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# The IDB in the Caribbean



# A Renewed Commitment

**A**s part of Bankwide steps to achieve greater country focus and responsiveness, the Inter-American Development Bank established the Caribbean Country Department in July of 2007 to better attend to the financing and development needs of The Bahamas, Barbados, Guyana, Haiti, Jamaica, Suriname and Trinidad and Tobago.

The new department is one of four IDB country departments that together serve a total of 26 borrowing countries. The country departments, consisting of IDB country offices in each of the borrowing nations and a supervising staff at headquarters in Washington, D.C., are responsible for developing, jointly with the individual nations, strategies and programs while processing specific projects.

The IDB lending portfolio for the seven countries in the Caribbean Country Department as of September 2007 totaled about \$2 billion, approximately 5.5 percent of the total IDB lending portfolio of \$36 billion. The population of these seven countries is around 13 million people, or 2.5 percent of the total population of 526 million for the 26 borrowing country members of the IDB in Latin America and the Caribbean.

Although the proportion of IDB lending to the population of the Caribbean compares favorably to to-

tal Bank lending, much more needs to be accomplished in stimulating higher growth and reducing vulnerabilities, and extending the benefits of growth to those sectors of the population that have been less fortunate.

## Unique Characteristics

The seven countries of the Caribbean Department have unique characteristics. Unlike the majority of IDB borrowing country members, the main language is not Spanish, but English in five of the countries, French in Haiti and Dutch in Suriname. The countries are characterized by diversity, reflecting strong European, African, Asian and indigenous heritages. All are members of the Caribbean Community (CARICOM), which is striving to advance development by forging a single economic space and establishing other integrated structures. The countries are experiencing a trend toward service-based economies, with tourism as a leading industry, but extractive and agricultural sectors also continue to be significant.

There are also important contrasts. Three of the countries—The Bahamas, Barbados and Trinidad and Tobago—have achieved standards of living that rank among the highest in Latin America and the Caribbean, while two countries, Guyana and Haiti,

are among the poorest and qualify for IDB concessional financing and debt relief. Trinidad and Tobago is rich in oil and gas, but that is an exception rather than the rule for the seven countries as a group. Tourism is highly developed and sophisticated in The Bahamas, Barbados and Jamaica, but less so in the other countries.

All of the seven countries are vulnerable to natural disasters, especially hurricanes. In the social area, significant progress is being made toward achieving the United Nations Millennium Development Goals. More remains to be done in education and training, meeting evolving health challenges and improving equity. All the countries have a need for better infrastructure and more efficient institutions. Competitiveness and environmental protection are among the additional concerns.

The IDB will continue its efforts to strengthen the economies of the Caribbean, especially its vital tourism industry, while helping to diversify investment and expand competitive private sector activity.

Assisting the integration process and strengthening CARICOM remain Bank priorities, as does disaster risk management. Programs for building modern infrastructure, strengthening governance and environmental protection, and furthering reforms in social sectors—such as health, housing and education—are expected to receive additional financial support from the Bank.

Several new Bank initiatives will target Caribbean development priorities. The IDB launched the Sustainable Energy and Climate Change Initiative Fund in 2007 to support those projects that offer economically and environmentally sound energy options and effective responses to climate change. The Bank is expanding programs to promote bio-fuels and renewable energy. It has launched an Opportunities for the Majority Initiative to carry out innovative and effective projects that will increase the market power and economic capacity of that sector of the population that has up to now been excluded from many of the benefits of development.

# Joining Forces: The IDB and the Caribbean Development Bank

**A** mechanism has long been established by which the IDB can provide financing to the small countries of the Eastern Caribbean through a partnership with the Caribbean Development Bank (CDB). This unique arrangement enables small Eastern Caribbean states that are not IDB members to have access to IDB development resources on favorable terms.

A subregional development bank based in Barbados, the CDB was founded with technical assistance from the IDB, the World Bank and the United Nations Development Programme in 1969. To further reinforce the new institution, in 1975 the IDB Board of Governors amended its charter to enable the Bank to provide development assistance to non-member, small Caribbean island nations through a process of onlending by the CDB.

The CDB has 26 members, 18 borrowing member countries, three regional nonborrowing members and five nonregional, nonborrowing members. Most of the CDB's borrowing member countries are poor small island nations in need of international development assistance and vulnerable to natural disasters, particularly hurricanes. Seven of the CDB's borrowing members are also IDB members and entitled to direct IDB lending and technical cooperation.

Through its partnership with the CDB, the IDB has channeled concessional resources for development projects in Anguilla, Antigua and Barbuda, Cayman Islands, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

The CDB was established specifically to address the needs of the small Eastern Caribbean states and now provides about 40 percent of their external credit. The CDB's headquarters in Barbados has advantageous airline connections with the Eastern Caribbean nations, and its governance structure makes it especially attuned to the needs of small island countries.

In many respects, the CDB mirrors the organizational structure of the larger development banks, such as the World Bank and the IDB. Its bond issues—im-



Carlson Gough





portant for raising resources on international capital markets—are rated triple A, and its strategic goals emphasize poverty reduction and governance as well as infrastructure and economic and social development.

## Collaboration

The CDB's loan portfolio is around \$1.2 billion. As of Dec. 31, 2006, IDB resources had contributed 28.5 percent of the CDB's Special Funds loan portfolio amounting to \$68.2 million. IDB loans and grants support agriculture, disaster prevention, education, fisheries, tourism and transportation, among other activities.

In its largest operation for a single nonmember Caribbean island state, the IDB approved a \$10 million concessional loan to help rebuild Grenada after 80 percent of its buildings were damaged and its economy crippled by Hurricane Ivan in 2004. The IDB resources, channeled through the CDB, are being used to rebuild schools, improve strategic surface transportation and provide services to new, low-income housing developments to benefit persons whose homes were destroyed.

In addition to onlending and technical assistance, the IDB and the CDB share a commitment to en-

hanced collaboration in meeting the unique challenges confronting the Caribbean subregion. The two institutions continue to work together and exchange knowledge in addressing issues such as disaster risk management, energy security and civil society participation.

Carlson Gough, Director of Projects for the CDB, says the resources of the IDB and other international contributors are a welcome addition to the Caribbean's financial resources. The IDB funding "gives countries an advantage of having a wider net to get assistance," he says, while offering technical cooperation—especially for institutional and personnel capacity-building—and attractive financing terms.

The larger multilateral development institutions can offer the CDB models for procurement and governance standards, says Gough, and recent IDB initiatives to promote renewable energy and biofuels and to combat unfavorable climate change are attractive new areas of future investment and activity. The CDB, he adds, offers advantages of proximity to borrowing member countries and a leaner, faster and more-focused administrative structure than the larger multilateral institutions, whose borrowing country members are much more populous than Eastern Caribbean states.

# IDB Helps Rehabilitation of Grenada

**S**OUBISE, Grenada—“If you want something, you have to go to the man at the top,” says Denise Bain, a mother of five children who lost her beachside home during Hurricane Ivan in 2004.

She personally asked Prime Minister Keith Mitchell for help when he was visiting the fishing village of Soubise on the country’s eastern coast to inspect damage after the devastating storm. The hurricane damaged 80 percent of the building structures on Grenada, an island nation with 90,000 inhabitants in the Eastern Caribbean with an area of 133 square miles, about twice the size of Washington, D.C.

Soubise was particularly hard hit, because many of the fishermen’s homes were located on the beach. Their houses were swept away by winds and high tides.

The prime minister responded to the call. The government acquired eight acres of land on higher ground near the coast for a new, low-income housing development.

## New Housing Policy

Supporting the aid effort, China pledged to build 100 homes for the fishermen as part of its overall housing assistance package of 2,000 new homes.



The old Queens Park Bridge and the new structure

The IDB, through an onlending program in conjunction with the Caribbean Development Bank and the government of Grenada, is providing financing for access roads to the 100 new homes in Soubise and services—such as water, sewerage, and electricity.

The housing reconstruction process is complex, taking years, explains Robin Swaisland, project coordinator of Grenada’s Agency for Reconstruction and Development. The government first needed to develop a housing policy, which charted a course of action, and then devised a means test to ensure that the new subsidized homes benefit poor fami-



Road in new housing site under construction



Traffic on new road in front of Ministerial Complex



The rebuilt Constantine Methodist school

lies rather than those who are affluent, he says. Through experience, planners learned that it was important to install roads and services in advance of building new homes—otherwise the houses will remain uninhabitable.

Unique issues needed to be addressed in relocating the fishermen and their families, says Swaisland. The new site “needed to be near enough to the beach so fishermen could see their boats from their homes,” he says.

At first, many families were reluctant to leave precarious dwellings on the beach, says Bain. That changed when they found that, because of beach erosion caused by the hurricane, homes were vulnerable to high tides, backed-up drainage and flooding. “We will gladly move now,” she says.

Although Grenada is not a member of the IDB, the Bank was able to contribute to the international assistance effort for Grenada through its relationship with the Caribbean Development Bank, a sub-regional development bank based in Barbados of which Grenada is a member. By this mechanism, the IDB lends concessional resources to the CDB,

which in turn onlends the funds to small Eastern Caribbean island states.

In 2005 the IDB loaned Grenada \$10 million through the CDB to help finance the reconstruction of schools, roads, health centers and the provision of services and access roads to two low-income housing sites, Soubise and Mt. Gay, where an additional 160 families are to be resettled near St. Georges, the capital.

One government objective is to make the new homes, schools and roads better than they were before the hurricane. At the Constantine Methodist school, four and a half miles north of St. Georges, the rehabilitated structure has more space than the original building, including an enlarged kitchen and a toilet facility for the handicapped. A strategic strip of roadway in front of the Ministerial Complex, a concentration of government offices in St. Georges, has been improved and widened to better accommodate traffic from the port. The old Queens Park bridge over the St. John’s River, suffering from rust and dating from 1947, was replaced by a new, wider structure. It is one of three bridges that have been widened and improved with IDB resources.



# CARICOM and the IDB

**T**he Caribbean Community was established in 1973 by seven governments to achieve greater economic growth and competitiveness to the benefit of the countries, most of them small island states, through economic integration and cooperation in a wide range of areas, including education, health, agriculture and industrial policy. CARICOM is also pledged to pursue harmonization with respect to foreign policy.

Since then CARICOM has grown to include 15 countries, constituting one of the most sophisticated integration systems in the Western Hemisphere. Compared to other trade blocs in the hemisphere, it has the largest number of members and the small-

est gross domestic product, which at the end of 2006 was around \$40 billion. Seven of its members in the Organization of Eastern Caribbean States belong to a monetary union.

CARICOM recently took steps to deepen its integration through the establishment of a Single Market and Economy (CSME) to increase the region's international competitiveness and to reduce the vulnerabilities of small member nations. In addition to liberalized trade and a common external trade policy, objectives of the CSME include the free movement of services, labor and capital, as well as harmonization of national laws and regulations in a number of economic policy areas.



CARICOM headquarters at Turkeyen, Greater Georgetown, Guyana



A CARICOM building

## Goals of CARICOM Essential

The IDB considers the goals of CARICOM essential to attaining greater economies of scale and growth opportunities for its Caribbean member countries and their sister island states. In conjunction with other international donor organizations, the Bank approved 45 projects between January of 1999 and October of 2006, contributing more than \$16 million in grants, to support the CARICOM Secretariat and related organizations, such as the Caribbean Regional Negotiating Machinery and Caribbean Regional Organization for Standards and Quality.

In addition, during that period the IDB sponsored 55 conferences and workshops on integration issues, including natural disaster prevention and mitigation, and published 25 studies and reports designed to increase the understanding of the integration processes and to spur their advance.

The IDB's strategy to support CARICOM from 2007 to 2010 focuses on attaining the goals of the Single Market and Economy, aligning the Caribbean countries' regional and global integration agendas, helping disadvantaged nations to more effectively participate in the integration process, and promoting private sector development.

The Bank also gives priority to supporting the region's productive sectors and cross-sectoral programs to strengthen information and communications technology and the energy sector. It is also investing in disaster risk management and statistics, and it will continue to build greater awareness of the integration process and assist with its planning and monitoring. For more information visit [www.caricom.org](http://www.caricom.org)

# Caribbean Promotes New IDB Initiatives

**T**he Caribbean is participating in the launching of new IDB initiatives designed to broaden, deepen and modernize the Bank's development agenda.

In May of 2007 Montego Bay, Jamaica, was host to a seminar on the IDB's Opportunities for the Majority Initiative, which offers a new approach to mobilize investment that will benefit that 70 percent of the population in Latin America and the Caribbean that earns less than \$3,000 a year. The initiative views the low-income sector of society as a potential mass market of consumers and producers,

who, with the proper incentives and investments, can generate wealth for the benefit of all. The Opportunities for the Majority concept stresses innovative, market-based solutions and partnerships among private sector, government, and nongovernmental organizations and the delivery of quality services, products and infrastructure.

Georgetown, Guyana, was host to a seminar in August of 2007, "Expanding Bioenergy Opportunities in the Caribbean," the beginning of a dialogue to develop an agroenergy strategy for the region and the analysis of investment opportunities, especially with regard to the sugarcane industry in the CARICOM member states.

Also in August of 2007 the IDB launched its (SECCI) Sustainable Energy and Climate Change Initiative Fund, with an initial contribution of \$20 million, to support economically and environmentally sound energy options and effective responses to climate change in Latin America and the Caribbean. The fund, to be supplemented by contributions from other donors, will finance analyses, assistance for policy reforms, project identification and preparation, capacity building and other activities to further investment in renewable energy, energy efficiency, biofuel development and the reduction of carbon emissions.



Protecting Barbados beaches

# The Bahamas





**T**he unique geography of The Bahamas, with 700 islands and keys scattered over 100,000 square miles off the southeast coast of Florida, has presented the nation with both competitive advantages and developmental challenges.

Although the country has prospered as a politically stable Caribbean crossroads with strong tourism and financial services industries, it must address the need to modernize government institutions, improve the business environment, upgrade its education system and protect its natural setting, which has made the islands so attractive to visitors.

The Bahamas must deal with pressures on public services from a relatively large number of low-income, undocumented immigrants who have a disproportionate impact on a nation whose total population is only about 300,000 persons. The number of at-risk youth is also relatively high and is reflected in rates of teen pregnancy and HIV/AIDS and other social indicators. Geographically, the country is vulnerable to hurricanes.

Historically, the largest sectors of IDB investment in The Bahamas have been energy and roads.

#### IDB loans to The Bahamas as of March 2007: \$382 million

##### Sectors

**Energy:** 54 percent

**Transportation and Telecommunications:** 17 percent

**Education:** 10 percent

**Environment and Natural Disasters:** 10 percent

**Health and Sanitation:** 3 percent

**Industry, Tourism, Science and Technology:** 3 percent

**Other:** 3 percent

Lately, lending has reflected an interest in smaller, more-focused projects, with a substantial content of technical assistance. Among such projects recently approved by the Bank are those that finance a master plan for coastal management and preventive management of natural risks.

The Bank's strategic focus is to work with the government of The Bahamas in managing sustainable growth and private sector development. With these goals in mind, the IDB is prepared to invest in a wide range of programs, including those for land use planning, trade sector support and liberalization, and infrastructure development, particularly in the Family Islands. Youth development, health sector modernization, and social safety net reform are other areas of possible Bank activity.

# State-of-the-Art Landfill Helps Keep New Providence Attractive

**N**ASSAU, The Bahamas—With a tourism industry accounting for 60 percent of the country's gross domestic product, keeping beaches and other attractions clean is a national priority in The Bahamas.

The need for an ambitious sanitation program may not be immediately apparent, because most of the 700 islands in the archipelago are either sparsely populated or uninhabited. But refuse and debris can build up quickly on the island of New Providence, where two-thirds of the country's 300,000 inhabitants live.

Over the years the government has worked to improve the system for collecting, processing and disposing of garbage. With vacant land suitable for landfills both scarce and expensive, The Bahamas has had to find innovative ways of extending the utility of available facilities. To that end, in 1998 the government obtained a \$22.8 million IDB loan to create a state-of-the-art sanitary landfill on New Providence along with smaller landfills on 10 of the Family Islands.

The new landfill on New Providence was built adjacent to an old public dump known as the Harrold Road Facility. In operation since 1972, this landfill consisted of nearly 40 acres of refuse partially

covered with Coralline rocks. The lack of adequate cover material had created odor, pest and fire problems. Hazardous waste and recyclable material were being buried indiscriminately, with the resulting risk that contaminants might seep into the island's water table.

## State-of-the-Art Design

The new facility, built on 135 acres next to the old dump, combined state-of-the-art sanitary landfill design with an innovative use of the porous coralline rock. The site was divided into five "cells," each lined with a high-density polyethylene geomembrane to prevent contaminants from leaching into the ground. The geomembranes channel liquid contaminants from the waste deposits into holding chambers where they are treated bioreactively and then recirculated in the system. Wire baskets six feet long, three feet deep, and three feet wide are filled with coralline rocks and stacked one on top of the other in the landfill at strategic intervals to vent gases that form during decomposition of the waste. The venting also prevents explosions and fires.

Hazardous materials are now sorted out from the waste and shipped to other countries under the terms of the 1989 Basel Convention, which allows the international shipment of such wastes so long



Wire baskets filled with coralline rocks (center) serve to vent gases at landfill

as exporters have written consent from the recipient country. Other materials, such as old tires, are sorted out for export and recycling.

The facility was designed to accommodate a total of 7.9 million cubic yards of waste over the course of 20 years. Some 1,500 tons of refuse are added to the landfill each day. When it reaches capacity, the landfill will be given a final layer of covering material and planted with vegetation.

The project is the first of several investments needed to keep The Bahamas' environment attractive to visitors and residents, says Henry Moxey of The Bahamas Ministry of Works and Transport, who until recently was the project coordinator of the Solid Waste Management Program. "We have started on

a journey of 1,000 miles," he says. "The Bahamas is more focused on environmental issues now than it was 10 or 20 years ago."

In addition to the Harrold Road Landfill and the smaller facilities on the Family Islands, the program is financing institutional strengthening and modernization, training and public education.

An environmental and social impact report issued prior to the launching of the Solid Waste Management Program noted that on sparsely populated islands without regulated waste management there is danger of a proliferation of informal waste sites where "the usual method of disposal is to dump, burn and then push the burned material aside to make space for more waste."

# The Bahamas Modernizes Its Land Registry

**NASSAU, The Bahamas**—Keeping track of who owns land is a difficult job for any country, and especially for one divided into 700 islands and keys scattered over 100,000 square miles.

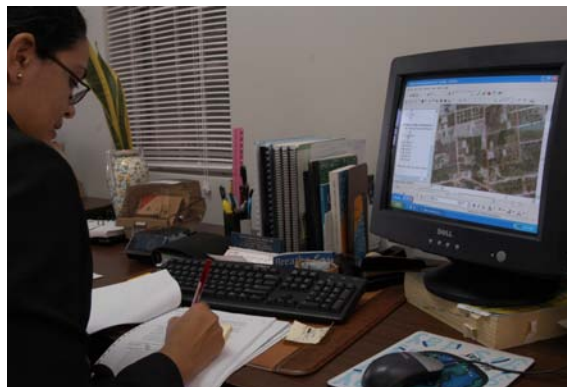
In The Bahamas, the job is further complicated by climate, geology and unique legal traditions. The physical characteristics of the islands change as they are altered by natural forces such as tides, storms and hurricanes and the impact of human activity.

Moreover, private parties are allowed to buy and sell land in The Bahamas among themselves, using their own legal documents and titles without registering the transaction in a central government location.

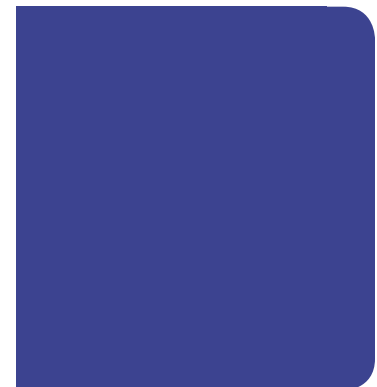
Seventy percent of the land in The Bahamas is “crown land,” owned by the state and controlled by the prime minister’s office. Many families live on what is known as “generational land,” which is handed down by families from generation to generation, often without a clear titleholder.

Not surprisingly, land ownership disputes can be hard to solve.

“Given the complexities of land title in The Bahamas it may be difficult for a lawyer to give 100 percent assurance of good and clear title,” says Tex Turnquest, coordinator of The Bahamas Land Use, Policy and Administration Project, which is a major effort to modernize and computerize the country’s land administration. “I myself was born on generational land.”



Mapping The Bahamas





The IDB is assisting the project with a \$3.5 million loan and technical assistance. By the end of the three-year project, information on the value, ownership and location of 75 percent of all land parcels on New Providence and Grand Bahama islands—the two most populous islands of the archipelago—will have been collected and stored electronically. Document recording time at the Deeds Registry will have been reduced from an average of nine to two months, and tax registration and collection will have substantially increased.

Eventually the modernization process will be extended to all the islands.

A Geographic Information System (GIS) is being developed with uniform software standards that will provide geographic and resource data online to all government agencies as well as to nongovernmental organizations and the general public. The GIS will be a “central support tool in the decision-making process” for issues such as planning, development and environmental protection, says Carol Albury, director of The Bahamas National Geographic Information Center. “It tells us where people live and



Carol Albury



Tex Turnquest

shows us the location of our protected areas, water bodies, coastlines and building structures. What we are really talking about here is the survival of The Bahamas.”

A third component of the project will begin the development of a comprehensive national land policy. This will involve a consultative process with civil society, principally at the local and Family Islands level, which will generate guidelines for preparing the country’s land policy and land use management plan.

# Barbados



**B**arbados has met many of the challenges of a small island state by investing in education, modernization, and environmental preservation, the latter a critical element in protecting and developing the country's tourism industry, which is fundamental to the economy.

With a population of 281,000 living in a territory of 431 square kilometers, about two-and-a-half times the size of Washington, D.C., the country has achieved slow but steady growth over a period of decades and a standard of living that is among the highest in the Western Hemisphere.

The country remains vulnerable to worldwide economic cycles, and its leaders have recognized the need to join with other nations in the region to achieve economies of scale and compete more effectively in an increasingly globalized world. A National Strategic Plan sets a target date of 2025 to develop a society that is prosperous, socially just and globally competitive.

Among the government objectives are economic diversification into areas such as financial, professional and business services. Important vehicles for achieving these objectives include small enterprise development and participation in deepening the integration of countries in the Caribbean Com-

#### IDB loans to Barbados as of March 2007: \$409 million

##### Sectors

<b>Education:</b>	32 percent
<b>Health and Sanitation:</b>	20 percent
<b>Transportation and Telecommunications:</b>	14 percent
<b>Reform and Public Sector Modernization:</b>	14 percent
<b>Environment and Natural Disasters:</b>	6 percent
<b>Agriculture and Rural Development:</b>	5 percent
<b>Trade Support:</b>	4 percent
<b>Industry, Tourism, Science and Technology:</b>	3 percent
<b>Other:</b>	2 percent

munity through the establishment of the CARICOM Single Market and Economy.

The IDB's strategy is to work with the Barbados government to provide credit resources that will help the nation achieve greater overall competitiveness and a stronger private sector while continuing advances in education, environmental protection and services, such as water.

The IDB has traditionally been the largest source of multilateral financing for Barbados, which joined the Bank in 1969, and has provided nearly \$400 million in loans and \$21 million in grants. Education has been the largest sector of IDB investment, constituting about a third of the total financing provided.

# Barbados Priority: Protecting the Coastline

**B**RIDGETOWN, Barbados—The 92 miles of Barbados coastline dotted with 80 beaches are the lifeline of the small country’s tourism-driven economy, drawing visitors from around the world to enjoy sun, sand and warm sea breezes.

For more than three decades the government and business community have recognized that this

natural resource cannot be taken for granted. Beaches are like endangered species. If not protected and reinforced, they may disappear, in some cases as fast as in a single day, because of an event as drastic as a storm or as subtle as a shift in tide and current.

“A beach is a very dynamic system,” says Tia Browne, a project engineer for the Barbados Coastal Infrastructure Program. “A storm doesn’t necessarily have to be a hurricane to threaten a beach. An ocean swell can also be a threat.”

In 1983 the government began to prepare a systematic strategy and plan for preserving the country’s beaches, a process that required new laws, training and hiring of engineers and administrators. Publicity campaigns made average citizens more aware of the importance of conservation and investing in beach stabilization.

Known as Integrated Coastal Management, the shore protection program takes into account the impact of commercial and housing development, drainage, ocean tides and currents, storm and hurricane probabilities, coral reef ecosystems and the rising sea level caused by global warming. The owners of shoreline properties and other interested parties are regularly consulted and encouraged to participate in the coastal preservation system.

Measures for protection and enhancement of selected beaches have their own language: “headlands” are artificial rock promontories; “spurs” are rock jetties, smaller than the headlands; “revetments” are piles of boulders on shore, behind the beaches; “groynes” are large barriers, often of cement blocks, that trap sand; “nourishment” is new sand that reinforces an eroded beach.

On a single 1.1 kilometer strip of beach on the southwestern coast, from Rockley to Coconut Grove,



Crane Beach





Rehabilitating Rockley Beach

shoreline rehabilitation requires the construction of five headlands, one major revetment and five spurs. The revetment requires 30,000 tons of granite boulders imported from Canada, while beach nourishment will absorb 18,000 cubic meters of sand dredged from a Barbados harbor. The procedure is guided by a scientific model developed by an international technology firm in Canada.

When the rehabilitation is completed—the program includes construction of a boardwalk along the beach and public bathing facilities—the government will have invested \$9 million in a 1.1-kilometer strip of shoreline near Bridgetown, the capital and main city.

This and other investments have succeeded in basically stabilizing the Barbados coastline, says

Browne, but the rehabilitation and shoreline protection process is continuous, and the possibility of setbacks is a constant menace.

A Coastal Zone Management Unit has been established to carry out and monitor the shoreline protection program, guided by the Coastal Zone Management Plan. Three laws were enacted to enforce Integrated Coastal Management: the Coastal Zone Management Act, the Marine Pollution Control Act and the Town and Country Planning Act.

The IDB supported the establishment of Integrated Coastal Management from its inception in 1983 by providing financial assistance for technical studies and research. These resources were later supplemented by funding for training technicians and for demonstration projects. The Bank financed the drafting of new environmental legislation and aided in the establishment of the Coastal Zone Management Unit and in the drafting of the Coastal Zone Management Plan.

An IDB loan of \$17 million approved in 2002 financed the rehabilitation and protection of selected, priority beaches, including the celebrated beaches of Rockley and Crane, and provided resources for training and strengthening of the Coastal Zone Management Unit.

# The Barbados Model: Invest in Education

**B**RIDGETOWN, Barbados—Through decades of investment Barbados has achieved universal education and nearly 100 percent literacy, becoming a model for other island states in the Eastern Caribbean.

Authorities are not resting on the country's laurels. Economically dependent on tourism and services, the country is carrying out the final phase of an ambitious, nine-year-old reform to revamp its educational system to meet the needs of the 21st century. The government considers the reform critical

to maintaining and improving the country's competitiveness and relatively high standard of living in the Caribbean region.

The reform consists of four components: reconstruction and rehabilitation of the physical structure of all primary and secondary schools; curriculum reform and the establishment of national attainment targets; training for teachers and administrators; and the introduction of computers and

other technologies in the teaching and learning process in all schools.

"The most critical component was curriculum reform," says Idamay Denny, Deputy Chief Education Officer of the Ministry of Education. "There had not been a curriculum reform for 40 years. In that period, we moved from a country sending 40 percent of its primary students to secondary school to universal secondary education, but we had not made the relevant adjustments."

## Attainment Targets

As part of the reform, Barbados established its first national school attainment targets, which were published and distributed to parents as well as to teachers and principals, spelling out in detail what verbal, mathematical and technological skills students were expected to learn at the end of each school term.

"Parents became a lot more involved," says Denny. "They called to complain when material in the national attainment targets had not yet been introduced into the curriculum of a particular school."

As part of the infrastructure rehabilitation plan, computers and their systems were introduced in all



Computer class

schools. Instruction in their usage began for children at age 6. The faculty and administration were given the relevant technology training. As part of the technology reform each school is provided with an air-conditioned room and other facilities to house the computer servers and related equipment.

Information technology coordinators—typically teachers with special technical training and abilities—were assigned to each school to provide local oversight of technology integration. As new technologies and audio-visual equipment were introduced into the classrooms, so were they introduced into administration offices, along with new management and evaluation systems.

As part of the reform process, educators consulted with leaders of the private sector and the teachers, who participated in curriculum development. Representatives of the private sector emphasized the need to develop students capable of working in teams, solving problems, taking the initiative and communicating clearly, says Denny. The consultation process identified social skills as an essential ingredient of the education mix. “We found it necessary to bring back some of the traditional curricula, like etiquette and manners,” she added.

The initial cost of the education reform was \$213 million, financed by an IDB loan of \$85 million, a \$31.5 million loan by the Caribbean Development Bank and \$96 million in national funding. The program was recently restructured to adopt the benefits of new technology, making it possible and more cost effective to install wireless solutions in the schools.

The president of the Barbados Chamber of Commerce, Dick Stoute, says the reform was very controversial at the time it was first introduced, primarily because of its cost, “but in hindsight people are recognizing how far-sighted it was.”

An evaluation of the education reform submitted in 2005 by the Ontario Institute for Studies in Education of the University of Toronto concluded that the program’s overall “accomplishments and successes are considerable.” It noted the time frame for achieving the project’s goals was overly optimistic, especially in the areas of school reconstruction and teacher training, and it suggested continuing efforts over a period of years to attain the program’s benchmarks. The report recommended additional effort to ensure that computers are used to “help students to think more critically or creatively.”

# Guyana





A thinly populated country of 750,000 people that is nearly the size of the United Kingdom, Guyana is overcoming a history of slow economic growth, poverty and isolation.

The IDB is Guyana's leading source of multilateral development assistance and its largest donor of debt relief. Within an overall strategy of promoting economic growth and reducing poverty, the Bank's country developmental priorities include improving the business climate, strengthening governance and citizens' security, investing in human resources and social programs, building adequate infrastructure, and modernizing agriculture.

The IDB, in conjunction with other international organizations, supports Guyana's Poverty Reduction Strategy, which calls for institutional and policy reforms, improvement in public services and the creation of more and better employment opportunities.

Guyana benefited from the Heavily Indebted Poor Countries (HIPC) Initiative and the Enhanced HIPC Initiative, which provided significant debt relief. After the IDB Relief Initiative of 2007, Guyana's debt

#### IDB loans to Guyana as of March 2007: \$1.1 billion

##### Sectors

<b>Agriculture and Rural Development:</b>	23 percent
<b>Transportation and Telecommunications:</b>	18 percent
<b>Energy:</b>	10 percent
<b>Health and Sanitation:</b>	10 percent
<b>Reform and Public Sector Modernization:</b>	9 percent
<b>Education:</b>	9 percent
<b>Social Investment and Microenterprise:</b>	7 percent
<b>Industry, Tourism, Science and Technology:</b>	6 percent
<b>Urban Development:</b>	5 percent
<b>Other:</b>	4 percent

profile improved from 210 percent of the gross domestic product in 1998 to 58 percent of the GDP in 2007. Recent IDB-financed operations supported the rehabilitation of highways and bridges, agricultural diversification, solid waste management, citizens' security and justice, and business competitiveness, particularly in the export sector.

Future financing operations under consideration include investments in flood control, low-income housing, roads, social protection and water and sanitation.

# Improving Maternal and Child Nutrition to Fight Poverty in Guyana

**G**EOGETOWN, Guyana—Despite some advances, malnutrition remains prevalent in Guyana, a country with one of the highest levels of poverty in the Western Hemisphere. The government decided to step up efforts at improving the nation’s health by launching a child and maternal Basic Nutrition Program aimed at protecting the health of infants from six to 24 months of age.

The innovative pilot program promotes breastfeeding—recognized worldwide as a sound nutritional practice that is especially important in developing countries—and focuses on reducing widespread anemia among low-income women. Iron deficiency commonly leads to difficult pregnancies and unhealthy babies.

Noting that previous efforts to distribute iron tablets were rejected by communities in Guyana and other developing countries because of adverse reactions by consumers, health officials decided instead to distribute an iron salt, known as a “sprinkle,” which can be mixed with porridge and other infant foods and is more easily accepted by beneficiaries, especially children.

Under the plan, low-income families, identified through a poverty map, receive coupons for the equivalent of US\$5 a month that enables them to purchase from an approved list of infant foods: whole milk powder, plantain flour, cornmeal and barley flour.



Nutrition program promotes breast feeding

At the same time the families are given packets of iron “sprinkles” as well as instruction in their importance and how to use them and other proper foods. Iron is an especially important nutrient for children aged six to 24 months, a time known as the “weaning period.” An iron deficiency in these months may lead to premature weight loss and health vulnerabilities that can last a lifetime.

### Early Results Positive

Early results of the program have been positive. An evaluation by the program showed that anemia was reduced by 40 percent among children who received the sprinkles iron supplement for more than one year compared with those who did not. In addition, the food coupons significantly reduced the level of “wasting,” or weight loss, by 27 percent.

Launched in March of 2005 as part of Guyana’s Poverty Reduction Strategy, the program as of No-

vember 2007 had distributed 1.5 million packets of infant sprinkles and more than 150,000 food coupons, benefiting 10,500 families. The IDB supported the program with a \$5 million loan.

Because of its effectiveness, the Health Ministry is integrating the Basic Nutrition Program into its ongoing Safe Motherhood Programme of the Maternal and Child Health Department. The education, information and communications components of the Basic Nutrition Program are being extended to all the nation’s health centers and schools.

Health Minister Leslie Ramsammy described the project as “not a panacea” but as “a first step towards elimination of poor nutrition in our country.”

Although the country has recognized iron deficiency among the poor as a challenge since the 1970s, the present program is “the first large-scale intervention” to correct the diet, he said.

# Low-Income Settlements Program Creates New Homeowners

**GEORGETOWN, Guyana**—A historical shortage of housing, in a market pressured by high rents and few opportunities for home loans, has resulted in an increasing number of Guyana citizens becoming squatters, building improvised, substandard dwellings on land without basic services. As much as 20 percent of the households in the capital of Georgetown, whose total population is around 180,000, were squatters at the turn of the 21st century.

Recognizing the challenge, the government embarked on an integrated housing project aimed at democratization of the housing market. Other objectives pursued by the program included supplying basic services to homes in squatter settlements in major cities, providing new or upgraded housing units to homeowners with low or moderate incomes, and actions to stimulate the private mortgage market.

The IDB, the primary international assistance organization supporting the plan, provided a \$27 million loan in 2000 to help finance the initiative.

Since then more than 17,000 households have benefited from the upgrading of the physical infrastructure in their communities: 10,500 have received new house lots, while 6,500 in squatter settlements

have received basic service upgrades for their lots. In addition, 2,500 households have received titles to their lands since the outset of the program in 2000. The upgrading of the settlements included the construction or rehabilitation of roads, drains and water supplies and the provision of electricity connection. Seventy-one percent of the lots in the original squatter settlements now have septic tanks for treating sewage.



IDB President Luis Alberto Moreno is briefed on a building project





**Substandard dwelling**

Local financial institutions are also cooperating with the government plan by offering mortgages at government-controlled rates that place subsidized homes within the means of low- and moderate-income households.

Still, the government has acknowledged bottlenecks in the program. Many homebuilders have trouble accessing financial assistance to aid the construction of a subsidized dwelling within the stipulated 18-month period, causing lots in some areas to go unoccupied. Furthermore, authorities in mid-2007 were having difficulties coping with the high demand for the program and were struggling to process approximately 30,000 applications for housing lots.



**President Moreno visits construction site for subsidized housing**

The IDB-financed program includes provisions for strengthening the Central Housing and Planning Authority to enable it to provide technical assistance to households to improve their homes and communities and instruction to mortgage lenders on the specialized business of lending to households with low or moderate incomes. The strengthening of the institution also aims to equip it with the capacity to efficiently and effectively accomplish development goals.

A priority of the program is providing resources to make more efficient the divestiture process for government-owned land, where most of the squatter settlements are located.

# Haiti



**H**aiti, one of the 26 founding members of the IDB, has a special relationship with the Bank that reflects the nation's urgent needs to address the challenges of severe poverty and related social issues and a recent past of political stress.

To assist the process of economic and social recovery and stabilization, the Bank has authorized up to \$50 million annually in grants to Haiti in a special program for the period 2007–2009. Recent financial and administrative reforms have enabled Haiti to qualify for debt reduction under the Heavily Indebted Poor Countries (HIPC) Initiative and the Enhanced HIPC Initiative. As part of this overall debt reduction program backed by the international community, all of the country's debt with the IDB accumulated prior to Dec. 31, 2004—a total of \$525 million—is to be eliminated in stages.

The IDB is the largest source of multilateral development assistance to Haiti, with an active loan portfolio of more than \$660 million at concessional lending rates. As of August of 2007 the country had also received \$90 million in IDB grants for technical cooperation.

In steps to strengthen its ties to other Caribbean nations, Haiti joined the Caribbean Community

#### IDB loans to Haiti as of March 2007: \$1.3 billion

##### Sectors

<b>Transportation and Telecommunications:</b>	23 percent
<b>Social Investment and Microenterprise:</b>	18 percent
<b>Health and Sanitation:</b>	16.5 percent
<b>Agriculture and Rural Development:</b>	13 percent
<b>Reform and Public Sector Modernization:</b>	11 percent
<b>Education:</b>	6 percent
<b>Urban Development:</b>	4 percent
<b>Energy:</b>	1.5 percent
<b>Environment and Natural Disasters:</b>	1 percent
<b>Other:</b>	6 percent

in 2002 and the Caribbean Development Bank in 2007.

Recent major IDB loans support road improvements, agricultural productivity and urban rehabilitation, electricity service and rural water and sanitation. An innovative incentive program financed by the Bank is designed to attract and retain highly qualified Haitian professionals in the civil service. The IDB is tailoring many of its programs to support the government's social peace plan (*apaisement social*). The Bank played a major role in helping to design government re-engagement and transition strategies during recent years of political stress, providing technical advice and grant resources for planning and project preparation, and it funded the rehabilitation of infrastructure.

# Fish Magnets: Low-Cost Technology Aids Fishermen

**P**ETIT PARADIS, Haiti—Before the FAD, the men of this village scoured the sea from dawn to dusk in their dugout canoes to catch a few dollars' worth of fish. Since the advent of the FAD they rarely spend more than four hours a day fishing and make three times more money than before.

FAD is the acronym for “fish aggregating device,” a submerged structure that creates an anchorage for microscopic plants and animals and hiding places for small fish. These in turn attract bigger fish sought by anglers or commercial fishermen.

In the case of Petit Paradis, three such devices are anchored about two kilometers off shore, in the deep channel between Haiti's southern peninsula and the island of La Gonâve. The devices are in about 1,500 meters of water, with cables rising to surfboard-shaped buoys on the surface.

The devices are part of an income-generation project sponsored by Haiti's social investment fund (known as FAES) and financed by the Inter-American Development Bank. Over the past three years the government-run FAES has executed dozens of small-scale projects in rural and urban communities, drawing on \$65 million in financing approved by the IDB in 2003.

## Community Priorities

Under the program's rules, communities select projects according to their own priorities. Some pick drinking water systems; others opt for rural roads, school buildings, health posts or public marketplaces.

The fishermen of Petit Paradis found out about the devices from Michel Simon, a Port-au-Prince entrepreneur who has had a beach house in the area for more than 25 years and runs a philanthropic organization, Fondation Verte.

The FAES local development program made it possible to install devices in Petit Paradis and in three other places: Fort Liberté in the northeast, Belle Anse in the southeast and Petite Rivière de Nippes, to the west of Petit Paradis. The project, which cost around \$45,000, has boosted the incomes and improved the living standards of hundreds of fishing families.

Before the project started in 2005, fishermen used to go out to sea at dawn and often returned just before dusk. They would fan out and spend three or four hours simply looking for plankton-carrying currents. Once a fisherman spotted one, he would

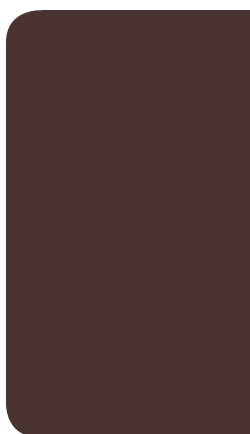


beat his canoe like a drum to let others know where fish might be feeding. When they could not find a current they usually returned empty-handed. And even if they were lucky, the catch was usually so meager that their wives would have to sell all just to buy the daily supply of rice and beans. Actually eating the fish was a luxury they could not afford.

To supplement their meager incomes of around 100 gourdes (\$2.50) a day from fishing, the men of Petit Paradis would cut down mangrove trees and sell the wood to local bakers. While this additional activity helped put more food on the table, it was also devastating the mangroves, which play a key environmental role in protecting coastal areas from erosion and storm surges.

Just two weeks after the fish aggregating devices were put in place, fishermen started bringing in bigger catches of bonito, mahimahi, rainbow runner, tuna, bream, sailfish and wahoo. As they mastered the new technique, they spent less time on the water and made much more money, averaging around

500 gourdes (about \$12.50) a day. Some fishermen have been able to buy rowboats, which are larger and more stable than dugout canoes and can carry two or three anglers. These crews can hook large tuna, the marine equivalent of a bumper crop. One man once made 15,000 gourdes (\$375) in a single day. He bought a second boat and put a new roof on his house. “He’s an important man in the community now,” said Simon.



**New technology enables fishermen to catch more, bigger fish**

# Water at the End of the Road

**LES IROIS, Haiti**—The people of Les Irois were prepared to wait for clean water.

They knew that good things are slow to come to their quiet seaside town, which is referred to locally as “the end of the road.” Les Irois is easy to spot on a map, for it marks the westernmost point on Haiti’s vast southern peninsula. The steep mountains that rise behind it plunge directly into the Caribbean, effectively isolating Les Irois from the rest of the country. Until a dirt road was cut through the mountains in the 1980s, the town was reachable only by boat.

For more than a century, the 28,000 residents in and around Les Irois have survived by fishing and growing subsistence crops in narrow valleys that have still not succumbed to Haiti’s encroaching desertification. The town is beyond the range of local radio stations. There are no telephones, and the only electricity comes from a tiny generator that powers four light bulbs in the rectory of Père Vilsaint, the local Catholic priest.

Les Irois’s citizens bore all these privations with weary resignation. But as the 20th century turned into the 21st, they got literally sick of waiting for clean water.



Public tap makes water more accessible

According to Audlerne Aubourg, the town’s young mayor, by early 2004 Les Irois was the last substantial commune (as local municipalities in Haiti are known) on the peninsula with no water service of any kind. Each day local women and children had

to walk—sometimes for hours—to small streams where they filled buckets and jugs and then carried them back to their homes. In the town itself, some families used shallow wells that yielded a brackish liquid tainted by nearby outhouses.

### A Galling Reminder

“We had to drink water that wasn’t safe,” said Aubourg. “Our children were constantly getting typhoid fever, diarrhea and other waterborne diseases.” In addition to the impact on public health, Aubourg said, the lack of clean water had become a galling reminder to her constituency that in a region known for backwardness, Les Irois was the furthest behind.

So it is easy to imagine the excitement caused by the construction in early 2004 of eight “water kiosks” at intersections throughout Les Irois. Early on a recent morning dozens of men, women and children congregated at one of the bright-blue kiosks, each of which has two taps equipped with automatic shutoff valves. The crystalline water pouring from the taps was conveyed from three mountain springs by 8,800 meters of underground pipes. People filled five-gallon jugs in less than a minute, balanced them carefully on their heads, and hurried home, exchanging greetings with neighbors on the way.

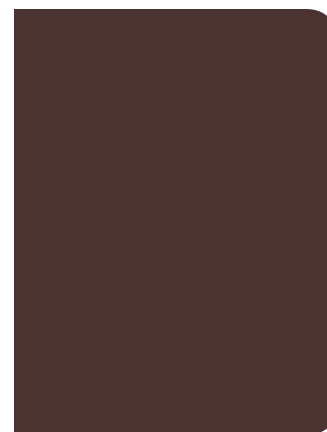
Several hamlets in the hills surrounding Les Irois have been equipped with simpler public water taps



Lining up for water in Les Irois



Audlerne Aubourg





Les Irois

that are also connected to the network. Jocelene Lumit, a local mother, said she comes to the new tap three times a day to fill two 5-gallon containers. The tap is within view of her thatch-roofed home. “Before I used to have to walk around 900 meters to reach the nearest spring,” she said, “and there the water tended to be dirty.”

## Long Time Coming

That something as basic as public water taps should have taken so long to arrive in Les Irois is explained—though hardly justified—by Haiti’s persistent poverty and political instability. Ducarmel François, director of social projects for FAES (the



French acronym for Social and Economic Assistance Fund), an IDB-supported government agency that executes a wide variety of infrastructure projects, said the town first approached his agency for help with a water system in 1997. At that time FAES did not have sufficient funds to undertake the project, according to François. Six years later, after restrictions were lifted on the use of an existing IDB loan, FAES quickly hired Weiner Nivose, a local engineer, to conduct a feasibility study and draft plans.

FAES officials then convened a series of community meetings in Les Irois and helped local leaders create a formal water committee. The committee took on the delicate task of negotiating land access for construction at the wellspring locations, all of which were on private land.

After a few delays, the project was completed in seven months for a total cost of around \$70,000, according to François. In addition to the water kiosks, there are plans to let individual homes request direct connections to the network, a convenience already enjoyed by Père Vilsaint and his guests.

Will it last? Though they are thrilled with the new system, several members of the water committee are already worried about its future. “We’re concerned about who will maintain the system and who will pay for repairs,” said committee member Jean Denais Laguerre.

François said some sort of fee structure is essential to help residents value their water resource and sustain the system.



Boy returns from water kiosk in Les Irois

# Jamaica



**A**s Jamaica's largest multilateral creditor, the IDB has been active in supporting all sectors of economic activity, including agriculture and rural development, roads, airports, information and communications technology, financial sector reform, water and sanitation, competitiveness, governance, citizens' security and crime prevention.

With a population of 2.7 million in a territory half the size of El Salvador, Jamaica is the most populous English-speaking island nation of the Caribbean. The country is addressing challenges related to recovery from decades of slow economic growth. It must also resolve issues related to a large and growing informal sector in the economy and urban crime.

Jamaica is now preparing a National Development Plan that will provide a road map to achieving the status of a developed country by 2030. It will take an integrated approach to deal with challenges such as selecting infrastructure investments, protecting the environment and developing human resources. The plan will also take into account health, social protection, governance and citizens' security. IDB financing activities will be in line with the Bank's country strategy developed in consultation with the government.

The IDB has been especially active in supporting Jamaica's efforts to modernize and extend infor-

#### IDB loans to Jamaica as of March 2007: \$1.8 billion

##### Sectors

**Trade Support:** 15 percent

**Reform and Public Sector Modernization:** 14 percent

**Agriculture and Rural Development:** 12 percent

**Industry, Tourism, Science and Technology:** 11 percent

**Transportation and Telecommunications:** 11 percent

**Energy:** 11 percent

**Health and Sanitation:** 9 percent

**Urban Development:** 6 percent

**Education:** 6 percent

**Other:** 5 percent

mation and communications technology. The IDB provided a \$10 million emergency loan in 1999 to assist the country in adapting its computer systems to the new millennium, the so-called Y2K event. Subsequently, the Bank provided \$8.5 million in financing to promote competitiveness through the greater use of information technology.

A \$150 million IDB loan approved in 2000 provided resources to help strengthen and modernize the country's financial system following a crisis. Other recent loans include \$40 million approved in 2004 to improve water and sanitation in greater Kingston and St. Andrews and \$16.8 million that same year for bettering farm irrigation management and practices. The Bank's nonfinancial support has included a comprehensive study of the size and implications of the financial sector in Jamaica.

In several of its programs in Jamaica, including those supporting financial reform and the social safety net, the IDB has collaborated with other international institutions, such as the World Bank, the Caribbean Development Bank and the International Monetary Fund.

# Information Technology: A Jamaican Priority

**KINGSTON, Jamaica**—An ambitious Information and Technology Project, also known as “E-Jamaica 2010,” seeks to revolutionize the way public services are offered and bring the benefits of e-government and connectivity to ordinary citizens.

Minister of Mining, Energy and Telecommunications Clive Mullings says that a goal of the IT project is to make public service delivery available “seven days a week, 24 hours a day, rather than from 9 a.m. to 5 p.m., five days a week.” Services will become “more affordable and accessible to Jamaicans anywhere in the world,” improving governance and the quality of life, he adds.

The government launched the IT project in 2004 with an investment of \$23 million. The IDB is supporting the plan with an \$8.5 million loan.

Although the project was scaled down from its original dimension and is proceeding more slowly than intended, it has brought some results. The general consumption tax—known as the value-added tax, or VAT in other countries—and customs duties and the corporate tax can now be paid online. Import and export licenses can also be obtained on the Internet in transactions taking minutes. Previously, these transactions took several days, says Richard Gordon, director of the IT project.



Clive Mullings (seated, right) attends launch of a public education campaign for the Electronic Transaction Act



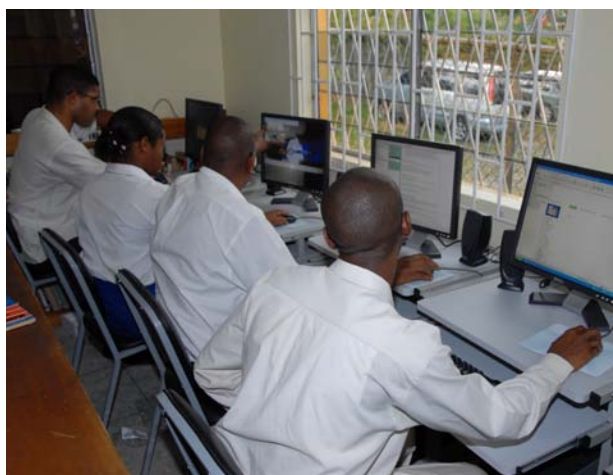
“The electronic transactions have been well received by the business community, because, among other benefits, they reduce corruption,” he says. When customs fees are paid on the Internet, he says, “the transaction is completed automatically, electronically and in a transparent manner. There is nobody who will try to bargain with you and hold out a hand.”

### Tax Collections Online

Gordon says collections of the general consumption tax and corporate taxes online have been increasing rapidly, and the government is extending the reform to allow online income tax payments. Seven ICT training centers, similar to cyber cafes, have been set up as pilot projects to offer Internet access and computer training to ordinary citizens. The centers are financed through a partnership of the central government and local communities.

One important result of the ICT reform has been the adoption by Jamaica’s Parliament of the Electronic Transaction Act in 2006, which gave legal status to electronic transactions in a court of law, says Gordon.

The ICT systems were strengthened and modernized in the Ministries of Agriculture, Education,



ICT training center

Finance and Mining, Energy and Telecommunications—the lead ministry for the reform—and eventually the ICT systems in all the ministries will be upgraded, he adds.

Although the level of ICT development in Jamaica exceeds that of many countries of a similar economic level, the government recognizes that more investments are needed to make the public sector a model ICT user, to train human resources and to provide greater access to low-income areas.

For more information on Jamaica’s ICT project, visit: [www.e-jamaica.gov.jm](http://www.e-jamaica.gov.jm)

# Ocho Rios to Montego Bay: Strategic Road Benefits Tourism

**OCHO RIOS, Jamaica**—The improvement of a strategic, 98-kilometer segment of highway connecting two prime tourist destinations has resulted in an investment boom, safer traffic and more and better services for international visitors.

The road between Ocho Rios, the busiest port in Jamaica for cruise ships, and Montego Bay, the main destination for vacationers seeking sun and sand, runs parallel to some of the finest beaches in the world and offers spectacular views.

Until 2007, when the improved road system was for the most part completed, a tourist whose cruise ship docked at Ocho Rios could reach Montego Bay in a bus only after a two-hour journey. Not only was the bumpy trip on a narrow road an inconvenience for visitors, but it was also a constraint on economic development. Completion of important segments of the road involved resolving complex environmental, social, financial and administrative issues of project management that resulted in delays.

The widening and improvement of the Ocho Rios–Montego Bay route—known as Segment 2 of the three-segment improvement program for the Northern Coastal Highway—has reduced the travel time between the two cities by 50 percent, says Desmond Malcolm, project director.

“Property values have risen,” says Malcolm. “Investments have been made in five new hotels. Commerce is increasing. The road traverses areas that represent 67 percent of Jamaica’s tourism industry, which is the country’s main industry.”

The IDB supported the road improvement with a \$59.5 million loan, the largest IDB loan to Jamaica for an infrastructure project.

## An All-Weather System

The highway remains mostly a two-lane system. Improvements consisted of widening and realigning the roadway, bypassing some urban centers and installing six traffic lights at sites where they were needed, moving some sections of the road further from shore, constructing embankments, resurfacing, improving drainage and building some four-lane highway systems in areas of heavy traffic concentration near urban zones. Street vendors who once crowded the side of the highway, creating a traffic hazard and slowing down motor vehicles, were relocated to safer areas.

The result, says Malcolm, has been a reduction in accidents. “The road is now an all-weather system,” he says. “Previously, parts of it were impassible during periods of heavy rains.” Road realignment,



**Improving the Northern Coastal Highway**

the construction of embankments and better drainage systems give added protection to the highway. In one case, a road improvement, the Rio Bueno Bypass, “became a tourist attraction in itself,” says Malcolm. The bypass’s causeway offers a wide and spectacular view of the beach and has a pullover area where motorists can take in the scenery, he says. At the same time the bypass helps preserve and protect the historic district of Rio Bueno, he adds.



**Cruise ship approaches Ocho Rios**

In addition to the investment in the North Coast Highway, the IDB is preparing a program to help Jamaica repair physical assets and finance restoration work on the transportation network, which was damaged by Hurricane Dean in August of 2007.

The Bank is also considering additional investments to modernize the national highway system.

# Suriname





**A**lthough Suriname is rich in natural resources, its government recognizes the need for international assistance in areas such as institutional modernization, capacity building and reform. The country has a low population density with 449,000 persons living in a country with an area of 163,270 square kilometers, a territory nearly as large as Uruguay. It is the only IDB borrowing member nation whose official language is Dutch.

The IDB's strategic focus reflects the government's priorities, and the Bank's loans and grants are tailored to assist in carrying out policy changes and incentives that will result in a more effective macroeconomic framework, stronger institutions and a more modern policy environment.

The IDB is the largest source of multilateral financing for Suriname and the country's second-largest provider of international assistance, after The Netherlands. In recent years IDB loans and grants have supported investments, policy reforms and administrative assistance in education, health, community development, housing, and public sector management. Because Suriname has a relatively low per capita income, its loans from the IDB receive a partial interest rate subsidy. The country has received \$34 million in IDB grants for technical cooperation.

#### IDB loans to Suriname as of March 2007: \$112 million

##### Sectors

<b>Agriculture and Rural Development:</b>	27 percent
<b>Reform and Public Sector Modernization:</b>	17 percent
<b>Education:</b>	15 percent
<b>Health and Sanitation:</b>	12 percent
<b>Social Investment and Microenterprise:</b>	9 percent
<b>Urban Development:</b>	9 percent
<b>Financial and Capital Market Development:</b>	6 percent
<b>Other:</b>	5 percent

To support private sector development in Suriname, in 2007 the IDB provided a long-term loan of \$7 million and helped structure a \$25.5 million financial package that will permit the expansion and modernization of C. Kersten & Co. N.V., the oldest trading company in the Western Hemisphere. It was the IDB's first loan directly to a Suriname private firm.

Future IDB financing for Suriname is expected to support highway construction, the expansion of low- and middle-income housing opportunities, the improvement of rural public administration and physical infrastructure, a comprehensive social protection program and enhanced competitiveness. Environmental protection of the country's fragile ecosystem is also a priority. The IDB provided policy advice and support for the creation in 1998 of the Central Suriname Nature Reserve (CSNR), which constitutes about 10 percent of the nation's surface area. The support for Suriname's vast and pristine environmental resources will continue through financing of a management plan for the CSNR and a coastal zone management strategy.

# IDB's First Private Sector Loan in Suriname

**P**ARAMARIBO, Suriname—The IDB signed its first private sector loan for Suriname in 2007, helping to structure a \$25.5 million financing package that will support the modernization and expansion of the oldest trading company in the Western Hemisphere.

The package enables C. Kersten & Co. N.V. to make capital investments and to reduce its debt through refinancing. The trading company was founded in

1768 by the Moravian church, which still owns the enterprise today.

A conglomerate with 648 employees, Kersten groups 12 operating enterprises active in real estate, building and construction, medical services, business and tourism services, and importation and distribution of motor vehicles and heavy equipment. It is the sixth-largest private firm in Suriname.



Paramaribo port

Shirley Sowma-Sumter, Kersten's chief executive officer, says as part of the modernization process the enterprise is investing in human resources and "will also give considerable attention to the management of environmental, social, health and safety and labor aspects and the mitigation of associated risks through the development and implementation of an Environmental Health Safety Management System."

The financial package included a \$7 million loan from the IDB; a \$4 million loan from the Inter-American Investment Corporation, an IDB affiliate; \$7 million in financing from Suriname financial institutions; and a \$7.5 million bond issue by Sagicor Merchant LTD of Trinidad and Tobago.

The IDB acted as collateral agent for the financing group.

With the creation of a new Structured and Corporate Finance Department in 2007, the IDB is increasing its loans and guarantees directly to the private sector in Latin America and the Caribbean without a government guarantee, especially in the smaller countries. The new department is part of the Bank's new Vice Presidency for Private Sector and Non-Sovereign Guaranteed Operations.



Shirley Sowma-Sumter

# Suriname's New Approach to Low Income Housing

**P**ARAMARIBO, Suriname—In the past Suriname subsidized about 20 percent of the country's housing needs through costly turnkey projects in which the government administered the entire process, completed all the necessary paperwork and offered deep interest rate discounts on loans to homeowners with low or middle incomes.

The country's government concluded that the cost of that approach was excessive and sought a new, more affordable housing solution.

In 2001 the government launched a pilot project, supported by a \$9.8 million IDB loan, to develop and carry out a new approach to low-income housing. While low- and middle-income homeowners would receive significant housing subsidies for new homes or for the improvement of existing structures, the beneficiaries also would be required to make a down payment, pay some of the administrative fees, and negotiate a mortgage with a participating private financial institution.

Suriname's President Ronald Venetiaan, in a speech to Parliament on Oct. 1, 2007, declared the project, known as the Low-Income Shelter Program, a "great success." Noting the demand for more housing under such a program, the president said it would be continued with resources from the national budget.

Two midterm evaluations—one by the government and one by an outside consultant commissioned by the IDB—have concluded that the new approach has significantly upgraded low-income housing while expanding the mortgage market in Suriname. Although slow in getting started, the Low-Income Shelter Program gathered momentum as participating institutions gained experience and potential beneficiaries became more aware of the plan. Over time applications rose dramatically and are expected to exceed the original planned number of 4,000 beneficiaries, with 3,000 beneficiaries receiving subsidies for home improvements—such as a new room or a new roof—and 1,000 families buying new, complete homes.

The IDB evaluation noted that many low-income households were able to enter the private mortgage market through the subsidy program.

Subsidies under the pilot plan are based on a sliding scale that takes into account the income of a family and the amount of the investment. For instance, a family with a monthly income of \$210 would be required to make a down payment of \$1,338 on a new home that costs \$6,691. The remainder of the cost would be covered by a \$2,091 mortgage and a \$3,262 subsidy. Although substantial, the subsidy under the new system is much less than



it was in the past, when it typically amounted to \$10,000 per home.

## A New Mentality

“We are trying to create a new mentality,” says Judith Brielle, managing director of the Low-Income Shelter Program. “Previously the government did everything: it built new, subsidized homes, usually around the time of elections. Under the new program, the homeowners assume more responsibility and initiative.”

Several institutions cooperate to carry out the plan. Nongovernmental and community organizations identify homeowners who qualify for assistance

and help them with the paperwork. Private banks provide the mortgages at market interest rates, with their risk greatly reduced by the subsidies and government screening of applicants.

The Low-Income Shelter Program has a Program Implementation Unit that administers and monitors the plan and issues a list of approved construction firms, including small enterprises, that may be used as contractors to build homes or make home improvements under the plan. It also conducts advertising to attract customers, including radio and television announcements in several of the languages and dialects spoken in Suriname as well as in Dutch, the official language.



Building a home with financing from the Low-Income Shelter Program

# Trinidad and Tobago



**W**ith one of the fastest-growing economies in the world, Trinidad and Tobago faces a unique set of challenges to achieve its officially stated goal of entering the ranks of developed countries by the year 2020.

The IDB is assisting this ambitious effort to meet that goal, outlined in the nation's strategic national plan, known as Vision 2020.

With a population of 1.3 million, the country has already achieved one of the highest standards of living in the Caribbean after more than 12 consecutive years of strong growth, driven by exports of oil and gas and guided by prudent government policies.

Persistent challenges remain: the need to diversify the economy and reduce the dependence on energy exports, modernize the public sector, strengthen the private sector, reduce pockets of poverty, and improve the delivery of public services. The IDB's strategy in conjunction with the government of Trinidad and Tobago is to mobilize resources to address these issues.

The IDB is the largest supplier of multilateral credit to Trinidad and Tobago, whose active loan portfolio with the IDB is \$431 million. The country has also received \$31 million in grants for technical

#### IDB loans to Trinidad & Tobago as of March 2007: \$1 billion

##### Sectors

<b>Energy:</b>	24 percent
<b>Transportation and Telecommunications:</b>	16 percent
<b>Education:</b>	13.5 percent
<b>Health and Sanitation:</b>	13 percent
<b>Urban Development:</b>	12 percent
<b>Reform and Public Sector Modernization:</b>	11 percent
<b>Agriculture and Rural Development:</b>	5.5 percent
<b>Other:</b>	5 percent

cooperation. Loans approved in recent years support increased government efficiency through new technologies (e-government), housing and public sector reform. Among the operations planned for the future are funding for citizens' security, transportation, tourism, small business, health services and education.

Historically, since the IDB began its lending operations to the country in 1968, the energy sector has received the largest share of financing. The Bank has also invested substantially in roads, education and health and sanitation.

Trinidad and Tobago, under the leadership of Prime Minister Eric Williams, became the first English-speaking borrowing member country to join the IDB in 1967.



# Women of Steel: Nontraditional Employment Serves Booming Economy

**P**ORT OF SPAIN, *Trinidad and Tobago*—The booming economy of Trinidad and Tobago, stoked by high prices for oil and natural gas—the country’s main exports—has also resulted in labor shortages, particularly in the construction sector.

To address this bottleneck as well as issues of gender equity, the country’s government in 2001 launched a Nontraditional Skills Training Program for Women, supported in its initial phase by a grant of \$1.5 million from the IDB’s Multilateral Investment Fund.

The project combined classroom instruction and on-the-job training for women in labor markets from which they were traditionally excluded—construction, welding, cabinetmaking, plumbing, and other trades.

Authorities decided to fund nontraditional job training for women as a regular part of the national budget of the Ministry of Community Development after evaluations showed the program in its pilot phase had a satisfactory success rate of incorporating its graduates into the labor market.

Between 2001 and 2007 about 2,500 women graduated from the program. Not all the graduates entered the formal employment sector. Some became

self-employed or applied their skills for domestic purposes. In some trades women found opportunities immediately upon graduation.

“Of the 24 women who received training in kitchen construction and redesign, all of them got jobs soon after graduating,” says Marilyn Yearwood, coordinator of the Nontraditional Skills Training Program. The course included instruction in masonry, tiling, cabinetmaking, plumbing, electrical installation and blueprint reading.

## Women of Steel

Five years ago, Yearwood says, “only a sprinkling” of women were employed in the construction trades. Now it is common to see women working on construction projects in Trinidad and Tobago, where they help fill a labor shortage in strategic economic sectors, she adds.

One of the results of the program highlighted by the Ministry of Community Development, Culture and Gender Affairs is the Women of Steel enterprise, founded by six women in 2004 with the assistance of a grant of TT\$21,900 (US\$3,650) from the Community Development Fund, which in turn was launched with the help of a \$28 million IDB loan in 1996.





**Women of Steel**

Operating in a garage, the women welded steel into bed frames, fences, doors, decoration and other products. They advertised by radio, with handbills and by word of mouth.

After three years of effort and overcoming lean periods, the Women of Steel doubled their number of workers—they now hire men as well as women—and diversified the product line. In addition to metalwork, they contract workers for general construction jobs, plumbing and masonry. Among their clients is the Trinidad and Tobago Housing Development Corporation, a major financier of low- and middle-in-

come housing. They also place women trainees in internships, where they receive on-the-job training experience, giving an employment chance to new labor market entries just as the Women of Steel a few years earlier had received their opportunities through nontraditional job training.

Yearwood says the Nontraditional Skills Training Program is not designed to be permanent. “Once male employers facilitate women in a nonpatronizing manner and employers give the same consideration to both men and women,” she says, “the program will draw to a close, perhaps in a few years.”

# Health Reform: Community Centers Reduce Costs

**P**ORT OF SPAIN, *Trinidad and Tobago*—A central feature of Trinidad and Tobago's health reform program, supported by an IDB loan of \$134 million approved in 1996, is the strengthening of its system of community and district health centers, which offer primary care needed by most patients. Although the centers do not have the sophisticated, expensive equipment of full-service hospitals or beds for overnight stays, they do offer what most patients need and at less cost than a hospital.

A health center, among other services, offers prenatal and pediatric care, advice on family planning, dentistry, and treatment for illnesses such as high blood pressure, rheumatism, diabetes and asthma. A patient who requires major surgery or intensive

care is transferred to a hospital. By encouraging patients to attend to their routine health needs in the community health centers, the government is reducing the strain on the more expensive hospitals and keeping its promise of providing universal health care.

Among other investments, the IDB loan financed the renovation of 22 health centers, the construction of two new district health facilities, and the installation of modern biomedical equipment throughout the public health system.

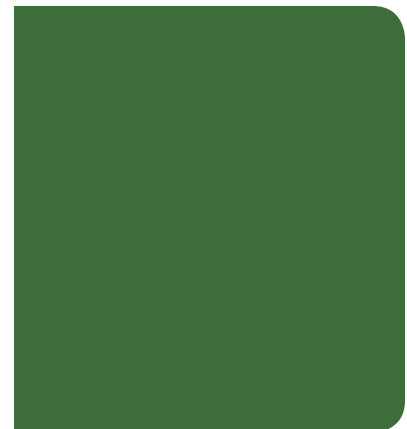
A national ambulance system was developed to ensure that those patients needing emergency care could be transported to a full-service hospital.



Attending a patient at a health center



Medical staff offer diverse services at the centers



## Decentralized Services

Services and administration were decentralized to allow quicker decision-making at local levels and greater responsiveness to local needs.

Incentives were offered to those health centers with superior performance. For instance, in the Eastern Regional Area, the Rio Claro Health Center—whose physical upgrade was funded by the IDB—recently won a National Health Care Quality Award for proactively promoting its Pap smear and breast screening services to detect cancers in women at the early stages, when treatment is more effective.

The health reform program has resulted in a reduction in waiting times by 50 percent for patients in accident and emergency centers, while waiting times for less extreme medical cases have been reduced by 30 percent. A greater number of private sector providers have become involved in the public health system through a public-private partnership system. In the Eastern Regional Area, the number of women undergoing screening for cervical cancer increased by 52 percent during 2003–2004.

Hundreds of long-term care patients occupying hospital space were transferred to community

homes to make room for patients needing emergency services.

In November of 2007 Prime Minister Patrick Manning called for a National Consultation to develop further health reforms and investments in response to the emergence of new challenges, including social and economic changes, new strains of diseases and disorders, and a shortage of health professionals in some categories.

Among the prime minister's priorities are the development of a National Surveillance System to better understand, measure and monitor the health of the nation's population; the development of a National Strategic Plan on HIV/AIDS; and the issuance of Accreditation Standards for the Health Sector by the Ministry of Health.





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