



ISSUE BRIEF

The Inter-American Development Bank (IDB)

What is the Inter-American Development Bank?

The Inter-American Development Bank (IDB) is the oldest and largest regional development bank in the world. It is widely credited for having helped to transform the Latin America and Caribbean region, particularly in the areas of literacy, nutrition and life expectancy. Headquartered in Washington, D.C., the IDB provides multilateral financial support for economic, social, and institutional development and regional integration in Latin America and the Caribbean. It lends primarily to public institutions, but also finances private projects in the area of infrastructure and capital markets development.⁷ The IDB is part of the IDB Group which also includes the *Inter-American Investment Corporation*, which finances small and medium scale private companies and the *Multilateral Investment Fund*, which mainly supports micro enterprise.

The IDB was founded in 1959 as a partnership between the United States and 19 Latin American countries. Membership has since expanded to 46 nations, of which 26 are borrowing Latin American or Caribbean nations.

What does the Inter-American Development Bank do?

Using its lending operations, regional initiatives, research and knowledge dissemination activities, institutes, and programs, the IDB helps to foster sustainable economic and social development in Latin America and the Caribbean.

Through its financing, the Bank prioritizes poverty reduction and social equity, environmentally sustainable growth, modernization of the state, and regional integration. The Bank offers loans and financial assistance through capital from member countries as well as resources obtained through the issue of bonds on the world capital markets. National, provincial, state and municipal governments, autonomous public institutions, civil society organizations and private companies are all eligible to borrow funds from the IDB. The Bank partners with other multilateral, bilateral and private organizations on specific projects.

Core competencies

The IDB's core operations are varied and include investment loans, policy-based loans, technical cooperation programs, private sector loans, guarantees, flexible lending instruments, social entrepreneurship programs, emergency loans and project preparation facilities.

Regional Programs

The IDB supports several regional initiatives by providing information for policy discussion and earmarking funds for regional cooperation and integration. The IDB provides technical support to governments on trade and integration issues and actively conducts public outreach activities to promote regional integration.

Development with Identity Policy

Past efforts to address development issues within indigenous communities have assumed the need for integration and assimilation into the dominant society and economy, while sacrificing or compromising the cultural identity of the native group. The IDB no longer believes in this approach. The Bank's strategy now involves preserving the culture and identity of indigenous peoples while applying poverty reduction strategies.

What caused this shift in approach? The IDB and other development banks are now relying on experience, which has shown that strengthening cultural identity and promoting sustainable socioeconomic development are mutually reinforcing rather than mutually exclusive objectives.⁸ Understanding the local culture will help to anchor development efforts in local values, thereby increasing the likelihood of success. This ideally includes an inclusive, consultative process with indigenous leaders in order to ensure the design of the most appropriate development program. As the Vice President of Bolivia commented recently at IDB Headquarters, development for indigenous people is *development with identity*.

Examples of Identity-Sensitive Development

The IDB has played an important role in the socio-economic development of the indigenous peoples of Latin America. There are about 400 ethnic groups in the region, represented by 33 to 40 million people. These indigenous people tend to be located in the least hospitable regions, the arid mountainous regions of the Andes and Meso-America and the remote tropical rain forest areas in the Amazon and Orinoco watersheds and in Central America. They tend to be among the poorest in the region: a rough estimate indicates that one quarter of all Latin Americans living in extreme poverty are indigenous.⁹ This percentage is much higher in countries with large indigenous populations. Many indigenous people in Latin America suffer from high levels of infant mortality, low incomes, and low levels of education, making them the target for poverty reduction strategies in many countries.

During the course of the IDB's efforts to assist indigenous people, such issues as the right to land, natural resources, native language, ethnic identity, cultural heritage, cultural and social space needed for the group's survival have arisen. In recent years, the Bank has been able to make progress through several development programs which have preserved the cultural identity of indigenous groups throughout Latin America. The following are examples of the IDB's "development with identity" policies.¹⁰

- Social Investment Programs in Peru, Guatemala, Guyana, and Bolivia incorporate specific measures to remove barriers that make it difficult for indigenous communities to participate, or include targeting of geographic areas that are largely indigenous.



- Primary education programs in Mexico, Costa Rica, and Guatemala include components specifically designed to meet the needs of indigenous people for multicultural and bilingual education.
- A social forestry program in Nicaragua includes a component to support indigenous communities in the sustainable management of forestry resources.
- The sustainable development program for Guatemala's Petén region is an integrated participatory project which includes land tilling and sustainable forestry activities specifically designed for indigenous migrants from the highlands.
- A program to strengthen governance and decentralization in Bolivia supports efforts to reorganize municipal boundaries to coincide with indigenous territories. Governance will be made consistent with traditional indigenous leadership and decision-making processes.
- An alternative development and crop substitution project in Colombia includes a specific component for indigenous peoples focusing on integrated development, institutional strengthening of indigenous organizations, land demarcation and titling initiatives as well as productive activities and social services.
- A program in Argentina to address the needs of the most vulnerable population groups includes a component specifically designed to provide institutional strengthening and community development to indigenous peoples.

These programs illustrate that the strengthening of cultural identity and the promotion of sustainable socio-economic development programs can not only co-exist, but can be mutually reinforcing. Many indigenous people around the globe face similar challenges to those seen in the Latin American region. The IDB's "development with identity" approach therefore offers important lessons for development initiatives around the world, including initiatives which may impact Alaska Natives.

⁷ <http://www.iadb.org/aboutus/index.cfm?language=English>

⁸ paper

⁹ Anne Deruyttere. Indigenous Peoples and Sustainable Development: The Role of the Inter-American Development Bank. IDB Forum of the Americas, April 8, 1997.

¹⁰ Ibid.