

**The Role of International Financing Institutions in Disaster Risk Management
in Urban Areas: A Perspective from the Inter-American Development Bank**

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The present paper aims to highlight some of what international financial institutions (IFI) do and can do to promote disaster risk management in urban areas in Latin America and the Caribbean – and does so by giving a peek into the largest IFI for the region, the InterAmerican Development Bank. The paper briefly outlines the Bank’s traditional work in development and disasters, then reviews some of the changing vulnerability context in the region, and suggests a few potentially fruitful ways international financial institutions might think about meeting the challenges of development in a disaster prone region. Rather than being comprehensive or particularly rigorous, the paper instead seeks to open some of the issues the Bank faces for discussion among the experts and decision-makers attending this Conference.

I. The IDB and development in the region¹

The IDB provides loans and grants to its member countries of Latin America. The Bank is the region’s main source of multilateral credit – supporting Latin America and the Caribbean economies in efforts to increase productivity, alleviate poverty, build infrastructure, support the private sector, and reform state institutions. Each year, the Bank lends around \$7 billion dollars (last year, \$10 billion) for: productive activities (such as agriculture, fisheries, industry, tourism), export financing, modernization of the state. By far the largest investments are in social projects – to finance schools, health facilities, water and sanitation systems in the countries’ poorest areas, many of them urban – followed by physical infrastructure projects, to build electrical networks, bridges, and roads.

The Bank is a major catalyst in mobilizing resources for the region. Many of its loans are co-financed, with the multilateral and bilateral financing on concessional terms. In 1998, cofinancing totaled over \$3.5 billion dollars. The World Bank parallel financing amounting to \$2.8 billion², and almost \$700 million from bilateral and multilateral cofinanciers, with Japan being the largest source of bilateral cofinancing. Over \$50

¹ For more detail, see the Bank’s Annual Reports.

² Almost 90% of which cofinanced Argentina’s Special structural Adjustment Program.