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Record 2007 IDB Lending Comes at Expense of Environment, Communities

Bank Fueling Climate Change; Promotes Fossil Fuels and Deforestation

To view IDB Watch, a civil society publication of analyses of the Bank's policies, visit:

http://www.amazonwatch.org/documents/IDBWatch_Issue1_finallopez.pdf

http://www.amazonwatch.org/documents/IDBWatch_Issue2.pdf

Miami, FL — As the Inter-American Development Bank (IDB) today announced record lending of \$9.6 billion in 2007, environmental and human rights groups warned that the milestone had come at the expense of the environment and communities.

As part of an ongoing major shake-up within the Bank, environmental and social safeguards have been sidelined, with President Luis Alberto Moreno largely ignoring both the recommendations of the Blue Ribbon Panel of Advisors on the Environment and the stated wishes of many donor countries for more sustainable projects.

And despite the looming crisis of global warming, the IDB continues its promotion of fossil fuel-based energy policies, such as Peru's Camisea gas project, as well as infrastructure projects that will trigger significant deforestation in the Amazon; currently, deforestation accounts for approximately one fifth of global carbon emissions.

Meanwhile, the IDB continues to avoid publishing clear, results-oriented indicators of the developmental performance of the projects it funds. But a critical test of the Bank's failure to ensure effective lending is the degree to which the region remains mired in poverty, with the highest levels of inequality in the world and a deteriorating environment. Despite a half-century of IDB lending, totaling \$135.6 billion:

- 200 million Latin Americans still live on a dollar or less a day;

- Access to quality healthcare and education is highly unequal in much of the region, reinforcing Latin America's vast disparities in wealth;
- Latin America has the highest portion of emigrants of any region in the world, with 28 million people — five percent of all Latin Americans — finding it necessary to live abroad.

Despite promises, the IDB still shows little sign of addressing the root causes of social exclusion. In 2006, President Moreno announced the Opportunities for the Majority (Oportunidades para la Mayoría or OPM) initiative, with the Bank promising to pour \$1 billion per year in new resources into basic infrastructure projects benefiting low-income communities while separately creating a \$1 billion loan fund for small and medium-size enterprises. Two years later, the IDB has announced just one OPM project, totaling \$1 million.

Juan Martin Carballo, Global Governance Program Coordinator of Argentina's Center for Human Rights and the Environment, said: "The challenge for the IDB is not to lend more but to lend better. Right now, the bank's lending promotes too many unsustainable energy and infrastructure projects, that often leave local people worse off, living in a polluted and degraded environment but without sharing in the economic benefits."

Vince McElhinny, PhD, Director of the Latin America program of the Bank Information Center, said: "The Bank urgently needs to become transparent and accountable, and begin responding to the needs of communities rather than of corporations. After nearly half-a-century of so-called development lending, the IDB must justify its policies by publishing clear and verifiable indicators showing the results of its lending in attacking poverty."

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