The governors of the Inter-American Development Bank (IADB) have agreed to the first capital replenishment since 1995. Meeting in Cancún, Mexico, for their regular annual meeting, the members of the bank’s board—usually national ministers of finance—approved an increase of callable capital of $70 billion and an increase of paid-in capital of $1.5 billion to be made over the next five years. The new contributions will bring the bank’s total capitalization to $170 billion, allowing annual loan disbursements of $12 billion a year. The increased capitalization will also permit the bank to forgive Haiti’s $479 million debt to the institution and project new lending to Haiti of $2 billion over the next 10 years. Not unexpectedly, Latin American and Caribbean recipients of IADB lending thought the increase was wholly inadequate. While most Latin American economies have survived the global economic crisis relatively well, with
some of the smaller countries receiving important IADB help, regional financial leaders fear that the huge amount of liquidity pumped into international finance by the world’s major nations in the last few years is likely to lead to instability later as central banks back off their forward-leaning exposures. Last year, a blue-ribbon panel recommended the bank’s capital be tripled. Latin leaders did not hide their disappointment at the United States. U.S. officials sought an even more modest replenishment. The U.S. treasury secretary was expected to attend the meeting as he did last year, but in the end he sent Assistant Secretary Marisa Lago, perhaps the lowest-ranking official to lead the U.S. delegation in recent years. Nonetheless, there was an almost audible sigh of relief from the governors as they left Cancún for having achieved agreement. One observer said that IADB president Luis Alberto Moreno had “emptied the vaults” to keep the bank lending in difficult circumstances over the last year. Results at Cancún should guarantee his reelection to his post in a special meeting of the board in July.

Phillip McLean

CARIBBEAN

Haiti

In the days since Haiti suffered the worst disaster in the Western Hemisphere—a devastating earthquake that killed more than 230,000 and injured an equal number—the United States has demonstrated its full support in saving lives. To feed and shelter the 1.6 million survivors, the U.S. government alone has contributed close to $1 billion to the effort. Private charities provided another billion dollars. True to his promise of not abandoning Haiti, President Barack Obama has now requested an additional $2.8 billion in supplemental appropriations from Congress to continue assistance for the medium-term recovery. Funds include support for a wide range of socioeconomic needs and also highlight the importance of agriculture, energy, and infrastructure to put Haiti back on the road to economic development. With the scope of reconstruction needs assessed at $11.5 billion for the next five years, it is clear that the work in Haiti is a long-term project. To ensure that this time the international community does not fail to “build back better,” a donor’s conference, under UN auspices is scheduled for March 31 in New York City. At that meeting, not only will nations be asked to pledge funds, but decisions about the structures needed to manage these assistance dollars are expected to emerge. Right now plans include an Interim Haiti RecoveryCommission to guide the way reconstruction money will be spent over the next 18 months, with oversight to be managed by a Haitian-led board. The commission will have 20 members, including those donor states who pledge $100 million having a vote. Transparency of the fund will be managed by a multi-donor trust fund, administered by the World Bank. In an effort not to repeat past errors of reconstruction, including efforts to prevent corruption and weak implementation of plans, this commission will be different. Taking a page from the playbook of the Indonesian tsunami reconstruction commission, the Haiti effort will help change the way business is done in the future. Having former U.S. president Bill Clinton in a codirecting role as the UN special envoy, along with Haitian prime minister Jean Max Bellerive as his counterpart, should help alleviate concerns about direct Haitian decisionmakers being absent from the process. Haiti’s future depends on finding a new approach to that nation’s long-term poverty and fragile governance. By supporting a commission, and by having this commission ratified
by the Haitian parliament, its legitimacy will be reinforced by including elected officials in the mix. If reconstruction funds are to be used in a transparent fashion, then this solution, worked out over the last two months with the government of Haiti, may represent a break with the past, a welcome outcome after such a tragedy. Johanna Mendelson Forman

CENTRAL AMERICA

El Salvador

On February 11, the National Assembly of El Salvador approved a bill that would amend article 15 of the Juvenile Penal Law to increase the maximum detention sentence from 7 to 15 years for juvenile delinquents aged 16 to 18. President Mauricio Funes vetoed the bill on grounds that it was too general and did not protect children’s constitutional rights. The National Assembly subsequently modified the proposal, maintaining the increase in prison terms but allowing for new review process provisions for juvenile cases. With these changes, President Funes indicated that he would not veto the modified legislation. Debates about the reform have generated controversy throughout El Salvador. In early March, the National Council on Public Security (CNSP), the UN Children’s Fund (UNICEF), and Brazilian expert on juvenile violence Paulo Sergio Pinheiro held a forum to discuss citizen security and children’s rights. The discussion produced the following criticisms of the reforms: stricter penal laws for adults have not helped reduce adult crime rates and are likely not to deter juvenile crimes; the reforms may encourage gang leaders to recruit younger children, thus placing youth at greater risk; and longer sentences do not address education, prevention, or mental health problems. More broadly, the Salvadoran Chamber of Commerce criticized the government for failing to provide an environment conducive to personal development or economic activity. Funes in turn has promised new government initiatives to improve police and judicial capacities. For the time being, crime continues to grow. The latest numbers from the National Civil Police (PNC) show an average of 12 homicides per day nationwide. Official PNC figures show that 2009 set a decade record with 4,365 homicides, up from 3,179 in 2008. From 2008 to 2009, El Salvador’s average homicide rate went from 56 to 71 homicides per 100,000 inhabitants, a rate well over the 10 homicides per 100,000 inhabitants considered by the World Health Organization (WHO) to qualify as an “epidemic.” Growing crime will continue to place pressure on the government to improve citizen security. The government’s decision to reform the Juvenile Penal Law and its 2009 decision to increase cooperation between the armed forces and the PNC indicate public pressure to improve security through stricter laws and greater police-military presence. However, the causes of organized crime, pandemic homicide rates, youth violence, and the process of rehabilitation and reintegration of former convicts have not yet been properly addressed. Security initiatives that target causes of crime and incorporate reformed criminals into society will require long-term cooperation across government sectors and throughout civil society. Roxanna Vigil

ANDEAN REGION

Bolivia

The government of Bolivia and Jindal Steel and Power Ltd. sparred during March over the terms of their 2007 contract for the El Mutún iron ore and steel operation. According to the contract, Jindal is scheduled to invest $2.1 billion in the Mutún project over an eight-year period in both iron mining and the construction of an integrated steel production facility that would produce different categories of steel for export. El Mutún, located in the eastern Department of Santa Cruz along the Brazilian border, contains one of the largest iron ore sites in the world. According to the Bolivian media, in February, Jindal had presented the government of Bolivia with a proposal containing modifications to the contract including changes in taxes to be paid, in the time line for investments, in eventual levels of steel production, and in other aspects. The Bolivian government countered by threatening to terminate the project and to take possession of an $18-million
guarantee deposit made by Jindal. This in turn prompted a round of conversations between Jindal and the government and public statements by Jindal officers underscoring their commitment to see the project through. By mid-month, tensions appear to have subsided, but not without further criticism by Bolivian officials, including Minister of Mining José Pimentel, that Jindal was far behind schedule in its investments. The Jindal contract is the crown jewel of foreign investment in Bolivia under the Morales administration, coming at a time when investment in the country’s once-promising natural gas industry has plummeted. Although the contract with Jindal was negotiated in 2007, it was not activated until 2009 due to, among other problems, delays in taking possession of the lands to be developed. The Morales government is clearly frustrated by the pace of investment in El Mutún, perhaps reflecting Jindal’s concerns about access to affordable energy sources and concerns about the overall investment climate in Bolivia. Given the history of the contract and developments to date, there are almost certain to be more points of friction along the way. Seetha Ramanathan and Peter DeShazo

Colombia

Congressional elections on March 14 were, it is to be hoped, the first step toward Colombia’s much needed political renewal. Parties pledging loyalty to President Álvaro Uribe’s “democratic security” policies won clear majorities in both the 102-member Senate and the 160-member Chamber. Although the country’s constitutional court ruled February 26 that Uribe cannot run for a third term, he remains enormously popular (with 75 percent approval in the latest Gallup poll). The congressional vote suggests Colombians want continuity, especially regarding their security. Sadly, over the last year Uribe maneuvered to keep public attention on his future rather than on possible alternatives to his approach. So issues such as the state of the economy (with unemployment at 14 percent), social welfare (a crisis in health care), the still weak justice system, the lack of compensation to victims of violence, and the country’s relations with its neighbors remain un-debated. In fact, the actual character of the new congress is in doubt. Seventy members of the congress elected four years ago were eventually implicated as being associated with criminals, mostly with powerful paramilitary chieftains. Reforms over the last eight years have helped reduce the number of small, more easily corrupted parties and strengthened the larger parties, which prior to the election promised to vet their lists and remove suspect candidates. Local ethics watchdogs say the effort was only partially successful since persons with links to now-imprisoned politicians ended up elected in all major parties. Moreover, the Partido de Integración Nacional (PIN)—assembled out of the ruins of five mini-parties discredited in the last congress—emerged as the fourth-largest party in the new legislature. In Colombian fashion, many of the most attractive new faces bear well-known names from the past (e.g., Gaviria, Galán). Yet two out of every three who show up when the new congress convenes in July will have been elected for the first time. Fewer women were elected to congress this year, but those elected were among those attracting the highest individual vote totals. Phillip McLean
An intense two-month-long presidential race is now at last under way. The campaign was held up while the country awaited the court’s decision on Uribe’s reelection and the results of primary elections for the Conservative and Green parties. All voters in the congressional election were given the opportunity to participate in those primaries, and that in turn helped create confusion in polling booths and at tally stations. The primaries may have also increased the congressional vote for the primary-holding parties. The most significant outcome was the Conservative Party choice by a narrow margin of Noemí Sanín over Andrés Felipe Arias. While all the Conservatives running had proclaimed their allegiance to the president’s program, Uribe signaled his preference for his former minister of agriculture, Arias, presumably the most loyal. Sanín ran against Uribe in 2002 but for the next seven years loyally served as his ambassador to Madrid and London. The Green voters selected Antanas Mockus, the former mayor of Bogotá, who is showing strength in early polls as the magnet for moderate, “opinion” voters tired of the “Uribe” style. Five other competitors, chosen by various internal party consultations, will now join Mockus and Sanín in competing in the first-round presidential balloting on May 30. Not surprisingly, Juan Manuel Santos was picked by the “U,” a party he founded to support Uribe’s 2004 reelection bid. Benefiting from his success thereafter as Uribe’s defense minister, he has taken an early polling lead—though the same poll shows a match-up against Noemí Sanín would be close if they were to be matched in a second round run-off. Germán Vargas Lleras founded his party, Cambio Radical, as a pro-Uribe party, but it and his popularity have shrunk as he attempted to show some independence in the last two years. Gustavo Petro was chosen by the left-wing Polo, but despite his well-spoken performance at the first television debate, he and his party are in retreat from the gains they achieved just three ago. Similarly, Rafael Pardo was designated as candidate by the once-dominant Liberal Party. Many who were once Liberals are now in the “U” or Cambio parties. Sergio Fajardo, a successful mayor of Medellín, gathered a personal following rather than a party but is doing poorly in the polls and failed to elect any of his followers to the congress. With such a range of candidates, it is quite possible that a second round run-off between the two leading candidates will be held on June 20. Phillip McLean

Peru

The March 9 announcement that Peru’s Ministry of Health would distribute emergency contraception free of charge to women in the country sparked intense debate and charges by some that the Alan García administration was violating the constitution. In October 2009, Peru’s Constitutional Court had ruled that the government did not have the right to distribute emergency contraception at no or low cost to women, finding also that it was not clear whether or not the contraceptive preparation, Levornogestrel, had abortifacient properties. The decision reversed a 2006 ruling that had allowed the ministry to distribute the products...
free of charge; however, the October decision did not have implications for sales of emergency contraception by private organizations. The Ministry of Health, along with human rights groups, protested the October 2009 ruling, arguing that it discriminated against Peru’s most impoverished women, who it said have the greatest need for access to emergency contraception but cannot afford the market value of the preparation. While complying with the court’s ruling and eliminating emergency contraception from its reproductive health program, the Ministry of Health also requested that the World Health Organization (WHO) conduct a scientific study of emergency contraception and issue guidance regarding its properties. On March 8, the WHO provided Peru’s Ministry of Health with confirmation that emergency contraception is not an abortifacient, leading Minister of Health Óscar Ugarte to announce the reincorporation of emergency contraception into the government’s reproductive health package on the 9th. The Catholic hierarchy in Peru has criticized the decision, and Congresswoman Fabiana Morales Castillo has charged that Ugarte acted unconstitutionally. Some jurists have stated that the Constitutional Court should review the matter, taking into account the new guidance from the WHO. For the moment, at least, the government does not have any supplies of emergency contraception to distribute, as it had transferred its remaining supplies of emergency contraceptive pills to a nongovernmental organization for marketing and sale in November 2009 following the court’s October decision. The public distribution of emergency contraception has been a source of debate in Peru since the early 2000s, when Levornogestrel was first marketed for use. Although abortion is illegal in Peru, some studies estimate that there are more than 375,000 clandestine abortions performed in the country each year, suggesting that demand for emergency contraception to prevent unwanted pregnancy may be quite high. In 2004, the nongovernmental organization Acción de Lucha Anticorrupción protested the free or subsidized distribution of emergency contraception by the Ministry of Health, leading to the original 2006 Constitutional Court decision upholding the ministry’s right to distribute the product. Over the last decade, similar debates have characterized the integration of emergency contraception into public reproductive health programs in Chile, Colombia, and elsewhere in the region. Katherine E. Bliss

Venezuela

On March 1, Spanish National Court judge Eloy Velasco accused the Venezuelan government of Hugo Chávez of collaborating with the Spanish Basque separatist group ETA and the Colombian guerrilla group FARC in an alleged effort to assassinate Colombian president Álvaro Uribe, his predecessor Andrés Pastrana, and other high-level Colombian officials. Velasco’s assertions are based on the accounts of demobilized Colombian guerrillas and on e-mails contained within a computer used by FARC leader Raúl Reyes, who died following a Colombian military raid on a FARC camp in Ecuador in 2008. The e-mails, according to Velasco, suggest that ETA member and Spanish citizen Arturo Cubillas Fontán, who has held various prominent posts in the Chávez administration, is evidence of the Venezuelan government’s “cooperation with the illicit collaboration between FARC and ETA.” Both
groups are classified by the European Union and the United States as terrorist organizations. Velasco alleges that Cubillas Fontán plotted to murder Uribe and Pastrana in Spain and has been responsible for managing ETA activities in South America since 1999, which included coordinating relations with FARC. The Spanish newspaper *El País* claims that ETA has spent years establishing networks in Latin America with various organizations and movements and that as many as 40 ETA terrorists have migrated to Venezuela, where they have allegedly enjoyed a privileged dialogue with the Chávez government. Cubillas Fontán’s wife, Goizeber Odriozola Lataillade, is the director general of Chávez’s cabinet and is an outspoken Basque separatist sympathizer. The Velasco report argues that the collaboration between ETA and the FARC has facilitated the use of FARC terrorist training camps, as well as the development of certain explosives. In a 2003 terrorist attack in Spain, ETA detonated a grenade that bore characteristics of the grenades that FARC members use in their training camps. According to *El País*, Velasco maintains that two FARC members, Edgar Gustavo Navarro Morales and Víctor Ramón Vargas Salazar, moved to Spain in 2000 and solicited assistance from ETA in an effort to kill Uribe and Pastrana. Immediately following the release of Velasco’s probe, Spanish prime minister José Luis Rodríguez Zapatero demanded that Chávez explain the alleged collaboration of his government with both terrorist groups. Chávez responded by asserting that he had nothing to explain to Zapatero or anyone else concerning the allegations and that Spanish energy investments in Venezuela would be jeopardized if the Spanish government continued to seek answers concerning Velasco’s accusations. Following the row between the heads of state, Spanish foreign minister Miguel Ángel Moratinos asserted that his Venezuelan counterpart, Nicolás Maduro, had denied Velasco’s charges but assured an investigation would be undertaken. On March 15, Velasco ordered that Interpol detain and process ETA and FARC members who participated in explosives training courses in the Venezuelan jungle under the supposed auspices of the Venezuelan government. Among those to be extradited is Cubillas Fontán. On March 19, Venezuelan authorities arrested Oswaldo Álvarez Paz, the former governor of the Venezuelan state of Zulia, for claiming on national television that the Chávez government maintains ties to ETA, the FARC, and drug traffickers. Álvarez cited the Velasco report as one of the sources for his claims. The controversy between Chávez and Zapatero is furthermore significant as Zapatero has been one of the few European leaders to reach out to the Venezuelan president in recent years. *Ford Tanner*

**SOUTHERN CONE**

**Argentina**

*A power struggle between the three branches of Argentina’s government has arisen out of a conflict over the use of the country’s financial reserves.* The conflict began in December when President Cristina Fernández de Kirchner issued an Emergency Decree (DNU) that gave her access to over $6 billion worth of Argentina’s reserves to use for debt service. The opposition and the president of the Central Bank (BCRA) both opposed the measure and eventually, along with the help of two judicial decisions, were able to force Kirchner to rescind the DNU in a speech given at the opening of the current legislative session. However, in that same speech, she announced two new decrees. The first, which fit into existing legislation and therefore could not be challenged, authorized almost $2.2 billion to be taken from the reserves to pay loans to the Inter-American Development Bank and the World Bank. The second called for nearly $4.4 billion of reserves to be transferred to the Treasury for the payment of other debts, effective immediately. That DNU was virtually the same as the one that had previously been blocked by the judiciary and appeared unlikely to be approved by the Congress before Kirchner revoked it. However, because it went into effect immediately, the new BCRA president, Mercedes Marcó del Pont, transferred the funds before any legislative or judicial process could be used to block it, though a judicial decision invalidating it was issued anyway. Since then, the conflict has become more of a struggle between the different branches of government, with the opposition-controlled Congress trying to assert
Netanyahu. Brazil’s interest in the region has increased over the last decade: Brasilia hosted the first meeting of the Summit of South American–Arab Countries in 2005; and according to the Brazilian Ministry of Development, Industry, and Foreign Trade, Brazilian exports to the region have increased from $4.29 billion in 2005 to $7.55 billion in 2009. Lula’s meeting with King Abdullah of Jordan included discussions about the viability of an economic partnership between the two countries under the auspices of Mercosur, akin to the agreements between the regional trading bloc and Israel. Effective April 2010, Israel becomes the only non–Latin American associate of Mercosur, a partnership Brazil hopes to take advantage of in specific areas such as the semiconductor, nanotechnology, and pharmaceutical industries. Though Lula maintained a primary focus on promoting trade between the Middle East and Brazil, he drew criticism from Israel after criticizing the construction of new Israeli settlements and for his continued refusal to support sanctions against Iran’s nuclear energy program. Brazil, which rotated into a seat on the UN Security Council as one of 10 nonpermanent members and the only South American representative, has advocated for alternative solutions to the Palestinian-Israeli impasse and has reaffirmed its commitment to provide peacekeeping troops.

Brazil

Despite controversy over Brazil’s position on new Israeli settlements and Iran’s nuclear energy program, President Lula da Silva’s March trip to the Middle East underscored his commitment to expanding trade with the region. Lula, the first Brazilian head of state to visit the region since Dom Pedro II in 1876, visited Israel, Jordan, and the Palestinian territories, with a follow-up trip planned for May with stops in Qatar and Iran. In Israel, Lula toured Jerusalem, addressed a group of Israeli and Brazilian business leaders with President Shimon Peres, and met with Prime Minister Benjamin

Netanyahu. Brazil’s interest in the region has increased over the last decade: Brasilia hosted the first meeting of the Summit of South American–Arab Countries in 2005; and according to the Brazilian Ministry of Development, Industry, and Foreign Trade, Brazilian exports to the region have increased from $4.29 billion in 2005 to $7.55 billion in 2009. Lula’s meeting with King Abdullah of Jordan included discussions about the viability of an economic partnership between the two countries under the auspices of Mercosur, akin to the agreements between the regional trading bloc and Israel. Effective April 2010, Israel becomes the only non–Latin American associate of Mercosur, a partnership Brazil hopes to take advantage of in specific areas such as the semiconductor, nanotechnology, and pharmaceutical industries. Though Lula maintained a primary focus on promoting trade between the Middle East and Brazil, he drew criticism from Israel after criticizing the construction of new Israeli settlements and for his continued refusal to support sanctions against Iran’s nuclear energy program. Brazil, which rotated into a seat on the UN Security Council as one of 10 nonpermanent members and the only South American representative, has advocated for alternative solutions to the Palestinian-Israeli impasse and has reaffirmed its commitment to provide peacekeeping troops.

Brazil- Lula (left) visited the Middle East earlier this month and met with Israeli Prime Minister Benjamin Netanyahu

http://upload.wikimedia.org/wikipedia/commons/d/da/Lula_-_foto_oficial05012007.jpg
http://upload.wikimedia.org/wikipedia/commons/1/12/Portrait_of_Benjamin_Netanyahu.jpg

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Lula proposed a friendly soccer match between the Brazilian team and Palestinian and Israeli players, an offer rejected by both sides. Lula’s planned trip to Tehran in May following Iranian president Mahmoud Ahmadinejad’s visit to Brazil last year is intended to demonstrate Brazilian support for Iranian enrichment of uranium for energy purposes. The lack of alignment between Brazil and Israel on several key issues does not appear to be affecting Brazil’s status as Israel’s largest trading partner in Latin America. Beyond Lula, Brazil’s foreign policy toward the Middle East and Iran could be a matter for reconsideration, depending on the outcome of the October presidential election.

Taylor H. Jardno