

IDB Has Money for Brazil and Neighbors to Fund Joint Projects

Contributed by Newsroom
Wednesday, 26 July 2006

The Inter-American Development Bank (IDB) has opened institutions to finance projects aimed at finding solutions to problems between Brazil and its neighbors and among countries in Latin America.

The proposals should be presented by the public and private sector or civil society and should involve at least three countries.

The line makes available up to US\$ 10 million to help finance the proposals selected. The money may be used, for example, in projects for the opening of markets, cross-border transmission of disease, financial crises and preservation of shared ecosystems.

The warning is published on site <http://www.iadb.org/INT/BPR>. The proposals should be sent to the IDB up to October 15, 2006.

Last month the Inter-American Development Bank announced the approval of a US\$ 10 million innovation loan for a program to strengthen business activity in the state of Bahia, Brazil.

The program will foster competitiveness of clusters in the state by promoting a new private sector support policy and articulating a variety of instruments to promote sustainable practices in firms in 10 targeted areas: fruit production, information technology, autoparts, plastics, ornament stones (marbles & granite), ecotourism, apparel, aquaculture, sugarcane-related beverages and goat raising.

The private sector will also have an active participation in the initiative by developing, together with international experts, strategic plans to improve the competitiveness for each cluster. The program will finance the actions recommended by each of these plans.

The state of Bahia, in Northeastern Brazil, produces around 5 per cent of the country's national output. With a dynamic production system, its economy has been growing at a swifter pace than national average during the last decade. The program will mitigate the effects of market failures that are still constraining further growth.

"The program will help the targeted economic sectors strengthen production linkages with local value chains, improve coordination and promote a better match between supply and demand of business services," said IDB Team Leader Gabriel Casaburi.

"Selection of clusters was based, among other criteria, on geographic location and the presence of an agglomeration of specialized firms and public and private support, the significant weight of the sector in the economy, an existing business leadership and commitment, and a cooperation base between cluster firms and institutions."

This innovative program is part of a four-project IDB initiative to foster competitiveness focusing on local clusters, including three other Brazilian states: Minas Gerais, Pernambuco and São Paulo.

The 25-year IDB loan has a three-year grace period and a variable interest rate. Local counterpart funds will total US\$ 6,667,000.