also home to one of the most endangered primates in



liveliness of the local inhabitants would definitely add more color to your travel experience here. The popular tourist attractions here include Niemeyer's Edifício Copan, the baroque Teatro Municipal, the Patió do Colégio and the Museu de Arte de São Paulo (MASP) etc.

Manaus: Manaus is the capital of the state of Amazonas. It is situated at the confluence of the Negro

Brazil, the Pied tamarin.

Tour boats leave Manaus to see the Meeting of the Waters, where the black waters of the Negro River meet the brown waters of the Solimoes River, flowing side by side without mixing for about 9 km. Visitors can also explore river banks and "igarapes", swim and canoe in placid lakes or simply walk in the lush forest or stay at hotels in the jungle.

About 18 km from downtown is Ponta Negra beach, a neighbourhood that has a beachfront and popular nightlife area. A luxurious hotel is located at the west end of Ponta Negra; its small but very interesting zoo and orchid greenhouse as well as preserved woods and beach are open for public visits.

The Mercado Adolpho Lisboa, founded in 1882, is the city's oldest marketplace, trading in fruit, vegetables, and especially fish. It is a copy of the Les Halles market



of Paris. Other interesting historical sites include the customs building, of mixed styles and medieval inspiration; the Rio Negro Palace cultural center; and the Justice Palace, right next to the Amazonas Opera House.

Manaus has also many large parks with native forest preservation areas, such as the Bosque da Ciência and Parque do Mindú. The largest urban forest in the world is located within Federal University of Amazonas, which was founded in January 17, 1909 and is the oldest federal university of Brazil.

The city has a busy cultural calendar throughout the year, including the Opera, Theater, Jazz and Cinema festivals, as well as Boi Manaus (usually held around Manaus' anniversary on the 24th of October), which is a great celebration of Northern Brazilian culture through Boi-Bumbá music.

Belo Horizonte: Belo Horizonte or Beautiful Horizon is the capital of the state of Minas Gerais and is located in the southeastern region of Brazil. It is the third-largest metropolitan area in the country.

The city features a mixture of contemporary and classical buildings, and hosts several modern Brazilian architectural icons, most notably the Pampulha Complex. In planning the city, Aarão Reis and Francisco Bicalho sought inspiration in the urban planning of Washington D.C.[2] The city has employed notable programs in urban revitalization and food security, for which it has been awarded international accolades.

The city is built on several hills and completely surrounded by mountains. There are several large parks in the immediate surroundings of Belo Horizonte. The "Parque das Mangabeiras", located six kilometres south-east from the city centre in the hills

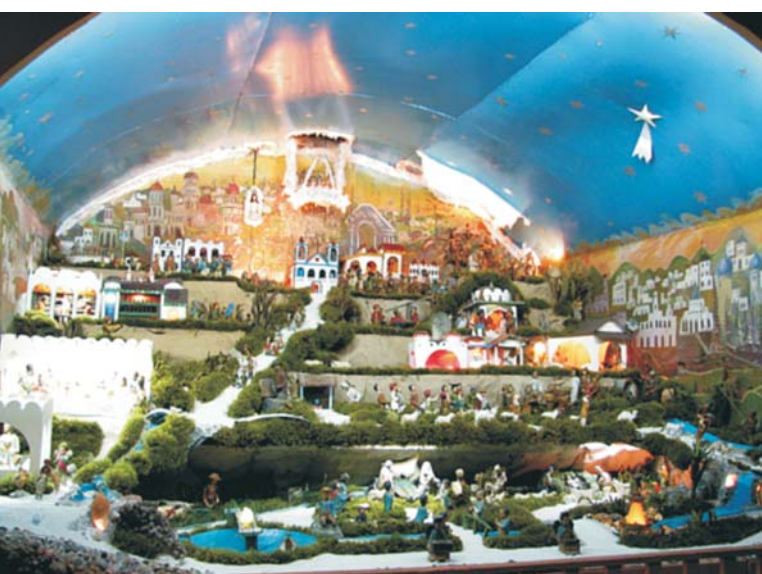


of the Serra do Curral, affords a view over the city. It has an area of 580 acres, of which 220 acres is native forest. The "Mata do Jambeiro" nature reserve extends over 912 hectares (2,250 acres), with vegetation typical of the Atlantic forest. More than one hundred species of bird inhabit the reserve, as well as ten different species of mammal.

Belo Horizonte has several significant cultural landmarks, many of them situated in the Pampulha district, where there are notable examples of Brazilian contemporary architecture. These include one of the largest soccer stadiums in the world, the Mineirão stadium, and the São Francisco de Assis Church, widely known as Igreja da Pampulha, designed by Brazilian Modernist architect Oscar Niemeyer. In Pampulha there is also the Universidade Federal de Minas Gerais campus, whose buildings themselves are important contributions to the city's architecture. Other notable Pampulha buildings include the Mesbla and Niemeyer buildings, in addition to the headquarters of corporations such as Usiminas, Seculus, and Telemig Celular.

In downtown Belo Horizonte, are located the neo-Gothic Boa Viagem Cathedral, the church of São José, the Praça da Estação (Station Square), which is an old train station that now is also the Museum of Arts and Workmanship, the Municipal Park, the famous Sete de Setembro Square, where an Obelisk built in 1922 marks the one hundred years of Brazilian independence from Portugal.

Near downtown, in the Lourdes neighborhood, the Lourdes Basilica is located, which is an example of Gothic Revival style. The Nossa Senhora de Fátima Church, in Santo Agostinho neighborhood, is



situated in Carlos Chagas Square. Both churches are referred to as the Assembléia Church and the Assembléia Square because of their proximity to the state's legislative assembly.

Natal: This is the capital city of The State of Rio Grande do Norte. It is considered the sunniest region of Brazil. It is situated 2500 km from de Brasília and 2750 km from Rio de Janeiro.

Natal is well known because of its beautiful beaches with white sand, blue sea, dunes, coconut trees and natural pools which are formed by coral reeves. The littoral of Rio Grande do Norte covers 399 km of quiet beaches, some of them, ideal for surfing.

In the eight-kilometer avenue "Via Costeira", which surrounds the sea, there are various hotels, bars and restaurants. Near to this avenue, the famous beach of Ponta Negra concentrates bars and restaurants too. In Natal, the trips to the dunes, called "buggy", are very popular. It is interesting to visit Dunas de Genipabu Park Ecologic Redinha (small town of fisherman). Bahias Protegidas de Tibau do Sul Morro do Careca, Beach of Pipa.

Beach, dunes and lagoon of Genipabu: It is located in Extremos city- in the great Natal. It occupies an area of 1.881 hectares, is the most famous landscape (in the postcards) of the state; it is possible to have the most radical buggy rides. Finally, the visitor will enjoy the wonderful view to the lagoon of Genipabu with its exuberant vegetation and blue waters.

Lagoon of Pitangui: It has dark and not very deep waters, ideal for swimming, riding aquatic bikes and fall by an aerial cable. It provides lifeguards, bars and restaurants.



Beach of Maracajau: The Maracajau beach is a fishers' village that conserves yet its traditions and forms part of the protected area known as APA dos Corais of Maracajau. The local is a natural aquarium of 13 square Km, excellent place for diving into warm and clear waters among the corals; it stands out by its richness and colorful fauna and flora.

Dunes and lagoon of Jacuma: The local forms part of dunes complex of the state coast and have low vegetation. In the middle, there is a lagoon where the visitors will enjoy a delightful bath and fall into the water using an aerial cable.

Fortaleza: Fortaleza is the state capital of Ceará, located in Northeastern Brazil. To the north of the city lies the Atlantic Ocean; to the south are the cities of Pacatuba, Eusébio, Maracanaú and Itaitinga; to the east is the county of Aquiraz and the Atlantic Ocean; and to the west is the city of Caucaia.

Of the urban beaches in Fortaleza, Praia do Futuro is the most frequented and is characterized by restaurants along the beach, each one with its own musical style and decoration.



The statue of Iracema refers to the legend of the Indian which was depicted in a novel by José de Alencar, a famous Brazilian author who originated from Fortaleza.

Curitiba: Curitiba, standing some 3,000 feet above sea level on the plateau of Serra do Mar, is the capital of the progressive state of Parana. Since the late 1800's, Curitiba's bracing climate and picturesque location have attracted immigrants of Slav, German, and Italian origin. Curitiba grew rapidly after 1950 and



it is known for the sensible manner in which it became a major city without losing a comfortable life-style. The city derives its economic prosperity from its role as commercial and processing center for the expanding agricultural and ranch areas in the interior of the state. The population of this environmentally conscious capital has about 1,500,000 inhabitants.

Curitiba, perhaps the best planned city in Brazil and an international model for sustainable development, is more than simply the result of a few successful projects. The city's achievements are the result of strategic, integrated urban planning. This overarching strategy informs all aspects of urban planning, including social, economic and environmental programs.

Curitiba is referred to as the ecological capital of Brazil, with a network of 28 parks and wooded areas. In 1970, there was less than 1 square meter of green space per person; now there are 52 square meters for each person. Residents planted 1.5 million trees along city streets. Builders get tax breaks if their projects include green space. Flood waters diverted into new

lakes in parks solved the problem of dangerous flooding, while also protecting valley floors and riverbanks, acting as a barrier to illegal occupation, and providing aesthetic and recreational value to the thousands of people who use city parks.

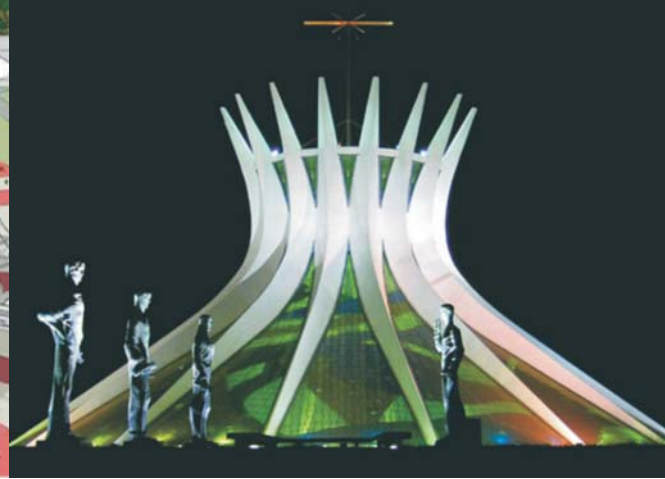
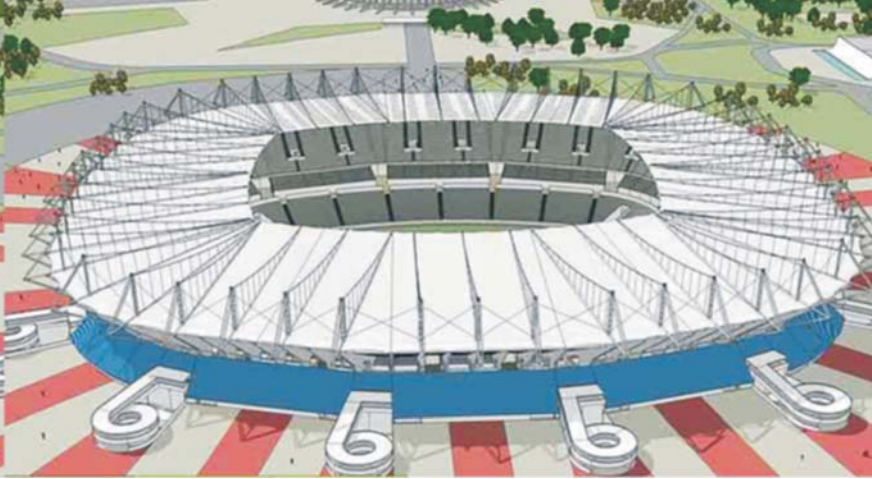
Salvador: Salvador da Bahia is a city on the northeast coast of Brazil and the capital of the Northeastern Brazilian state of Bahia. Salvador is also known as Brazil's capital of happiness due to its easygoing population and countless popular outdoor parties, including its street carnival. The first colonial capital of Brazil, the city is one of the oldest in the country and in the New World.

The city of Salvador is notable in Brazil for its cuisine, music and architecture, and its metropolitan area is the wealthiest in Brazil's Northeast, its poorest region. The historical center of Salvador, frequently called the Pelourinho, is renowned for its Portuguese colonial architecture with historical monuments dating from the 17th through the 19th centuries and has been declared a World Heritage Site by UNESCO in 1985.

Salvador is located on a small, roughly triangular peninsula that separates Todos os Santos Bay from the



open waters of the Atlantic Ocean. The bay, which gets its name from having been discovered on All Saints' Day forms a natural harbor. Salvador is a major export port, lying at the heart of the Recôncavo Baiano, a rich agricultural and industrial region encompassing the northern portion of coastal Bahia. The local terrain is diverse ranging from flat to rolling to hills and low mountains.



Brasília: Brasília, the capital of Brazil, is one of the world's well-planned cities. It officially became the capital in 1960. Brazilian architect Oscar Niemeyer designed the major official buildings. The city, which was otherwise dry, yellow and barren, was changed into an attractive one in a span of just three years, from 1957 to 1960.

Cuiabá: Cuiabá is the capital city of the Brazilian state of Mato Grosso. It is located in the exact centre of South America and is in conurbation with the neighbouring town of Várzea Grande.

The name is of obscure Indian origin, reportedly meaning "arrow-fishing" and alludes to the Bororo custom of using arrows to fish. Another version says that there was an Indian group called Ykuiapá. Others

say that a Portuguese man was taking a bath in the river using a kind of plate made with half coconut (named cuia), and the stream took it, and the man said: Cuia ba (something like "the cuia is gone"). The largest pole of tourism, economy, agro industry, trade and culture of the State.

The new Marechal Rondon International Airport connects Cuiabá with many Brazilian cities and also operates some international flights.

The city is home to the Federal University of Mato Grosso.

Recife: Recife (Portuguese pronunciation: [ʔe'sifi] (listen)) is the 5th [1] largest Metropolitan area in Brazil with 3,768,902 inhabitants, the largest metropolitan area of the North/Northeast Regions, the 4th largest metropolitan influence area in Brazil, and the capital of the state of Pernambuco. The population of the city proper was 1,561,659[2] in 2009. Recife is located where the Beberibe River meets the Capibaribe River to flow into the Atlantic Ocean. It is a major port on the Atlantic Ocean. The name Recife means "reef" in Portuguese, in allusion to the coral reefs that are present by the city's shores. The many rivers, small islands and over 50 bridges found in Recife city center characterize its geography and gives it the moniker of the "Brazilian Venice."





The celebrations, holidays and other events are numerous during the whole year. Thus the New Year begins at the beach, Praia de Boa Viagem and in Old Recife. The carnival of Recife and Olinda (which has its historic town center considered world heritage site by UNESCO in 1982) begins many weeks ahead in December with innumerable balls and parades. In the city, the carnival festivities begin in December, as locals begin preparing for the official Carnival, which starts the week before Ash Wednesday. The pre-Carnival parties usually consist of percussion groups practicing in local clubs, city streets and squares, and even Carnival balls. There is a variety of rhythms from different cultures. Carnival officially starts with the Galo da Madrugada, a party in Downtown Recife attracting many people from several States of Brazil, and other parts of the world.

Nature has a special place in Dois Irmãos Park, 387 hectares of Atlantic Forest reserve and 14 hectares of botanical gardens. There are also 800 wild animals, the Natural Science Museum and various ecological trails.[31] The metropolitan area has also a giant water park 20 km North of Recife, called Veneza water park which has nearly one million sq/ft of area, ten millions litres of water and lots of water slides for the youngsters.

Porto Alegre: Porto Alegre, the largest city in southern Brazil, is the capital of the state of Rio Grande do Sul, land of the Gauchos, and churrasco. The city, located on the Guaíba River, was founded in 1742 by immigrants from the Azores. Since the 19th century the city has received numerous from other parts of the world, particularly Germany, Poland, and Italy. Located at the junction of five rivers, it has become an important alluvial port as well as one of the



chief industrial and commercial centers in Brazil. With the advent of the Mercosul accord it should grow and prosper. Products of the rich agricultural and pastoral hinterland, such as soybeans, leather, canned beef, and rice, are exported from Porto Alegre to destinations as far away as Africa and Japan. It has a population of about 1,500,000 inhabitants. ■



Latin America Seen As Best Market for Coca-Cola Growth



Latin America is the market best-positioned to contribute growth to Coca-Cola Co., the president of the company's division there said recently.

In a presentation to Wall Street analysts gathered in Boca Raton, Fl., José Octavio Reyes gave a spirited defense of his division's prospects. He sought to debunk what he called myths and misconceptions, including that carbonated soft drinks are close to peaking.

Consumers in Latin America drink a lot of Coca-Cola products, especially in Mexico, the company's No. 2 market. With per capita consumption already high in Mexico, observers have wondered how fast Coca-Cola can continue to grow in Latin America.

Reyes contends that carbonated soft drinks are not close to tapping out. Per capita consumption in Brazil, for example, is not as heavy as in Mexico, giving Coca-Cola some elbow room. More consumers are joining the middle class, and 40 percent of the Latin American population is under age 21.

"We continue growing," said Reyes. "We are not content."

Latin America is one of the hottest regions for Coca-Cola, the world's biggest drinks company. It chips in about 12 percent of Coca-Cola's operating revenues and 25 percent of its operating profits.

In 2009, sales volume measured in cases increased 6.0

percent, following 8.0 percent growth in 2008. Brazil and Mexico contributed big increases in sales.

It wasn't a perfect performance. Latin America's operating margins "came in much weaker than we anticipated" in the latest quarter, according to J.P. Morgan analyst John Faucher. A strong operating margin means that more of a company's revenue remains after paying for variable costs such as fuel and raw materials.

But even against difficult comparisons from last year, "Latin America remained the grade buster in the Coke world," Credit Suisse analyst Carlos Laboy wrote recently.

In the past three years, Coca-Cola has added 1.4 billion cases of sales in Latin America, equivalent to "adding another Brazil," Reyes said.

Last year, Coca-Cola's Latin American surge came both from "sparkling" beverages such as carbonated soft drinks and "still" brands such as bottled water. Sales of sparkling beverages such as trademark Coca-Cola rose 3 percent in 2009, and sales volume of still beverages jumped 24 percent from a smaller base. Coca-Cola said its Latin American wing grabbed market share from competitors.

"Competition is alive, and well, and growing in Latin America," said Reyes. "This heated, crowded arena in Latin America is good for us. It forces us to bring our 'A game' to the marketplace every day."

El atractivo de América Latina

Una destinación segura de inversión para la India corporativa

Las compañías indias están mirando cada vez más hacia América Latina para hacer negocio en la medida en que buscan contactos en mercados crecientes y una destinación más segura para la inversión, según Wall Street Journal.

Las compañías indias han invertido alrededor de \$9 mil millones en América Latina durante los últimos años, decía el diario financiero principal basado en Nueva York, citando a R. Viswanathan, embajador de la India a Argentina, Uruguay y Paraguay, y que "ese número va a seguir creciendo."

En la medida en que se estabilizaron los mercados en los últimos meses de 2009, una serie de compañías indias afirmó sus planes para aumentar su exposición a América Latina, el diario comentó.

Tata Consultancy Services Ltd., que ya tiene operaciones importantes por toda la región, dijo en septiembre que estaba considerando varias posibilidades de adquisición.

Y el presidente de Tech Mahindra Ltd. Sanjay Kalra dijo

en el Foro Económico en Davos, Suiza, que su firma está "muy interesada" en fusiones y adquisiciones en América Latina.

Las compañías de la Informática ven un montón de oportunidades en la región usando centros de servicio para aprovechar de clientes locales y también de servir a clientes en los E.E.U.U. , una economía que se está rebotando paulatinamente, decía el diario.

Sin embargo, donde el interés ha estado creciendo más agresivamente es en el frente de las materias, decía citando a Ravi Bhagavan, socio en Galileo Global Advisors, una consultoría de Nueva York que ha ayudado a las compañías indias a ampliar operaciones en el extranjero.

El énfasis ha estado en llegar a ser un jugador serio en Brasil, pero " nuestra sensación es que las compañías indias deben mirar bien más allá de Brasil y mirar lugares



como Colombia y Chile", que muchas compañías han tendido a pasar por alto, según citaron a Bhagavan.

La inversión más grande de una compañía india en América Latina vino en 2007 en la que Jindal Steel & Power Ltd. gastó \$2.1 mil millones para desarrollar una mina de hierro en Bolivia. El paso siguiente en esta tendencia es el negocio agrícola, el diario dijo citando a

expertos de mercado.

Las buenas perspectivas de crecimiento están atrayendo a muchas de las corporaciones sudasiáticas en América Latina. Las compañías farmacéuticas como Dr. Reddy's Laboratories Ltd. y Ranbaxy Laboratories Ltd. ven un crecimiento rápido para sus listas de medicamentos genéricos en la región.

El comercio Indo-Brasileño tocará \$10 mil millones

Hablando a los reporteros en la ciudad de Kolkata recientemente, el embajador de Brasil a la India Marco Brandao dijo que el comercio bilateral entre la India y Brasil tocará \$10 mil millones dentro de tres a cuatro años próximos.

"Esperamos llevar el comercio bilateral a \$10 mil millones en los próximos tres a cuatro años desde la cifra actual de más de \$5 mil millones," dijo el Embajador Brandao en la ronda de prensa organizada por la Cámara de Comercio india.

Las materias como azúcar, combustible biológico y los fertilizantes son los que más se negocian entre los dos países.

Brandao dijo que la mayor parte de la inversión de la India está en el sector farmacéutico. Él, sin embargo, invitó a las compañías indias que invirtieran en el sector de la hospitalidad antes de la Copa Mundial en 2014 y las Olimpiadas en 2016 en Brasil.

Hablando del sector de azúcar, él dijo que las compañías indias de



azúcar se están ampliando en Brasil. "El productor indio de azúcar Shree Renuka entró en Brasil el año pasado," Brandao dijo.

Shree Renuka adquirió Vale Do Ivaí SA Açúcar de Brasil a un coste de Rs.11.12 mil millones en noviembre. Esto dio al fabricante indio del azúcar la propiedad de ocho trapiches en Brasil con una capacidad machacante agregada de 35.000 toneladas al día.



Negociaciones sobre el Acuerdo de Libre Comercio entre India y México en mayo

Antes, hablando en la misma ciudad, el embajador de México a la India Jaime

Nualart dijo que su país llevará a cabo las negociaciones abiertas para un Acuerdo de Libre Comercio completo (FTA) en mayo.

"Las negociaciones para FTAs tardan tiempo y estamos en una etapa preliminar. Un comité de alto nivel sobre relaciones económicas y comerciales se reunirá con sus contrapartes indias en mayo. FTA es uno de los temas importantes que se discutirán en la reunión en México," él dijo en las líneas laterales de una sesión interactiva organizada por la Cámara de Comercio india.

Ésta será la segunda reunión sobre FTA con la India. En 2007, México firmó dos acuerdos con la India - un pacto bilateral de promoción y de protección de inversión y un

Memorando de Entendimiento de fijar a un grupo de alto nivel (HLG) de funcionarios y de expertos superiores para explorarlas áreas de sinergia.

"También realizaremos un estudio de viabilidad para descubrir los pros - y - contra del FTA con la India," agregó. Según embajador Nualart, México está interesado en la inversión directa extranjera de la India en la minería. "Buscamos inversión india en la minería en nuestro país," dijo.

Un equipo técnico del ministerio mexicano de la industria visitará la India en marzo-abril para hacer una presentación a los inversionistas anticipados.

El comercio bilateral entre la India y México cruzó los \$2.95 mil millones en 2008 y se espera que toque los \$5 mil millones antes de 2010.

NIIT impartirá cursos de formación a los colombianos

Mientras tanto, en un desarrollo que puede traer cada vez más latinoamericanos a la India, el Instituto Nacional de la Tecnología de la Informática (NIIT), líder en el sector de entrenamiento en el país, va a ayudar a los colombianos a escribir correos profesionales, manejar llamadas telefónicas y hacer negocio en inglés.

"Les ayudaremos para desarrollar capacidades comunicativas en el inglés. El objetivo es mejorar su habilidad en inglés para que les ayude en hacer mejor negocio," dijo el portavoz de NIIT, Prateek Chatterjee, en Nueva Delhi recientemente.

Chatterjee dijo que NIIT ayudará en mejorar habilidades comunicativas en inglés como el entrenamiento de la voz y del acento, cómo escribir correos electrónicos de manera profesional, protocolos de llamadas telefónicas y otros aspectos relacionados.

La compañía ha firmado ya un acuerdo con el Servicio Nacional de Aprendizaje (SENA) del gobierno en Bogotá sobre este tema.

SENA es el instituto principal de la

educación técnica del gobierno en el país sudamericano que proporciona educación libre y el entrenamiento profesional a millones de gente.

Bajo esta cooperación, NIIT proporcionará el contenido para los cursos de la Externalización de Procesos de Negocio (BPO) y entrenamiento, la consecución de contenidos para los cursos de formación lingüística en inglés, y 'el entrenamiento del entrenador' para los cursos de BPO.

La compañía dijo este "acuerdo general de cooperación internacional" marca un compromiso de largo plazo en la parte de NIIT y de SENA para desarrollar en común la capacidad humana en Colombia.

A esto seguirá una asociación más cercana en un futuro próximo, en donde NIIT proporcionará el entrenamiento

a SENA en varios usos de la informática, formación de capacidades suaves, acceso al aprendizaje electrónico, y pondrá en marcha su Programa de Educación de la India. ■



Viaje del realismo mágico de
Mujica, una lección para los maoístas

Desde los fondos de un pozo a las alturas de la oficina presidencial

Cómo Mujica, el combatiente guerrillero, salió fuera del pozo de su prisión para llegar a ser el presidente de Uruguay... El paradigma democrático emergente en América Latina tiene una relevancia particular a la lucha de maoístas, dice R. Viswanathan, el embajador de la India a Argentina, Uruguay y Paraguay.



José Mujica, ex - combatiente izquierdista de la guerrilla Tupamaros que fue elegido como presidente de Uruguay el 29 de noviembre de 2009, estuvo preso en el fondo de un pozo durante dos años como parte de sus 14 años de encarcelamiento. Aprendió a hablar a las ranas y a oír el grito de las hormigas. Dialogaba con su ser interior para evitar volverse loco encerrado en ese pozo que, afortunadamente, era seco. Sobrevivió, abjuró violencia y abrazó ideales democráticos. Ahora se trasladará a la oficina presidencial en el último piso del Edificio Torre Ejecutiva en Montevideo.

Mujica no pudo contener las lágrimas en su discurso emocional de la victoria. Incluso el cielo estalló en lluvia y les mojó a él y a sus partidarios con un aguacero fuerte. Era un lavado simbólico del pasado de Mujica, anunciando una nueva era en la historia de Uruguay y de América Latina.

La lucha armada

En los años 60 y los 70, América Latina estaba repleta de jóvenes revolucionarios idealistas, que tomaron la lucha armada para cambiar el status quo y para establecer estados socialistas utópicos. Asesinaron, secuestraron y mataron personas de la autoridad y robaron los bancos para la causa de su ideología. Algunos de los revolucionarios fueron matados, lanzados en el mar desde aviones, fueron encarcelados, torturados, exiliados o simplemente fueron “desaparecidos”, como sugirió un general de Argentina en una clase de realismo mágico: “no son ni vivos, ni muertos... sino simplemente desaparecidos”. El espectro de la palabra “desaparecido” todavía frecuenta la sociedad, la literatura y los artes de la región. Che Guevara, el icono revolucionario, fue matado por el ejército boliviano. Pocos de los revolucionarios eran afortunados como para sobrevivir las balas y conseguir una segunda oportunidad de llegar al poder a través de las urnas. José Mujica es uno de ellos.

Mujica militó en el grupo militante armado Tupamaro y participó en la

breve toma de posesión de Pando, una ciudad cerca de la capital Montevideo en 1969. Lo capturaron y fue encarcelado en cuatro ocasiones y una vez logró escaparse de la prisión. Lo recapturaron eventualmente en 1972, después de que había sido disparado por la policía seis veces. Después del golpe militar en 1973, lo detuvieron en una prisión militar por 11 años y fue torturado. En 1985, cuando la democracia fue restaurada, Mujica fue liberado bajo de una amnistía general. Mujica, junto con sus camaradas, fundó un nuevo partido político, Movimiento de Participación Popular. Ganó las elecciones de 1994 y se hizo diputado y más adelante senador, e iba al parlamento en una moto. Su partido era el componente más grande de la coalición de centro izquierda de Frente Amplio que ganó la elección en 2004 y formó el primer gobierno izquierdista en la historia de Uruguay. Este gobierno dirigido por presidente Tabaré Vázquez alcanzó gran popularidad en los últimos cinco años con su agenda inclusiva de desarrollo y al mismo tiempo de ser favorable al mercado. Mujica fue ministro de la agricultura

en el gobierno de Vázquez. Le nombraron candidato de la coalición en las elecciones de 2009 y ganó con un 53 por ciento de votos.

Mujica ha prometido la continuidad de las políticas pragmáticas del gobierno de la coalición de los cinco años pasados. Él ha dicho que gobernaría como presidente Lula del Brasil, que se ha convertido en el modelo para los izquierdistas latinoamericanos. En uno de sus discursos de campaña, Mujica hizo voto a distanciarse la izquierda “de las ideologías estúpidas que vienen a partir de los años 70 - refiero a cosas como el amor incondicional a todo que es dirigido por el gobierno, el desprecio para los hombres de negocios y el odio intrínseco de los Estados Unidos. Él dijo, “Gritaré si quieren: ¡Abajo con ismos! ¡Viva una izquierda que es capaz de pensar fuera de la caja! Es decir, soy más que curado totalmente de simplificaciones, de dividir el mundo en el bien y el mal, del pensamiento en blanco y negro. ¡Me he arrepentido!”

Una pareja modesta

En 2005, Mujica se casó con Lucía Topolansky, una compañera combatiente de Tupamaros y senador actual, después de muchos años de cohabitación. La pareja presidenciales continuaría permaneciendo en su casa modesta de la granja en una comunidad de la clase obrera con caminos polvorientos y pequeños terrenos en las afueras de la capital.

El otro líder de la guerrilla que se hizo presidente en América Latina es Daniel Ortega de Nicaragua. Él formaba parte del Movimiento Sandinista que emprendió una lucha armada y derrocó la dictadura de Somoza. Él ganó las elecciones en 1984 y fue presidente a partir de 1985 a 1990. Lo derrotaron en las elecciones en 1990, 1996 y 2000 pero tuvo éxito en 2006 y es el presidente actual. Su esposa Rosario Murillo era también combatiente de la guerrilla.

Álvaro García Linera, el vice presidente de Bolivia, fue cofundador del ejército insurgente de la guerrilla Tupak Katari. Lo arrestaron y fue encargado de la insurrección y del terrorismo. Mientras estaba encarcelado, estudió sociología e se hizo catedrático después de salir de la prisión. Lo eligieron vice presidente durante la presidencia de Evo Morales en las elecciones presidenciales de 2005.

Ali Rodríguez Araque, el Ministro de Hacienda de Venezuela, era activo en el movimiento guerrillero marxista y era conocido como “comandante Fausto”, actuando como experto de explosivos, según cuentan. Fue uno de los últimos combatientes de la guerrilla que dejaron la lucha armada. Después del perdón del estado, se dedicó a la política parlamentaria. Ha servido como Ministro del Petróleo, Ministro de Asuntos Exteriores y vice presidente del país así como secretario general de la OPEP.

Nilda Garre, la Ministra de Defensa de Argentina, se decía que formaba parte del movimiento izquierdista militante de los Montoneros que luchó contra la dictadura militar. También se supone que su marido y cuñado estuvieron implicados con los Montoneros. Exiliaron a su marido y mataron a su cuñado en una emboscada. En una justicia irónica, Nilda Garre ahora es la jefa de los generales que la consideraban una vez como enemigo público del estado.

Dilma Rousseff, la jefa de personal de presidente Lula y candidata para las elecciones celebradas en octubre de 2010 era miembro de un grupo guerrillero brasileño clandestino. La encarcelaron entre 1970 y 1972 y fue torturada. Después de salir de la cárcel, Dilma se dedicó a la política y comenzó a trabajar con Lula en el Partido de los Trabajadores. Ambos de sus dos ex-maridos formaban también parte de los grupos insurgentes.



Todos los grupos guerrilleros armados principales de América Latina ahora han renunciado la lucha armada y han tomado la ruta democrática. El único grupo principal todavía que lucha es el FARC de Colombia, cuya historia necesita un análisis separado.

Las democracias latinoamericanas, que renacieron en los años 80 después del fin de las dictaduras militares, ya no tienen que enfrentarse con la amenaza de los grupos guerrilleros armados anti-establecimiento. La región está también libre de terrorismo y del fundamentalismo religioso que se han convertido en la amenaza principal en el resto de las regiones. Hay, por supuesto, crimen, violencia, secuestros y tráfico de droga. Pero éstos son problemas de asegurar el cumplimiento la ley y no plantean un desafío serio al nuevo paradigma democrático de América Latina.

(Las opiniones del autor expresadas aquí son personales y no reflejan los del gobierno de la India.) ■